

TO THINE OWN SELF BE TRUE?: THE PROCESS AND CONSEQUENCES
OF 'PIVOTING' DURING IDEA-STAGE ENTREPRENEURSHIP

By

MATTHEW GLENN GRIMES

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Approved:

Professor Bart Victor

Professor Timothy Vogus

Professor Rangaraj Ramanujam

Dr. Elizabeth Lingo

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CHAPTER 1

INTRODUCTION

During the 8-month process of collecting field data about idea-stage entrepreneurship¹ Steve Jobs, the creative visionary and CEO of Apple, passed away. Both prior to and after Jobs' death, participants in my study frequently referenced the late CEO of Apple, as they reflected on the importance of entrepreneurial ideas and the need to “stay the course” in the face of adversity and criticism. For these idea-stage entrepreneurs, Steve Jobs represented an entrepreneurial ‘hero,’ one whose creative ideas and passionate identification with those ideas would create market demand even if that demand was not based in a latent and unmet need. Their consistent references to Jobs not only indicated their respect for this entrepreneur and his ideas but also their own passion for their own ideas and their desire to prove the power of those ideas in the marketplace.

Juxtaposed against this consistent praise of Steve Jobs, however, were numerous references by these same participants to a new “science of entrepreneurship.” These participants in many instances discussed their encounter with specific and newly popularized methodologies such as the “Lean Startup Model” or the “Customer Development Methodology,” both of which advocate for a hypothesis-driven and flexible process of discovery during the idea-stage of entrepreneurship. Accordingly, the perceived value of an idea is that of a hypothesis subject to falsification rather than a “creative spark of genius.” Many participants in my study embraced

¹ Throughout this dissertation I use the term “idea-stage entrepreneurship” to refer to the pre-revenue, pre-customer phase of organizing that takes place in most if not all efforts to found a new organization.

the terminology of these methods, as words like “pivoting” became a part of the common parlance of my research sites. This idea of pivoting was explained to me on a number of different occasions as the process of changing one’s ideas to better reflect paying customers’ demands as well as other stakeholder criticism. On one occasion, I attended a lecture event given to an audience of entrepreneurs that included a number of the participants in my study. The event was titled “How 17 Pivots Turned into a \$36.5 Million Acquisition,” and the speaker went on to discuss his co-founding team’s flexibility in the face of constraint and adversity. Unlike Steve Jobs, this entrepreneur was being celebrated not for the power of his initial and creative idea or his identification with that idea in the face of adversity. It was quite the opposite. He was being celebrated for his flexibility and detachment from that initial idea as well as his ability to realize that the resources that would enable his organization to succeed required the idea to change.

I could have left it at that – two different entrepreneurial heroes taking two seemingly different paths in navigating stakeholder demands and ultimately achieving success. However, the more I observed entrepreneurs going through the process of encountering various stakeholder demands to change their original ideas, the more I began to witness these same entrepreneurs experiencing moments of crisis. In one such instance, a young entrepreneur expressed to me how he was handling the recent demands his team was facing:

I totally didn't expect such strong criticism. A lot of things really made sense to me about our business idea. It basically came down to the money is in this direction. And if you want the money you're going to have to go in that direction, regardless of how potentially innovative this idea is. Ya gotta go this way if it's going to be scalable.

In these moments I began to realize that Steve Jobs and the entrepreneur with 17 “pivots” under his belt were not merely two idiosyncratic success stories. To the participants in my study, they

represented two ideal types of “the successful entrepreneur,” pulling them in two seemingly different directions – (1) remain identified with their original ideas so as to allow the force of those ideas and their own identification with those ideas to create market demand and (2) detach from their original ideas so as to remain flexible and adaptive to an ever-evolving marketplace.

Over the course of the data collection process, I began to observe the different ways that entrepreneurs navigated this practical paradox through different types of adjustments to their ideas or pivots. I also began to observe the consequences of these different types of pivots – both for the entrepreneur’s ongoing identification with their original idea as well as their efforts to create a new organization. This dissertation conveys my findings of this investigation into the process of idea-stage entrepreneurship (*i.e.* the pre-revenue, early customer acquisition phase of entrepreneurship) and the pivoting practices that I consistently observed within that process. The emergent theory has practical implications for entrepreneurs’ persistence during the idea stage and holds a number of theoretical contributions for various literatures, which I discuss below.

Overview of Theory

The process of updating one’s ideas in response to stakeholder demands represents not just a practical matter for entrepreneurs to overcome; it is also a theoretical dilemma foundational to the study of organizations – one for which we have no sufficient answers. While scholars have found that most businesses that persist past the idea-stage of entrepreneurship will eventually fail (Bates & Nucci, 1990; Birch, 1987), we know little about the foundational moments of idea-stage entrepreneurship or about the process by which the entrepreneur gets through this initial stage. For instance, researchers have found that entrepreneurs are often

deeply connected to their original ideas (Cardon, Zietsma, Saporito, Matherne, & Davis, 2005). Yet because entrepreneurs need to be flexible in the face of demands from a variety of stakeholders, whose support and resources are critical to the fledgling businesses (Venkataraman, 2002), one challenge for entrepreneurs is figuring out how to address the differences that may exist between their original ideas and their stakeholders' demands without jeopardizing their own identification with their original ideas. As such there are two main gaps in this literature related to pivoting within the context of idea-stage entrepreneurship. First, the literature is clear that entrepreneurs' persistence in the face of uncertainty and risk is due to their deep identification with their original ideas (Cardon, Wincent, Singh, & Drnovsek, 2009), yet it is also clear that working with stakeholders may require some degree of change to those original ideas (Davidsson, Hunter, & Klofsten, 2006; Gartner, Mitchell, & Vesper, 1989). Little is known, however, about how this tension is resolved – about how entrepreneurs navigate their need to remain simultaneously identified with their original ideas and flexible with respect to stakeholder demands. Moreover, we do not know how such practices affect important outcomes such as the entrepreneur's resilience in continuing to organize around a particular idea. Second, existing research concerned with change in the context of stakeholder demands often focuses on organizational-level and field-level cases, in which these demands are understood in abstraction rather than as interpersonal expressions of competing ideas that affect the choices of actual entrepreneurs. My dissertation, therefore, studies the context of idea-stage entrepreneurship to investigate the microprocesses by which entrepreneurs respond to the different demands to remain both flexible and identified with regards to their original ideas. Specifically, then, I look to address the following questions. *What practices do idea-stage entrepreneurs employ to navigate 1) the need to remain identified with their original ideas for the new organizations and*

2) the need to remain flexible with those original ideas? And how do the different practices in turn affect the entrepreneurs' ability to continue organizing around those ideas? To do so I conducted an extensive 8-month grounded theory-based study of 62 entrepreneurs and their stakeholders, involving recurring interviews, ethnographic observations, and documentation analysis. Through triangulated data collection and constant comparative analysis, I developed a theory of pivoting within the context of idea-stage entrepreneurship.

Overview of the Dissertation

In Chapter II of the dissertation I review a set of literatures, which I used to help sensitize my qualitative and grounded theory-based investigation of idea-stage entrepreneurship. First, I examine research that either implicitly or explicitly discusses the nature and importance of ideas within the context of entrepreneurship. For example, research on entrepreneurial opportunities and founder's business models presents relevant findings on the nature of entrepreneurial ideas and how they are derived or emerge (Dimov, 2011; Shane, 2012; Teece, 2010). Additionally, scholars of entrepreneurial passion and identification have emphasized the importance of entrepreneurial ideas to the resilience of entrepreneurs (Cardon et al., 2009, 2005). I also review existing research that has examined the idea-stage process of entrepreneurship. Second, I examine research on stakeholder management. Here I draw heavily from stakeholder theory as well as other research streams that take seriously an embedded view of organizations. While this literature is primarily directed toward the context of organizations broadly, I review this literature with the primary goal of sensitizing my research to the likely importance of stakeholders within the context of entrepreneurship and their role in shaping and reshaping

entrepreneurial ideas. Finally I review research on ambiguity and sensemaking within the context of organizing. I discuss this literature's findings about the effects of ambiguity on organizational decision makers and its relationship to sensemaking. I also discuss the importance of sensemaking for the coherent functioning of an organization. After discussing all of these literatures I summarize what we currently know by presenting an abstracted model, which I used throughout the course of my field work to help orient my research attention. I highlight the gaps in that model and restate my research questions.

Chapter III of the dissertation provides a detailed discussion of my qualitative methodology. I start by first providing a justification of my overall research design, grounded theory approach to theory building, triangulated data collection techniques, and cross-comparative case analysis. I describe the sites from my data collection as well as the justification for selecting those sites. I further discuss the theoretical sampling approach used to select individual cases from those sites as well as attempts to test the theoretical boundaries of my emergent theory with cases from outside those sites. I also provide commentary on the transferability and generalizability of the findings based on my sampling technique. Next I describe each of my three data-collection techniques – semi-structured interviews, ethnographic observation, and documentation gathering. I also highlight the importance of triangulation not just in terms of technique but also in terms of the vantage point of the participants. As such I discuss my efforts to collect data from not just the entrepreneurs, but a host of other stakeholders involved in these organizations ranging from investors, mentors, board members, and early employees. Following a discussion of my data collection techniques, I then discuss my use of a cross-comparative case-based approach to analyzing my data. I discuss my efforts to systematically and qualitatively code the interview transcripts and recorded observation data

using Atlas T.I. 5.2.0. I also discuss my use of a constant comparative method for analysis, wherein I consistently re-evaluated my assumptions and data collection methods based on new and relevant data that required further exploration. I distinguish between my efforts to systematically code and develop the steps involved in the process of idea-stage entrepreneurship from the varied practices and outcomes, from which I developed a theory of pivoting. Finally I note my successful efforts to verify the reliability of my findings with a subset of my sample participants.

In Chapter IV of the dissertation I present the findings that provide evidence of a systematic process of idea-stage entrepreneurship. In this dissertation I have found that there is a consistent process, whereby each of the entrepreneurs in my sample moved through the idea-stage of entrepreneurship. While there was variation in entrepreneurs' approaches within the context of that process, each entrepreneur went through the same sequenced steps. In Chapter IV of this dissertation, therefore, I go into detail, discussing the early efforts of idea-stage entrepreneurs as they presented their ideas in attempts to secure resources and support from stakeholders. I also describe the initial identification that all of the entrepreneurs experienced toward these ideas. Next I describe their encounters with early criticism and rejection, as well as the ambiguity many of these entrepreneurs experienced with respect to the possible outcomes of their entrepreneurial efforts and with respect to the possible directions they could take their organizations. Next I describe the changes of scope and scale that impacted many of these entrepreneurs' original ideas, and I describe the entrepreneurs' efforts to make sense of the ambiguity and changes they experienced. As I describe this step, I also develop a typology of pivoting, specifying four different ways that entrepreneurs approach the process.

In Chapter V, I extend my discussion of the results by going into more depth regarding those four different pivoting practices. Each of the four not only serve as a distinct practice for making sense of stakeholder demands and changes to the original idea, but they each trigger different outcomes. As such they comprise four distinct pathways through the idea-stage process. Thus, in Chapter V I select four typical cases from among my sample to illustrate these four pathways through the idea-stage process.

Finally, in Chapter VI of the dissertation I discuss the theoretical and practical implications of my findings. The findings contribute to several ongoing theoretical conversations and controversies. First, the process of pivoting is a fundamental aspect of organizational formation, yet it is incompletely understood. By examining how entrepreneurs may or may not update their ideas in response to stakeholder demands, this study begins to develop theory around the different types of pivots, how they get made, and the effects on the nascent organization. Second, this dissertation contributes directly to theory on entrepreneurship by uncovering how entrepreneurs remain identified with their original ideas despite the fact that those ideas may fundamentally change throughout the process of organizing around those ideas. Because theories of entrepreneurship generally view the identification of an entrepreneurial idea as an isolated event rather than as an ongoing process in the earliest moments of an organization's life cycle, they overlook the importance of both stakeholder demands as well as changes in the content of entrepreneurs' ideas. This study of pivoting not only highlights the importance of idea-stage entrepreneurship, but also develops theory around how entrepreneurs make sense of external stakeholder demands on those ideas as well as changes in the content of those ideas. Also by focusing on the idea-stage process, I respond to recent calls to clarify the construct of opportunity "in substantive terms, i.e., in terms of what aspiring entrepreneurs do"

(Dimov, 2011: 75). Third, this research contributes to the literatures on sensemaking and organizational identity construction. Prior literature in these areas has indicated that entrepreneurs make “organizational identity claims” that directly inform a new organization’s identity (Bird 1988, Gioia et al. 2010, Hill and Levenhagen 1995). The relationship between the founders’ entrepreneurial ideas and those identity claims, however, remains largely neglected. This research attends to the microprocesses of the earliest moments of organizational formation, and thus exposes how stakeholder demands and the process of pivoting affect the relationship between entrepreneurial ideas and organizational identity claims.

CHAPTER II

LITERATURE REVIEW

Several broad questions structure my investigation of existing research, and each of those serve to ground my more specific and directed dissertation research questions. These four questions are as follows: (1) What is the nature and importance of entrepreneurial ideas? (2) What is the nature and importance of the idea-stage of entrepreneurship? (3) How do stakeholder demands affect entrepreneurial ideas within the context of idea-stage entrepreneurship? (4) What is the nature and importance of ambiguity within the context of idea-stage entrepreneurship? While existing research on the idea-stage of entrepreneurship is sparse, I supplement my review of this work by drawing from broader theories of organizations where applicable. Whenever I do so, however, I discuss the shortcomings of these broader theories in helping to fully address the targeted questions raised by this dissertation.

Entrepreneurial Ideas

The concept of entrepreneurial ideas is foundational to and, in many cases, taken for granted by organizational and entrepreneurship studies. Brush, Greene, Hart, and Haller note (2001: 70) that, “Before there is a company, there is an entrepreneur with an idea. The idea may meet a perceived market opportunity, solve a social problem, or be just a better way of doing things.” And while entrepreneurs are motivated by a host of both idiosyncratic and generalizable

factors (Baum & Locke, 2004; Cardon, Wincent, Singh, & Drnovsek, 2009; Shane, Locke, & Collins, 2003), their entrepreneurial ideas are central in compelling particular individuals to attempt to launch particular organizations at particular places and times (Lumpkin, 2011; Lumpkin, Hansen, & Short, 2007).

The Nature of Entrepreneurial Ideas

Despite its centrality to the pursuit of entrepreneurship, the concept of entrepreneurial ideas has received limited, direct attention. The exceptions often involve passing references to entrepreneurial ideas that conflate it with the related concept of entrepreneurial opportunities. For instance, Samuelsson and Davidsson (2009: 4) write that “the opportunity or venture idea these individuals are pursuing – has been relatively neglected.” Other references to entrepreneurial ideas conversely involve attempts to disentangle the concept from that of an opportunity. Most recently, for instance, Shane (2012: 15) writes, “I believe that ‘entrepreneurial opportunities’ and ‘business ideas’ are different concepts. Entrepreneurial opportunities are situations in which it is possible to recombine resources in a way that generates a profit. Business ideas are entrepreneurs’ *interpretation* of how to recombine resources in a way that allows pursuit of that opportunity.” Yet again, with the exception of these few and passing references to the concept, there is a conspicuous absence of material that systematically explores the nature and importance of entrepreneurial ideas. Instead the focus has largely been on tangential or overlapping concepts, such as opportunities and business models (Dimov, 2011: 201; Gartner, Carter, & Hills, 2003). As such, in an effort to glean some relevant insights about

the nature and importance of entrepreneurial ideas, I review each of these tangential literatures in turn.

Entrepreneurial Opportunities and Their Relationship to Entrepreneurial Ideas

Within the entrepreneurship literature, few concepts have been more consistently discussed than that of opportunities (Dimov, 2011; Kirzner, 1985; Shane & Venkataraman, 2000; Short, Ketchen, Combs, & Ireland, 2010; Venkataraman, Sarasvathy, Dew, & Forster, 2012). As Venkataraman and his colleagues note (2012: 25), “The distinctive domain of entrepreneurship consists of the study of opportunities for value creation.” The relationship between an idea for a new organization and an opportunity within the entrepreneurship literature, as previously noted, is not immediately apparent and to some extent debated.

Political scientists, for instance, have argued that ideas are cognitively-based judgments that express solutions, guidelines, and maps for action (Schmidt, 2008). They are often accompanied by justifications for those ideas that appeal to some form of interest-based or normative logic (Hall & Taylor, 1996; Jobert, 1989) and that highlight what is good or bad about what is. Opportunities, however, in most of the entrepreneurship literature are treated as one step removed from the concept of an idea. For an entrepreneurial idea to qualify as an opportunity, it must be a “good” idea, yet the challenge of course becomes distinguishing a “good” idea from a “bad” idea. In the context of research on entrepreneurship and opportunity, a good idea is presumably one that reflects some potential to create market value or the possibility of a profitable introduction of a product or service (Shane, 2012). As Dimov notes (2011: 75),

however, “in turning toward an empirical investigation of those aspiring to such possibilities, one finds it impossible to reliably distinguish opportunities from nonopportunities.”

Such realizations about the epistemic problems surrounding opportunities have sparked ongoing speculation about the basic ontology of opportunities. Early entrepreneurship research, for example, asserts an objectivist view of opportunities, which exist in the environment independent of the individual, reflecting latent and unmet consumer demand (Shane & Venkataraman, 2000; Venkataraman, 1997). Thus, the emphasis in this early literature was on understanding the capacity of the individual to identify, recognize, and discover these opportunities as well as the asymmetrical distribution of knowledge, which makes it more conducive for some to discover such opportunities. More recently, a number of scholars have argued for a social constructivist or subjectivist view of opportunities, one that emphasizes the capacity of individuals to imagine and enact opportunities (Alvarez & Barney, 2007; Klein, 2008). This latter view of opportunities is, in fact, much closer to the concept of ideas as cognitively-based judgments about solutions and actions. Latent and undiscovered market demand is irrelevant. Instead according to this view entrepreneurs’ ideas of what could be or should be lay the groundwork for all opportunities.

Such subjectivist views of opportunities have been criticized for downplaying the roles of power and institutions in structuring opportunity and information related to such opportunities (Baker, Gedajlovic, & Lubatkin, 2005; Davidsson, Low, & Wright, 2001; Shane, 2012). In doing so, however, the subjectivist views of opportunities draw attention the teleological nature of entrepreneurial ideas. Teleology is the study of goals, ends, and purposes. In the context of entrepreneurship, founders have ideas for new organizations that get expressed as goals or “internal representations of desired states, where states are broadly construed as outcomes,

events, or processes” (Austin & Vancouver, 1996: 338). While psychologists have introduced a wealth of goal-related constructs such as plans and images (Miller, Galanter, & Pribram, 1960), reasoned action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), planned behavior (Ajzen, 1991), self-guides (Higgins, 1987, 1989), and intentions (Bratman, 1999; Gollwitzer, 1993; Tubbs & Ekeberg, 1991), I focus in on a goal-related construct that I believe most closely relates to the concept of entrepreneurial ideas – that of the founder’s business model.

Business Models and Their Relationship to Entrepreneurial Ideas

In her seminal work on goal-setting and decision-making in entrepreneurship, Sarasvathy notes (2001: 249) that man entrepreneur, “merely pursues an aspiration and visualizes a set of actions for transforming the original idea into a firm.” For entrepreneurs, these aspirations and visualizations for how they can transform their idea into an organization equate to their goals. So as to better understand entrepreneurs’ goal-driven efforts to transform their ideas into reality, scholars are increasingly attending to the concept of business models (George & Bock, 2011; Johnson, Christensen, & Kagermann, 2008; Magretta, 2002; McGrath, 2010; Shafer, Smith, & Linder, 2005; Sinfield, Calder, McConnell, & Colson, 2012; Thompson & MacMillan, 2010; Zott & Amit, 2007; Zott, Amit, & Massa, 2010). According to Teece (2010: 1329), the business model reflects the founder’s or management’s hypothesis for consumer demand as well as the means by which the organization hopes to meet that demand. In this way, the concept resembles both that of entrepreneurial ideas as well as a subjectivist representation of entrepreneurial opportunities. Research on each of these concepts, for example, highlights the importance of founders’ cognitively-based expressions of the value that can be created through organizing.

That said, research on business models tends to distinguish business models from entrepreneurial ideas in that business models act as a tool or mental blueprint for organizing and evaluating ideas, whereas ideas are conversely unstructured and underdeveloped speculations (Chesbrough & Rosenbloom, 2002; Shafer et al., 2005).

As is the case with many new concepts receiving increased scholarly attention, there has also been a proliferation in the number of definitions proffered. I list several of the most widely cited definitions of a business model in Table 1. Despite the growing number of proposed definitions, all of the most cited definitions center on a business a model as a conceptual tool used to *organize* an entrepreneurial idea. The distinction and relationship between an entrepreneurial idea and a business models is therefore clear.

Table 1: Definitions of a “Business Model”

Definition	Reference
“the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.”	Amit & Zott, 2001: 511
“the heuristic logic that connects technical potential with the realization of economic value.”	Chesbrough & Rosenbloom, 2002: 529
“concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets.”	Morris, Schindehutte, & Allen, 2005: 727
“articulates the logic, the data, and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value.”	Teece, 2010: 179

Identification and the Motivating Force of Entrepreneurial Ideas

Within the entrepreneurship literature the concepts of opportunities and business models carry with them assumptions about the rationality of entrepreneurs – that they act deductively according to consistent evaluations of the desirability and feasibility of their ideas (Fitzsimmons & Douglas, 2011; Krueger, Reilly, & Carsrud, 2000) . A number of scholars, however, suggest that this is not the case, and that ascribing ex ante rationality to all entrepreneurs would qualify as a mistake (Cornelissen & Clarke, 2010). Venkataraman and his colleagues (2012: 30), for example, hypothesize that for some ventures, “the only reason these ventures exist is that the founders and their stakeholders set out to do what they do. And the reason they do it is because they can.” While on first pass, such commentary may be perceived as sophistry, these authors are asserting two important claims about the motivations of entrepreneurs. First, by asserting that an organization’s existence is contingent on founders and stakeholders setting out “to do what they do,” these authors are drawing attention to the notion that some entrepreneurial action may precede or even completely ignore an evaluation of the feasibility of a particular idea. Instead such action is more reflective of the inertia of one’s career path or identity – efforts to continue doing what they have previously done or efforts to act in accordance with one’s own identity. Second, by arguing that entrepreneurs act “because they can”, Venkataraman and his colleagues are promoting the insight that entrepreneurial action is grounded in an individual’s given means and skillsets rather than in a rational calculation of the profitability of a particular idea. This can be contrasted against traditional theories of entrepreneurship, which would argue that the firm’s existence is contingent on market demand (Eisenhauer, 1995) or on individuals’ exposures to information asymmetries about that market demand (Baker, Gedajlovic, & Lubatkin, 2005; Eckhardt & Shane, 2003). These authors go on to describe several ventures that

are tied to the passions and identities of their founders, rather than rational judgments of some latent market demand.

Accordingly, if acting on entrepreneurial ideas does not merely reflect the rational and calculative efforts of their founders but also the passions and identities of these founders, it is important to consider then the emotional and personal content of these ideas, which might compel one to act on them. Despite the widespread usage of identity concepts in the study of organizations, there is an unfortunate dearth of research that examines identity and identification within the context of entrepreneurship (Fauchart & Gruber, 2011). To the extent that it has been considered, scholars have argued that entrepreneurial identities shape individuals' passions for particular activities (Cardon et al., 2009), for particular objectives (Fauchart & Gruber, 2011), and for particular ideas and their resulting businesses (Cardon et al., 2005). Cardon and her colleagues (2005), for example, employ parenthood and birthing metaphors to describe entrepreneurs' relationship and connection to their ideas. According to these authors, their identities inform not only the content of particular ideas but also the entrepreneurs' subsequent commitment levels to those ideas.

As such, entrepreneurs' relationships to their entrepreneurial ideas have much in common with artists' and designers' identification to their ideas. Davies and Talbot (1987: 20), for example, conducted a series of interviews with Royal Designers for Industry in the U.K. about their relationship to their engineering and manufacturing ideas, finding that:

These designers described experiences in which they realised an idea was exactly right. It was the idea. It was not tentative... but final. Realising the idea as a concrete object did not involve elaboration and validation of a tentative idea.

The authors find that this objectification of *an* idea that renders it more than just another idea but instead *the* idea is what compelled these designers to begin to seek out the resources to transform that idea into its physical manifestation. Acting on a particular idea and accepting the inherent risk was contingent on the epistemic “rightness” of the idea and the designer’s identification with the idea.

Scholars have studied the motivational force of identification, finding that it shapes an individual’s conviction and willingness to take on increased effort or risk to advance the object of one’s identification (Ashforth, Harrison, & Corley, 2008). The concept of identification alludes to the personal embrace of some object as self-defining. While identification can be contingent, in that it must be triggered by particular situational cues, it can also be stable, due to a deep sense of fundamental connection between individuals and the objects of their identification (Riketta, Van Dick, & Rousseau, 2006; Rousseau, 1995).

For entrepreneurs, identification goes beyond recognizing and valuing *membership* in an organization to that of recognizing and valuing *ownership* over both the idea and actual organization (Cardon et al., 2005). In the earliest stages of many nascent organizations this sense of and value placed on ownership can translate into a deep and stable form of identification, necessary to compel the substantial risk involved in starting up a new organization (Baum & Locke, 2004). Alternatively, it can also encourage a strong need to maintain control over the idea and the consequent organization (Kets de Vries, 2009).

The sociologist, Charles Cooley, in his seminal work *Human Nature and the Social Order* (1964) provides a conceptual framework for understanding the relationship between self and society within the context of ideas. For Cooley, the self is comprised of a constellation of

ideas, to which the individual attaches a sense of appropriation or creative ownership. The individual can attach to any number of objects, ranging from events to people to purposes and organizations. Such sentiments of ownership and identification, according to Cooley, evoke various emotions. For example, when someone or something supports or enhances one's ideas or system of ideas, this will result in positive emotions. He states (ibid, p. 175), "every one gloats over the prosperity of any cherished idea." Alternatively when something or someone constrains the objects in which an individual has personally invested, this will evoke negative emotions.

The Emotional Experience of Entrepreneurial Ideas

The identification that entrepreneurs experience toward their ideas results in an emotional engagement with those ideas. Harquail (1998: 225) argues that identification with some object "engages more than our cognitive self-categorization and our brains, it engages our hearts." Identification with an idea or organization can produce positive emotional experiences, as is the case with the fulfillment entrepreneurs experience after successfully launching a new organization (Carsrud, Brännback, Elfving, & Brandt, 2009), as well as negative emotional experiences, such as the anger, frustration, and disappointment experienced by Port Authority employees when their organization was criticized (Dutton & Dukerich, 1991).

Within the study of entrepreneurship, entrepreneurs' identification with their ideas is often considered as a function of the broad emotional experience of entrepreneurial passion. Chen, Yao, and Kotha (2009: 201) define entrepreneurial passion as "an entrepreneur's intense affective state accompanied by cognitive and behavioral manifestations of high personal value."

They argue that the experience of entrepreneurial passion not only presents an intense emotional state similar to that of love, but it is also accompanied by a cognitive obsession with a particular idea. The authors (*ibid*: 201) provide the example of an entrepreneur, who “can’t stop thinking about the business venture idea” and must “take action to address their passion.” Similarly, in a qualitative study of the metaphors employed by entrepreneurs to describe the entrepreneurship process, Dodd (2002) finds that the metaphor of passion and romance is most predominant, and that one of parenthood is also frequently employed. With respect to the usage of both of these metaphors, the author finds that entrepreneurs express their passion toward their original concept for an organization, and that this evokes a sense of ongoing commitment to that original concept. Cardon, Zietsma, Saporito, Matherne, and Davis (2005) expand on the parenthood metaphor employed by entrepreneurs. In their paper, the authors relate the passion a parent feels toward his or her child to the passion an entrepreneur feels toward his or her idea for a new business as well as the actual business. They link (*ibid*: 24) such passion to several biases and behaviors in entrepreneurship that might otherwise be deemed illogical such as, “cognitive biases that minimize risks (love is blind), entrepreneurial persistence despite poor results (a parent never gives up), often extreme devotion to the business entailing self-sacrifice and delayed gratification, and the common problems of founder succession (separation anxiety) and overcontrolling founders (parents).” Klaukien and Breugst (2009) find a similar link between entrepreneurs’ passion and their persistence through the process and commitment to the organization.

As a number of these authors assert, the passion entrepreneurs feel toward their ideas is often accompanied by a confidence – perhaps even over-confidence – in their original ideas and their abilities to execute on those ideas (Cardon et al., 2005; Hayward, Forster, Sarasvathy, &

Fredrickson, 2010; Koellinger, Minniti, & Schade, 2007). Hayward and his colleagues (2010: 570) define confidence in this context as “the emotion-laden belief that entrepreneurs have about their ability to ensure the success of their focal venture.” While such entrepreneurial confidence is consistently associated with both market entry (Hayward, Shepherd, & Griffin, 2006; Moore, Oesch, & Zietsma, 2007; Wu & Knott, 2006) as well as entrepreneurial persistence (McCarthy, Schoorman, & Cooper, 1993), it is also commonly associated with the lack of adaptation.

Trevelyan (2008: 995) puts it this way:

As the business develops, many of the original assumptions on which the business model was based will be challenged. As in the launch stage it is common for these assumptions to be revised, and indeed the survival of firms relies on assumptions being revised not only as reliable data on past performance becomes available, but as conditions in the market change... Overconfidence may reduce both initial planning and revisions to plans because overconfident entrepreneurs tend to rely on ready-made or unconscious plans.

The Nature and Importance of the Idea-stage in the Entrepreneurship Process

Beyond the relationship of entrepreneurial ideas to entrepreneurs’ identities and emotions, the content of these ideas play a substantial role in shaping new organizations. Scholars argue, for example, that entrepreneurship is not only a *technical* process of wrapping resources, technologies, and structures around a particular idea, but it is also a *cultural* process whereby entrepreneurs give meaning to the business and its activities (Pettigrew, 1979). Founders discuss their ideas with various stakeholders, and in doing so, they provide answers to many of the questions that get surfaced during the earliest stages of entrepreneurship. What does the organization propose as the unique value that it will create? Where should the organization focus its early efforts and attention? How is success defined and measured? These represent a

handful of the many questions that entrepreneurs must address during the idea-stage of entrepreneurship, and as noted the content of the founders' ideas can significantly shape the answers given to those questions. Barbara Bird (1992: 11), for example, writes

New ventures are not coerced into being nor are they the random or passive product of environmental conditions. Ventures get started and develop through initial stages largely based on the vision, goals, and motivations of individuals.

Extant Models of the Entrepreneurship Process

Within the entrepreneurship literature, several studies have attempted to model the entrepreneurial process, and many of these have at least implicitly referenced the importance of the initial stages of the entrepreneurial process (Moroz & Hindle, 2011), which I have labeled the idea-stage. In general process models tend to vary widely in their objectives (Van de Ven, 1992). Within the entrepreneurship literature, for instance, many of these process models merely offer broad characterizations of a general process that fail to capture the sequence of dynamics involved in new venture creation (e.g., Gartner, 1985). A few, however, attempt to divide the entrepreneurship process into a sequence of major tasks or phases with some assumptions about temporal order and causal links (e.g., Bhave, 1994). Here, I focus exclusively on the latter, which I refer to as 'stage models,' since they are most relevant to understanding the idea stage of entrepreneurship, where it fits, and why it is important.

In my search through extant research, I was able to identify nine clear stage models of the entrepreneurship process, and each one makes at least implicit reference to the idea stage. Table 2 lists out each of these nine sources, the key steps they depict in their models, and the label or labels that best capture their understanding of the pre-revenue, pre-customer acquisition phase of

entrepreneurship. Although Kamm and Nurick's article (1993) provided the only explicit reference to an idea-stage within the entrepreneurial process, each of the articles recognized a unique stage or stages that occurred prior to launch or exploitation of the idea. Some like Bhava (1994) and Lumpkin, et al. (2004) couched the idea stage in terms of the phase of entrepreneurship devoted to recognizing a business opportunity. And for these authors this stage of opportunity recognition was comprised of various sub-steps. As noted in the table, Bhava (1994) deemed that all of the steps prior to the commitment to physical creation were a part of the opportunity recognition stage. Lumpkin, Hills, and Shrader's (2004) article focused entirely on this earliest stage of the entrepreneurial process, drawing heavily from work on creativity and opportunity recognition. Indeed, Lumpkin and his colleagues' model offers a view of the entrepreneurial process that depicts activities prior to even the entrepreneurial idea. They note that the process begins with preparation that is unplanned and unintentional. Following this step, individuals might engage in a process of incubating their thoughts, as they attempt to solve some personally-relevant problem. From there, individuals experience a step which the authors label 'insight', during which the entrepreneurial idea is perceived as an 'Aha!' moment. Following this step, individuals engage in an evaluation step whereby they begin to test the opportunity. Finally the individuals go through elaboration, which involves formal business planning. To date, Lumpkin and his colleagues' work stands as the richest model to date that discusses the idea-stage process of entrepreneurship. I depict this model in Figure 1 below.

Table 2: Extant Stage Models of the Entrepreneurial Process

Source	Key Steps	Label Applied to the Idea Stage
(Baron & Shane, 2007)	Pre-launch; Launch; Post-launch	Pre-launch
(Bhave, 1994)	Need recognized; Need fulfilled; Business opportunity recognized; Opportunity refinement; Business concept identified; Commitment to physical creation	Opportunity recognition
(Bygrave, 2006)	Innovation; Triggering event; Implementation; Growth	Innovation
(Cunneen & Mankelov, 2007)	Opportunity recognition; Opportunity evaluation; Opportunity development; Opportunity commercialization	All stages prior to opportunity commercialization
(Lumpkin et al., 2004)	Preparation; Incubation; Insight; Evaluation; Elaboration	Opportunity recognition
(Hindle, 2010)	Opportunity discovery and evaluation; Business model; Commitment; Exploitation; Value	All stages prior to exploitation
(Kamm & Nurick, 1993)	Idea-stage; Implementation-stage	Idea-stage
(Shane, 2003)	Discovery; Exploitation; Execution (resource assembly, organizational design, strategy)	Discovery
(Webster, 1976)	Pre-venture; Hard work; Financial jeopardy; Product introduction; Rapacity; Payoff	Pre-venture

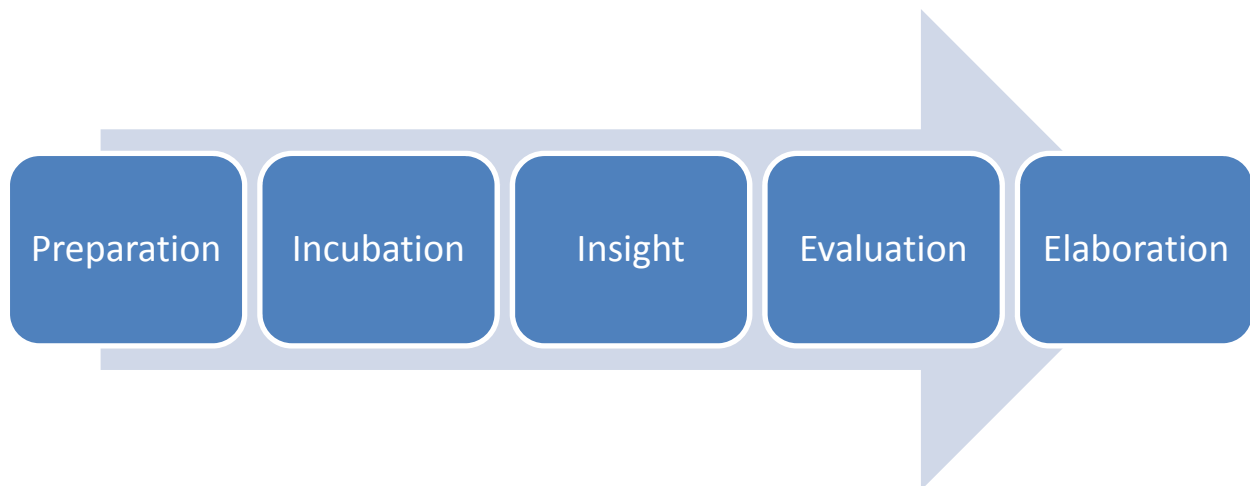


Figure 1: Extant Model of Idea-Stage Entrepreneurship²

While such a model is exceptionally useful for understanding the creative process involved within the idea-stage, this model as well as the number of other process models that depict the stage offer a highly undersocialized view of entrepreneurship. Within these models it is unclear how stakeholders challenge the content of the ideas and disrupt this seemingly linear and mechanical process that gets depicted.

Stakeholders Demands

Entrepreneurs and their new organizations face demands from a variety of stakeholders – different investors, suppliers, consumers, partners, employees, community members and groups, and governments (Venkataraman, 2002). These demands are expressions of stakeholder interests, which make claims on what the organization should be about, what their goals should entail, and what activities are best suited for achieving those goals. Indeed, in an increasingly

² Adapted from Lumpkin, G.T., Hills, G., & Shrader, R. 2004. Opportunity Recognition. In H.P. Welsch (ed.) *Entrepreneurship: The way ahead*. New York: Routledge

global and pluralistic marketplace, this is becoming ever more the case (Glynn, Barr, & Dacin, 2000). Unfortunately, little research has examined the effects that stakeholders have over the entrepreneurial process in general or over the idea-stage of that process specifically. Therefore, because of the paucity of directly relevant literature and with the intent of further sensitizing the data collection process, I examine research outside the context of idea-stage entrepreneurship that has explored stakeholder demands more generally within the context of organizations. While this more general literature can offer generic principles to help guide the data collection process, it also leaves an unexplored gap, which sets the stage for this dissertation's stated research questions.

Stakeholder theory is concerned with both organizations' responsibilities to various stakeholders as well as stakeholders' influences over those organizations (Dill, 1975). While research on the former has been largely discussed within the context of business ethics (Carroll & Buchholtz, 2011; Goodpaster, 1991), the latter has been largely examined within the context of strategic management and business policy (Jones, 1995; Mitchell, Agle, & Wood, 1997; Rowley, 1997). Because of my focus on stakeholder demands that shape the ideation process, here I am primarily concerned with the literature that focuses on stakeholder influences and their influences over organizations and their survival.

Stakeholder Influence

Freeman (1984: 46) defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives." These stakeholders are important to the process of entrepreneurship, as they shape and inform business ideas and strategies (R. K.

Mitchell et al., 1997). According to scholars this influence is the result of their control over two assets that organizations require to succeed. First, they serve as the arbiters of legitimacy (Cummings & Doh, 2000). Scholars, for instance, have argued that entrepreneurs face an initial deficit of legitimacy due to a lack of performance history and business referents (Aldrich & Fiol, 1994). Such legitimacy is critical, because it determines whether or not knowledge spreads about the venture and renders it cognitively accessible as well as whether or not stakeholders, including consumers, ascribe value to the organization. Stakeholders are most apt to grant such legitimacy when there is apparent “congruence between the social values associated with or implied by (organizational) activities and the norms of acceptable behavior in the larger social system” (Dowling & Pfeffer, 1975: 122).

Second, stakeholders are important to organizations, because they often control the resources and support necessary to effectively execute on business strategies (Frooman, 1999). Even when they do not control these resources, stakeholders can still use different influence strategies in order to force changes from organizations. Drawing from resource dependence theory, Frooman outlines four different resource arrangements that any stakeholder might maintain with an organization. When an organization is more dependent on a given stakeholder for resources, the author refers to this as “stakeholder power.” The converse arrangement represents a case of “firm power.” If both parties are dependent on each other for resources, he refers to this arrangement as “high interdependence.” Again, when the converse is true, this is a case of “low interdependence.” Contingent on a given resource arrangement between the organization and a given stakeholder, then, Frooman predicts that stakeholders will assert their power over the strategies of an organization by using different tactics. For example, in an instance of stakeholder power, Frooman predicts that the stakeholder will use a direct

withholding strategy, whereby the stakeholder does not provide its resources and instead issues an ultimatum to the organization to change. In an instance of firm power or low interdependence, Frooman predicts that the stakeholder will use an indirect strategy, such as operating through a more powerful ally, to encourage changes from the organization. Finally, in a case of high interdependence, he predicts stakeholders to engage in negotiations with organizations rather than in withholding strategies. Thus there is a high degree of variance in stakeholders' influence over organizations and their strategies, and a number of different methods for exerting that influence.

This stakeholder influence can also go beyond ascribing changes in strategy to affecting changes in the central, distinctive, and enduring features of an organization. Gioia and his colleagues (2010), for instance, provide a strong example of a university's attempts to form an organizational identity in the context of stakeholder demands. In addition to grappling with significant identity claims related to being a "professional, practice-oriented school" and an "interdisciplinary school," the dean talked about the various "stovepipes" of academic disciplines, each with their own unique demands and identities. Rather than allowing their singular vision to dictate the identity of the new university, they engaged in a process of "converging on a consensual identity." The convergence or focus came in the form of emphasizing an "information systems perspective" that united all of the disparate pieces and identities suggested by the various internal constituents. The step also involved asking for external stakeholders' inputs, as a way of filling in the details of that identity and "validating" it. The dean indicated that "To make this identity core work, though, we needed external validation to help us internalize our developing identity" (ibid: 23).

Adaptation to Stakeholder Demands

Organizational adaptation can be internally motivated such as in the case of performance failure triggering change (Greve, 1998; March & Simon, 1958), but it can also be externally motivated such as in the case of stakeholder demands (Kassinis & Vafeas, 2006). Here I am concerned with the latter. This strong inclination toward adaptation in response to stakeholder demands is arguably based on an organization's need for legitimacy (Dowling & Pfeffer, 1975; J. V. Singh, Tucker, & House, 1986) as well as its need to address the potential fragmentation of interests, incoherence of goals, and conflict over values that stakeholder demands can introduce (Frooman, 1999; Rowley, 1997).

Despite the frequency of adaptation within organizations (Weick & Quinn, 1999), such adaptations are not necessarily a given. Organizations can choose among several different strategies and tactics in response to stakeholder demands for change, some of which do not involve adaptation. Oliver (1991), for example, argues that there are five strategies that entrepreneurs can apply in response to external demands. First, they can acquiesce to the pressures out of unconscious habitual activities or by more conscious compliance. Second, they can compromise, which involves some form of balancing or bargaining between different organizational stakeholders and their demands. Third, they can avoid the pressures via some form of environmental buffering or even switching their domain of operation. Fourth, they can actively defy external demands by dismissing, challenging, or attacking them. Finally, they can manipulate these pressures by co-opting important stakeholders or other means by which they can influence the associated values of those stakeholders.

Stakeholder Demands in Entrepreneurship Research

In the rare instances in which entrepreneurship scholars have considered stakeholder influence and adaptation, they have focused on the interests of specific stakeholder groups, such as venture and angel capital firms as well as incubators, all of which control significant pools of financial and social capital (Cooper, 1985; Ehrlich, De Noble, Moore, & Weaver, 1994; Gorman & Sahlman, 1989; Grimes, 2010; Rosenstein, Bruno, Bygrave, & Taylor, 1993; Sapienza, 1992). The power of consumers in influencing entrepreneurs has also been examined. For instance, McKelvie and Wiklund (2004) find that entrepreneurs' close interaction and involvement with consumers increase those entrepreneurs' ability to meet market needs. This is consistent with Freeman, Harrison, Wicks, Parmar, and Colle's (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010: 20) argument that entrepreneurial activity is fundamentally about surfacing consumer demands. They state, "The very process of entrepreneurial activity, whereby entrepreneurs find or create opportunities because they have knowledge or experience that others do not, depends on understanding how stakeholder interests have been or cannot be satisfied." In addition to general assertions about the importance of stakeholders within entrepreneurship, scholars have found that entrepreneurs often engage in processes of adaptation. For instance in a review of 225 U.S. firms, Vesper (Vesper, 1989) finds that in only 30 percent of the cases could he trace the organizations' missions back to the original ideas for those firms. Entrepreneurship scholars have also asserted that such "adaptations may or may not lead towards maximal economic outcomes or the attainment of the true goals of the individuals concerned" (Davidsson et al., 2006: 116). Beyond these very thin empirical findings and generic theoretical assertions that (1) stakeholders influence entrepreneurs and (2) entrepreneurial success is contingent on an ability to adequately manage stakeholders, the entrepreneurship literature remains largely inattentive to the

dynamics associated with stakeholder demands. Moreover these dynamics within the idea-stage of entrepreneurship are entirely overlooked.

Ambiguity, Crisis, and Sensemaking

A number of articles have asserted that a tolerance for ambiguity serves as an important psychological characteristic that predicts success in entrepreneurship (Begley & Boyd, 1987; Low & MacMillan, 1988; Sexton & Bowman, 1985; Shane & Venkataraman, 2000; Teoh & Foo, 1997). With the exception of these articles which make the general assumption that ambiguity is more prevalent in the context of entrepreneurship than that of established organizations, the state of this literature is similar to that which looks at stakeholder demands. For instance, while the literature on ambiguity in the context of organizations is sufficiently robust (Czarniawska, 2005; March, 1978; Weick, 1995), attention to ambiguity within the context of entrepreneurship is scarce and that paid to idea-stage entrepreneurship remains entirely absent. The focus is on decision makers generally and fails to engage the potential distinctiveness of particular decision makers such as idea-stage entrepreneurs. It is unclear, therefore, how ambiguity is triggered in the idea-stage process or what the consequences of such ambiguity might be within the context of this process. That said, applying the same reasoning given for reviewing the broader literature on stakeholder demands, I examine in this subsection the important insights of organizational theory on ambiguity and the consequent need for sensemaking in organizations. Again, this review helps to establish the gap from which I base my dissertation research questions.

The Experience of Ambiguity

The ambiguity that ensues from the encounter with stakeholder demands is a result of both the differences between the organizational interests and stakeholders' demands as well as those between different stakeholders (Neville & Menguc, 2006). This notion that stakeholder demands pose a challenge to organizations stems from a particular theoretical view of organizations as specialized and intentional societal actors that coordinate members' actions toward the fulfillment of some purpose. This view of organizations as rational bureaucracies has a long history within organizational sociology. At the turn of the 20th century, for example, Max Weber specified the key characteristics of organizations as rational bureaucracies, which include the following: 1) unity of command, 2) a system of supervision and subordination, and 3) specification of jobs with detailed obligations. To Weber, organizations existed to formalize, standardize, and routinize organizational behavior. Such a view of organizations is also consistent with common definitions of organizing. According to Webster's Dictionary, to organize is "to form into a coherent unity or functioning whole."

According to Weick (1995), ambiguity is the result of too many interpretations within the context of decision making, thereby causing a state of confusion on the part of organizational decision makers. It can be experienced in relation to situations, purposes, identities, or outcomes. March (1994: 178) puts it this way.

Ambiguous situations are situations that cannot be coded precisely into mutually exhaustive and exclusive categories. Ambiguous purposes are intentions that cannot be specified clearly. Ambiguous identities are identities whose rules or occasions for application are imprecise or contradictory. Ambiguous outcomes are outcomes whose characteristics or implications are fuzzy.

Moreover, such ambiguity is experienced as a crisis for both the decision maker as well as the organization's stakeholders. A crisis represents a situation "that is perceived by the key stakeholders to threaten the viability of the organization and that is subjectively experienced by these individuals as personally and socially threatening" (Pearson & Clair, 1998: 66). In such instances, identities become destabilized, both at the individual and organizational levels (Gioia & Thomas, 1996; Weick, 1995).

The Sensemaking and Sensegiving Process

Such assumptions of the need for coherence in organizations in order to avoid crises are expounded upon by the theory of sensemaking, for which Karl Weick's (1979) *The Social Psychology of Organizing* serves as the seminal piece of scholarship. Weick argues that organizing takes place as a consequence of organizational decision makers enacting, selecting, and retaining specific mental models of the organization's environment as well as prescriptions for how the organization and its members should interact with that environment. This sensemaking process is iterative, in that the organization's environment is continuously providing feedback, as the decision maker enacts and selects particular mental models. At first, the decision maker is likely to enact more general models. Then, the feedback from the environment helps that decision maker to both determine the appropriateness of the model as well as enact more specific models. The objective of this process is to reduce ambiguity or multiple interpretations within the context of decision making (Weick & Daft, 1983).

By reducing ambiguity, decision makers not only enhance their own capacity for decision making, but they also provide their organizations' members with a more precise guide for

understanding the environment (Corley & Gioia, 2004). Scholars have referred to this activity as ‘sensegiving.’ Gioia and Chittipeddi (1991: 442) define sensegiving as “the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality.” These authors highlight the sensegiving role of decision makers in shaping the “vision” and direction of organizations, following situations where the traditional mental models held by the organization members are no longer appropriate. Their work, which looked specifically at a university context, spurred a number of other related articles exploring how equivocality serves as an impetus for decision maker-based sensegiving. For example, Corley and Gioia (2004) consider corporate spin-offs as a context for sensegiving activities. In one of the rare instances of research exploring the intersection of sensemaking and entrepreneurship, Hill and Levenhagen (1995) argue that metaphors play an important aspect of the entrepreneur’s sensegiving, as they look to align organizational action toward a single purpose, while still allowing for flexibility. Dunford and Jones (2000) examine market deregulation as well as three organizations’ decision makers and their sensegiving roles in repositioning their organizations. They specifically consider how these decision makers employ narratives to encourage organizational stakeholders to re-interpret the present changes and re-envision the organization’s strategic position in light of those changes. Fiss and Zajac (2006) performed one of the few quantitative-based empirical investigations of sensegiving activities. They investigated how changes in structure, ownership, and public visibility affected the types of framing activities employed by German companies. The authors argued that the various framing approaches were sensegiving responses to deal with equivocality. Maitlis and Lawrence (2007) added precision to the discourse on the environmental conditions that trigger leadership-based sensegiving, finding that issue uncertainty and complexity of stakeholder environments

encouraged organizational decision makers to actively participate in sensegiving. In an earlier but related study, Maitlis (2005) found that when decision makers failed to adequately engage in sensegiving efforts, fragmented and inconsistent accounts of important events were the result. Thus, each of these articles assumes that sensegiving is an important process that decision makers use to deal with stakeholders demands for changes from their organizations and establish unified and coherent guides for organizational action.

Despite the wealth of research on ambiguity within the context of organizations, this research fails to engage the important and distinctive context of idea-stage entrepreneurship. It is important to better understand ambiguity and sensemaking within this context, not only because of the increased prevalence of ambiguity asserted by prior scholarship, but also because it is within this context that ambiguity potentially challenges the cornerstone of the organization – the entrepreneurial idea and the entrepreneur’s identification with that idea.

Restatement of the Research Gap

Taken together, this literature review denotes the importance of ideas and the ideation process in the context of entrepreneurship. It also highlights the profound identification that entrepreneurs feel toward their original entrepreneurial ideas. Furthermore this research suggests generally that entrepreneurship happens within the context of stakeholder demands that have the potential to introduce ambiguity and force adaptation. In aggregate, this literature suggests a very basic model of idea-stage entrepreneurship in the context of stakeholder demands, which provides little basis off of which to form hypotheses. This model is given in Figure 2.

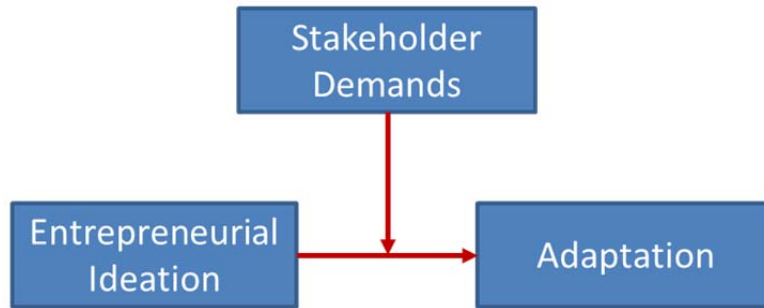


Figure 2: An Embedded View of Idea-Stage Entrepreneurial Process as Suggested by Extant Literature

There are a number of gaps left by this model. Most critically, it is unclear how entrepreneurs navigate the dueling needs to remain identified with their original entrepreneurial ideas while also remaining flexible and adaptive in the face of stakeholders' demands for change. And despite the utility of extant research in providing a model of the idea-stage process of entrepreneurship, this model remains abstract and generic, lacking any attention to the experienced ambiguity and sensemaking efforts that occur during the course of this important phase in an organization's lifecycle. The literature review presented in this chapter, therefore, simultaneously lays the groundwork for this research project but also justifies further investigation of the stated research questions. I restate those questions here:

What practices do idea-stage entrepreneurs employ to navigate 1) the need to remain identified with their original ideas for the new organizations and 2) the need to remain flexible with those original ideas? And how do the different practices in turn affect the entrepreneurs' ability to continue organizing around those ideas?

CHAPTER III

METHODOLOGY

Overview

The purpose of this dissertation is to investigate the process of idea-stage entrepreneurship to uncover how entrepreneurs navigate and make sense of stakeholder demands. As such the research methodology I employ focuses on gathering rich data in order to surface the steps, microprocesses, and variation involved in entrepreneurs' efforts to navigate stakeholders' demands. Additionally, these methods focus on not only describing this process but also building new theory by identifying causal relationships within that process – how variation in entrepreneurs' practices might predict variation in important individual and organizational outcomes.

In this case, qualitative research is deemed the most appropriate methodology for two reasons. First while the literature provides valuable sensitizing concepts from which to enter the field, ask relevant questions, attend to relevant patterns, and sort through the massive quantity of collected data, these sensitizing concepts are abstract and fail to provide a strong basis from which to develop formal hypotheses. The insufficiency of *a priori* concepts to help structure hypotheses indicates that scholars are currently unaware of what they do not know regarding idea-stage entrepreneurship and the different types of pivoting that are possible. As such, qualitative research is necessary to uncover the steps that comprise this process as well as the

meaningful variation that occurs as actors move through the process. Second, qualitative research is useful and necessary, because the focus of this dissertation is on a dynamic and relationally interactive process. To understand idea-based change within the context of this process as well as immediate and subsequent interpretations of those changes, I needed to be there first-hand to observe those changes and then capture the qualitative differences and similarities between participants' sensemaking and sensegiving efforts. Qualitative methods provide the researcher with an efficient means for improving the accuracy and predictive quality of process-related findings, particularly processes wherein the steps remain unclear.

The purpose of the qualitative research design in this study was first, to create an inventory of the different founders' ideas, their personal connection to those ideas, the different demands and constraints placed on those ideas, how they navigated those constraints, and finally the consequences of this process. The second purpose of the design was to uncover variation in the antecedents, content, process steps, and reasoning for the different ways that entrepreneurs navigated stakeholder demands. This chapter is organized in such a way as to highlight where and how I conducted my research in order to generate appropriate richness and variety in my data, while simultaneously testing the boundary conditions for the extrapolated findings. Additional care is taken in this chapter to define the qualitative paradigm in general and how my research design is consistent with the rigorous standards of proper qualitative research.

Grounded Theory

Induction within Grounded Theory

For this study, I used a grounded theory approach to building new substantive and formal theory as well as a cross-comparative, case-based reporting style for illustrating the findings. Grounded theory is a general method for inductive research and analysis that accepts a variety of data collection approaches that includes but is not limited to case studies (Glaser, 1978). That said, cross-comparative, case-study reporting based on interviews and ethnography has been highlighted repeatedly as the preferred approach for producing grounded theory in organizational research (Eisenhardt & Graebner, 2007; Siggelkow, 2007; Weick, 2007). This approach allowed me to engage in constant comparison not only between and within cases but between my initial assumptions and the data I was collecting in an ongoing manner. Thus, I was able to control for my prior experiences and biases by recording my initial assumptions and knowledge as data and comparing it with other data in the study. Eisenhardt (1989), for example, has documented the three major strengths associated with such an approach. First, it has the tendency to produce “theory with less researcher bias than theory built from incremental studies or armchair, axiomatic deduction” (ibid, p. 546). Second, because of the proximate relationship between the theories and data, these theories are “likely to be testable with constructs that can be readily measured and hypotheses that can be proven false” (ibid, p. 547). Finally, the approach of constantly questioning the data from the outset improves the probability of reliable findings.

The choice to build grounded theory through both interview and ethnographic data collection required that I engage in face-to-face observation and to varying degrees participation,

such as in the several occasions where I acted as a discussant in a roundtable on entrepreneurship. This methodology demanded that I maintain a high and sustained level of reflexivity, in which I was always contemplating and aware of my own level of attachment or detachment to the participants, and in turn the effect that such levels had on those participants. Geertz (1994: 75) states that “To look at the symbolic dimensions of social action...is not to turn away from the existential dilemmas of life for some empyrean realm of deemotionalized forms; it is to plunge into the midst of them.” Thus I argue that the emotionally-laden engagement with my participants when combined with a reflexive and critical eye to such engagement may ultimately strengthen rather than detract from my ability to produce interesting and reliable findings.

The Researcher's Role in Grounded Theory

My role during the course of the data collection was to assume both an emic and etic perspective (Fetterman, 1989; Headland, Pike, Harris, & Meeting, 1990). The emic perspective emphasized my role as an “insider” – someone deemed by the participants in my study to have some degree of entrepreneurial expertise. In this role, my objective was to “acquire knowledge of the categories and rules one must know in order to think and act as a native” (Harris, 1979). The etic perspective, alternatively, emphasized my responsibility to abstract from the data and form conceptual categories that make sense of the underlying data. Specific to my ethnographic observations, I emphasized my role as a non-participant observer, in which I had insider access to meetings as well as the new businesses’ data and artifacts. While participant observation has been justified as an ideal means of obtaining true “insider” access (Goffman, 1959), such covert

methods of data access have also been questioned as ethically dubious. The alternative of non-participant observation allowed for me to be deemed as an “accepted outsider,” whereby I was able to gather insider information while avoiding potentially deceptive means of gathering data that would have put the research subjects at risk.

Data Sources and Sampling Approach

In this dissertation, I took a two-stage approach to sampling. First, I used purposive sampling in an attempt to 1) find idea-stage entrepreneurial cases that corresponded with the sensitizing concepts provided by the existing literature and 2) obtain enough variation to uncover deviations and gaps in those sensitizing concepts. As per the stated research question, I was looking to understand the process steps related to navigating stakeholder demands in the context of idea-stage entrepreneurship. Entrepreneurial incubators, therefore, provided an ideal initial site for fulfilling the objectives of the purposive sampling. In general, incubators provide concentrated pools of entrepreneurs that are in the midst of the idea-stage, attempting to find the resources to turn their idea into a reality. They also provide a convenient context for observing a high degree of interaction between idea-stage entrepreneurs and potential stakeholders. Specifically I sampled from two incubators in a southern state in the U.S. These two incubators were selected purposively for their differing relationships with idea-stage entrepreneurs and their differing approaches to providing feedback and criticism to idea-stage entrepreneurs. One was largely oriented to “partnering with” the idea-stage entrepreneurs, providing resources, and helping the entrepreneurs develop their ideas. There was no service fee for residence, but the incubator usually negotiated nearly a third of the startup’s equity in exchange for their ongoing

services and partnership. The other was oriented more toward challenging the early-stage businesses, testing their concepts, and connecting the entrepreneurs with outside resources. Additionally during the 8-month period of data collection, this latter incubator was running an “accelerator program” designed to expose idea-stage entrepreneurs to a rigorous schedule of presenting and testing their ideas. The fee for residence in the incubator is a substantial monthly charge but no equity was taken by the incubator. Alternatively there is no fee for participation in the accelerator program, but each of the startups that participated gave up a total of 10 percent of their equity in the new business. Overall, these two incubators and the accelerator program represented ideal sites for providing a wide, initial range of both typical and atypical idea-stage entrepreneurs and for witnessing entrepreneurs’ efforts to navigate stakeholder demands on their ideas. This initial phase of my sampling approach is consistent with existing qualitative research that emphasizes unique cases with smaller sample sizes in order to highlight dramatic examples of the phenomenon in question (Weick, 1993).

That said, unique cases and unique contexts (*e.g.* incubators) also pose possible limitations to the transferability of the findings. The incubators, for example, in my study maintain rigorous selection criteria, thereby limiting my exposure to other idea-stage entrepreneurs during the first phase of my sampling. Therefore, in an attempt to increase variation in the sampling so as to improve the findings’ validity, the second phase of my sampling approach was designed in such a way as to test the boundaries of the data and theory that I was surfacing from within the incubators. For example, having been granted access to the incubators’ documentation, I selected several organizations that had either been declined as residents or had been receiving ongoing mentorship from the incubator but had opted not to pursue a residency. Additionally, I selected several idea-stage entrepreneurs that had no

relationship with either of the incubators. Doing so allowed me to collect data from a range of contexts so as to control for the influence of the incubators. In addition to testing the theoretical boundary conditions posed by incubators, I also selected a number of cases that tested the influence of other variables such as the organization’s age and industry. Table 3 lists the 50 companies that comprised the sample for this dissertation along with details of those cases. I have provided a pseudonym for each of the companies listed. The column ‘Industry’ describes the sector of organizational activity, within which the entrepreneurial idea was primarily focused. The column ‘Team’ indicates whether or not the nascent organization had multiple co-founders. The column ‘Serial Entrepreneur’ indicates whether the founding team was comprised of at least one serial entrepreneur. The column ‘Incubator Involvement’ indicates the extent to which the organization during its idea-stage was involved in an incubator, where ‘full’ indicates full-time residency in the incubator, ‘partial’ indicates that the founder(s) receives services from an incubator but was not residing within one, and ‘none’ indicates no involvement with an incubator. Finally, the column ‘Age’ indicates the length of time that the founder(s) had been acting on a particular entrepreneurial idea at the time I stopped collecting data.

Table 3: Organizational Sample

Company Pseudonym	Industry	Team	Serial Entrepreneur	Incubator Involvement	Age
Company A	Digital Media	yes		Full	< 1 year
Company B	Digital Media	yes	yes	Full	< 1 year
Company C	Digital Media			Full	1-2 years
Company D	Digital Media	yes	yes	Full	< 1 year
Company E	Pharmaceutical	yes	yes	Full	< 1 year
Company F	Digital Media	yes		Full	< 1 year

Company G	Digital Media			Full	< 1 year
Company H	Digital Media		yes	Partial	< 1 year
Company I	Digital Media			Full	< 1 year
Company J	Digital Media	yes		Full	< 1 year
Company K	Social Entrepreneurship			Full	1-2 years
Company L	Social Entrepreneurship			Full	< 1 year
Company M	Digital Media	yes	yes	None	2-3 years
Company N	Health Care	yes	yes	Full	1-2 years
Company O	Health Care	yes	yes	Full	1-2 years
Company P	Digital Media	yes		Full	2-3 years
Company Q	Digital Media		yes	Full	1-2 years
Company R	Health Care		yes	Full	< 1 year
Company S	Social Entrepreneurship	yes		None	2-3 years
Company T	Social Entrepreneurship	yes		None	< 1 year
Company U	Social Entrepreneurship			Full	< 1 year
Company V	Digital Media		yes	Partial	< 1 year
Company W	Social Entrepreneurship			Partial	< 1 year
Company X	Social Entrepreneurship	yes		None	3+ years
Company Y	Technology	yes		None	1-2 years
Company Z	Retail			Partial	< 1 year
Company AA	Digital Media	yes	yes	Partial	1-2 years
Company AB	Social Entrepreneurship	yes		None	< 1 year
Company AC	Pharmaceutical		yes	Full	1-2 years
Company AD	Technology			Partial	< 1 year
Company AE	Digital Media			Partial	< 1 year
Company AF	Technology			Partial	< 1 year
Company AG	Digital Media	yes		Partial	< 1 year

Company AH	Digital Media	yes		None	3+ years
Company AI	Energy			Partial	< 1 year
Company AJ	Health Care			Partial	< 1 year
Company AK	Digital Media			None	< 1 year
Company AL	Media		yes	Partial	< 1 year
Company AM	Digital Media	yes	yes	None	< 1 year
Company AN	Digital Media			Full	3+ years
Company AO	Consulting			Partial	< 1 year
Company AP	Digital Media			Partial	< 1 year
Company AQ	Consulting	yes		None	2-3 years
Company AR	Consumer Packaged Goods	yes	yes	None	< 1 year
Company AS	Consulting			None	1-2 years
Company AT	Finance	yes		Partial	3+ years
Company AU	Health Care	yes	yes	Full	3+ years
Company AV	Digital Media			Partial	< 1 year
Company AW	Entertainment	yes		None	3+ years
Company AX	Consumer Packaged Goods	yes		None	< 1 year
Company AY	Digital Media			Full	1-2 years

A Note on the Transferability/Generalizability of This Research. For qualitative research that emphasizes exploration, proper sampling is concerned with theoretical representativeness rather than statistical representativeness. Thus my ultimate objective was to sample from enough cases that the variety of information ensured that all important concepts and perspectives were represented in order to generate robust, yet bounded theory. Quantitative researchers often seek full generalizability. The generalizability of idiographic qualitative data, however, is

questionable. One limitation of this research design, therefore, is that the predictive quality of my findings beyond my sample could be viewed as tenuous, since the representative nature of that sample as well as the standard error is unknown. As noted, one way that I have dealt with this limitation is to take care in capturing and describing important contextual factors that may pose boundaries upon the generalizability of my findings as well as testing those boundary conditions through further sampling. Furthermore, the reasoning for choosing a qualitative approach over a quantitative one in this case is apparent. With this method, I intentionally pursued full understanding of a complex and unexplored phenomenon, and as such I was reticent to sacrifice understanding in order to attempt fully generalizable predictions.

That said, the rigorous two-phased approach to sampling and the ongoing consideration of boundary conditions increases my confidence in the transferability of these findings. By the end of my sampling and data collection, I felt extremely confident in both the redundancy and saturation of the data. Redundancy refers to the ability for the data to surface patterns across cases (Lincoln & Guba, 1985), while saturation refers to the ability of the data to support the construction of important concepts and themes (Eisenhardt, 1989). In other words, there were no thin areas in my theory (Kuzel, 1999). My sample size is, therefore, appropriate, the sampling is complete, and the data is saturated, because as I began selecting new cases toward the end of my data collection, none of these cases challenged the emergent categories and themes that my earlier cases raised.

Data Collection

In grounded theory, triangulated data gathering methods are suggested, since they reduce the likelihood of the misinterpretation of data (Denzin & Lincoln, 1994; Eisenhardt, 1989; Yin, 2009). In this dissertation, I approach triangulation in two different but equally important ways. First, I gathered data using three different methodological approaches: interviews, observation, and documentation. Second, rather than relying merely on the perspective of one founder in an organization, I sought out a number of stakeholders that could help me gain additional perspective on the idea-stage entrepreneurial process and the process whereby entrepreneurs navigated stakeholder demands. I graphically visualize this multi-tiered triangulation of the data collection process in Figure 3.

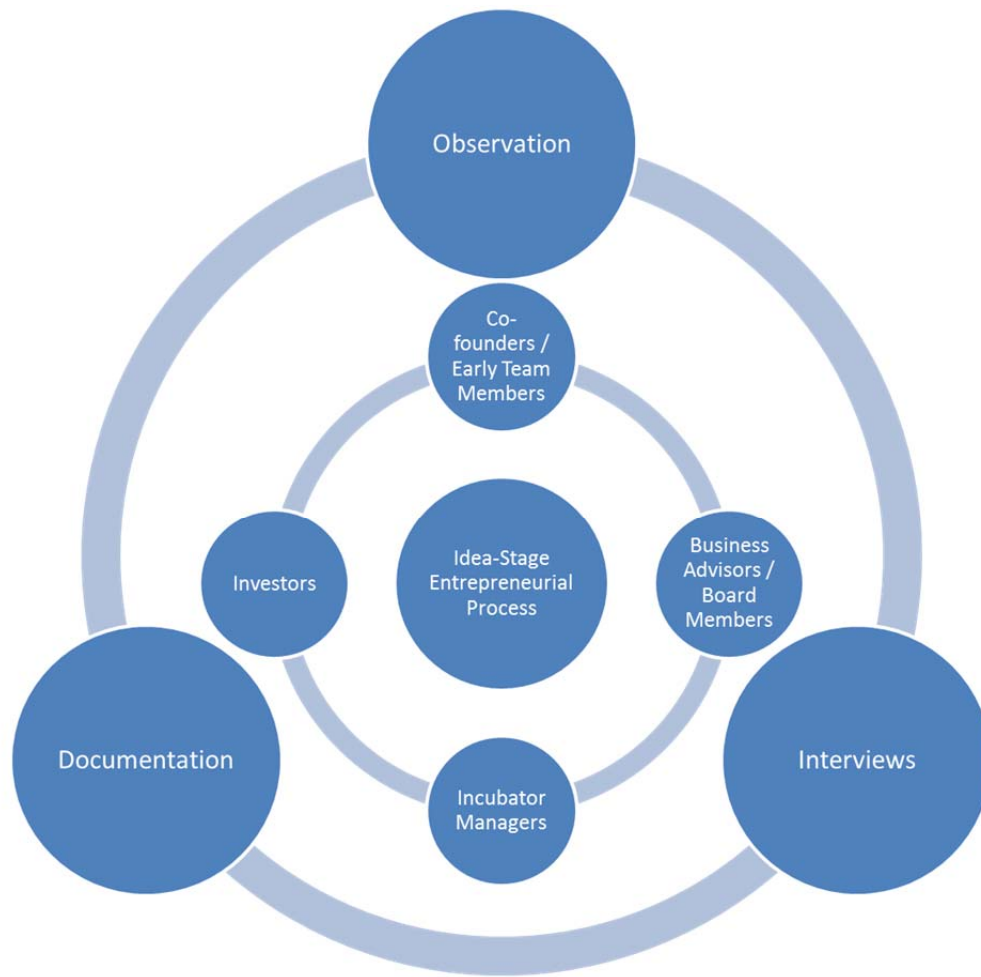


Figure 3: Multi-tiered Triangulation of the Data Collection Process

The interviews were semi-structured, relying in part on several interview guides (see Appendix A). The interview guides eased the task of organizing and analyzing the data, since I was looking to surface similarities and dissimilarities across cases, but these guides also allowed for flexibility in the conversations I had with the participants (Patton, 2002). In other words, deviations from the interview guide were welcomed as possible new sources of inductive learning about the idea-stage process. Stylistically I maintained a largely detached approach when posing questions and probing on participants' answers. In other words, I rarely interjected

my own thoughts on a subject, but instead would provide consistent verbal and visual signals of agreement, so as to encourage the participants to further open up about potentially sensitive moments in the idea-stage process. All but two interviews were audibly recorded and subsequently transcribed for analysis. During the two unrecorded interviews, the participants refused audio recording but approved of my note-taking, and so I attempted to capture as many of the broad themes and important quotes as I could. In total I conducted 120 interviews with 63 founders and 16 stakeholders over the course of 8 months. As such, a number of these interviews were conducted as follow-up interviews, during which I was primarily concerned with probing on changes since previous interviews with the participants. From these interviews I gathered 3,076 minutes of transcribed interview data from entrepreneurs and 508 minutes of similarly transcribed interview data from various stakeholders. Table 4 lists the founders and co-founders with whom I spoke as well as the number of formal interviews conducted with each. So that readers can easily cross-reference each of the individuals to their organizations and vice versa, each of the individual pseudonyms corresponds with the companies from Table 3; co-founders are listed as ‘CF[#]’, while solo founders are listed as ‘F.’

Table 4: Interview Participants

Pseudonym	# of interviews	Pseudonym	# of interviews
Company A CF1	16	Company W F	1
Company A CF2	2	Company X CF1	1
Company A CF3	2	Company X CF2	1
Company B CF1	3	Company Y CF1	1
Company B CF2	3	Company Y CF2	1
Company B CF3	2	Company Z F	1
Company B CF4	1	Company Q F	1
Company C F	3	Company AA F	1
Company D CF1	3	Company AB CF1	2
Company D CF2	4	Company AC F	2
Company E CF1	6	Company AD F	2
Company E CF2	5	Company AE F	1
Company F CF1	3	Company AF F	1
Company F CF2	3	Company AG CF1	2
Company F CF3	2	Company AH CF1	1
Company G F	4	Company AI F	1
Company H F	2	Company AJ F	1
Company I F	6	Company AK F	3
Company J CF1	5	Company AL F	1
Company J CF2	5	Company AM CF1	1
Company K F	1	Company AN F	1
Company L F	3	Company AO F	1
Company M F	1	Company AP F	1
Company N F	2	Company AQ CF1	1
Company O CF1	2	Company AR CF1	1

Company P CF1	1	Company AS F	1
Company Q F	1	Company AT F	1
Company R F	5	Company AU F	1
Company S CF1	1	Company AV F	1
Company T CF1	3	Company AW F	1
Company U F	1	Company AX F	1
Company V F	1	Company AY F	1

The non-participant observations were focused on gathering ethnographic data from the two entrepreneurial incubators over the course of a 6-month period. Within these incubators I had access to the entrepreneurs, a selection of their company information, and their stakeholders. The observations largely focused on lectures given to the entrepreneurs from business stakeholders, pitches given from the entrepreneurs to business stakeholders, and several informal mentoring sessions. Some of the non-participant observation was audibly recorded and transcribed to bolster my ability to capture important interactions and quotes. When I did record, the participants knew I was observing and recording, but I often removed myself and the audio recorder to a corner in the room, so as to avoid biasing the actions and interactions of the subjects. In total, I gathered 2,188 minutes of transcribed ethnographic data. To supplement the audio recording, I also took field notes not just about the verbal interactions, but also about the physical layout and arrangements of individuals during meetings, and their behavioral patterns such as their arrival and departure times within the incubators.

Finally company documentation was also collected. This documentation included 82 files (213 pages) of mentor notes, in which 7 different mentors in one of the incubators ranked, took notes, and assigned homework to 82 different entrepreneurs. I also collected 20 pages of

quantitative peer evaluations that were captured following a formal presentation event, during which each of the entrepreneurs presented their business idea. Finally, I gathered 3 executive summaries, 8 different presentations, and 1 customer letter of intent document, all of which were prepared during the idea-stage of the entrepreneurial process. Table 3 outlines the various data collection methods and the consequent data inventory. The first three columns are self-explanatory. The fourth column, 'Original (intended) Data Audience' column indicates for whom the original data was intended; therefore, while the interview and ethnographic data represents primary data used solely for the purposes of this study, the documentation represents secondary data that was originally intended for other audiences.

Table 5: Data Inventory

Data type	Quantity	Original Data Source	Original (intended) Data Audience
<i>Entrepreneur Interviews</i>	3076 minutes of recorded and transcribed audio from 103 interviews	63 founders/cofounders from 51 businesses	Analysis for the study
<i>Stakeholder Interviews</i>	508 minutes of recorded and transcribed audio from 17 interviews	4 employees, 2 incubator directors, 10 business mentors	Analysis for the study
<i>Observational Data</i>	2188 minutes of recorded and transcribed audio; 14 weeks of non-recorded on-site observation in an incubator	Audio and principal investigator's notes from stakeholder meetings, lectures, and 14-week accelerator program	Analysis for the study
<i>Mentor Notes</i>	82 files (213 pages) on 82 different entrepreneurs	7 mentors from an incubator ranked, took notes, and assigned homework to 82 entrepreneurs	Incubator staff and mentors
<i>Other Documentation</i>	20 pages of quantitative peer evaluations; 6 business plans; 3 investor "one-sheets"/executive summaries; 8 "pitch decks"; 1 "customer letter of intent"	Various entrepreneurs that participated in the study	Business stakeholders (i.e. investors, customers, employees, mentors, and partners)

Data Analysis and Coding

Comparison is understood as the most essential tool for analyzing data according to a grounded theory model. Tesch (1990: 96) states, “The method of comparing and contrasting is used for practically all intellectual tasks during analysis: forming categories, establishing the boundaries of the categories, assigning the segments to categories, summarizing the content of each category, finding negative evidence, etc. The goal is to discern conceptual similarities, to refine the discriminative power of categories, and to discover patterns.” In particular two forms of comparison have guided my research. First, I compared my original assumptions with the data I was collecting to surface my own biases that could have restricted my findings. This allowed the ability for the data analysis phase to reciprocally inform the sampling and data collection phases of my research. Thus, as I moved through the data collection phase of my research, I was simultaneously transcribing and coding that data, so as to surface patterns that might suggest changes to my original sampling and data collection methods. As noted, the sensitizing concepts from the literature produced an emergent model of the process idea-stage entrepreneurship, and my sampling was conducted in such a way as to attempt to break and refine that model over time. The unique data I collected during my initial interviews did, in fact, serve to challenge my underlying model and force revisions in my methods. Whereas initially my research was focused squarely on understanding changes in the *content* of individuals’ entrepreneurial ideas, I quickly realized that these individuals struggled less with managing changes in their ideas than with *interpreting* those changes and demands for change in light of their connection to their original ideas. Thus while my data collection methods continued to capture information on changes within the idea-stage process, I was primarily concerned with

how those changes triggered various efforts to interpret those changes and the effects of those interpretations.

Second, I compared data from within and between my various cases, a method referred to as the constant comparative method (Glaser & Strauss, 1967; Strauss & Corbin, 1990). I followed a systematic approach for engaging in the constant comparative method consistent with Boeije's (2002) as well as Strauss and Corbin's (1990) proposals. First, I compared data within a single instance of an observation, interview, or document. During this step, I also coded similar fragments using similar but open codes. Such codes have been referred to as in-vivo (Glaser, 1978; Strauss & Corbin, 1990) or first-order (Van Maanen, 1979) codes, and they reflect terms employed frequently and forcefully by participants. The specific codes I used during this step included labels such as: pivot, pitch, customer development, business model, value proposition, bootstrapping, and investable story. The aim with this first step in the analysis was to explore the data and to develop categories, labeling them appropriately.

The second step involved comparing instances of data gathering that involved comparing stakeholder perspectives on a particular phenomenon with those of an entrepreneur (e.g. interview with the director of an incubator and interview with an entrepreneur). This step simply involved triangulating my data sources, thereby enriching my findings and emergent theory. This comparison allowed me to surface how the different individuals viewed the same phenomenon similarly or dissimilarly and why they did so.

The third step involved comparing between similar instances of data gathering (e.g. different instances where individuals mentioned the word "pitch"). By comparing fragments from individual sources of data that had been labeled similarly, I was able to surface

characteristics of the broader categories. During this step, I also began to combine different codes into “family codes” in order to begin identifying patterns in the data. For example, instances where people used the terms “pitch” and “investable story” related to a broader conceptual category of “entrepreneurial presentations.” Also, I began to eliminate various idiosyncratic codes that proved to be less relevant to these emerging patterns. This second step of the process is known as axial coding, and it takes place at a higher level of abstraction. For the purposes of this dissertation, the aim of this step was to produce a revised model of how entrepreneurs navigated stakeholder demands within the context of idea stage entrepreneurship. During this step of the analysis, I also began to witness data saturation, where my efforts to code the data had expanded to cover all relevant themes discussed by the participants. For the first three steps, I utilized the software package Atlas T.I. 5.2.0 to assist with the coding process. This tool was primarily used to organize and systematize the qualitative coding process.

Finally, the fourth step involved “selective coding,” wherein I attempted to refine the categories, themes, and process steps, integrating them into (1) a model of the microprocesses that underpin idea-stage entrepreneurship and (2) a parsimonious grounded theory of entrepreneurs’ navigation efforts. In essence while the process model sketches the steps and microprocesses involved in the idea-stage (presented in Chapter IV), the theory goes one step further, conveying the pathways through that process and the outcomes related to those pathways (presented in Chapter V). This step in the analysis is known as selective coding, and the aim was to draw relationships between the different core categories and develop propositions. In this step, I went back and forth between the emergent process model and the data, in order to better understand variation within the process. For example, while entrepreneurs’ efforts to update their original ideas represented a consistent theme that was discussed by participants, there was

variation in terms of whether or not they had undergone changes of scale (*e.g.* focusing their ideas) or changes of scope (*e.g.* changing their targeted market). In understanding variation across the cases, I began to surface how differences at one step of the idea-stage process led to differences at later steps of the process. In particular I was interested in variation in how entrepreneurs navigated stakeholder demands, the cognitive and emotional differences that triggered those different practices, and finally the different outcomes of those practices. To bolster my analysis of this variation, I produced a matrix of the various entrepreneurs and cases, tagging each entrepreneur according to the various steps they undertook and practices they employed, as well as the cognitive and emotional differences and outcome-based differences. Finally, I converted this entrepreneur data matrix into a practice matrix (Lingo & O'Mahony, 2010) that described the prevalence of particular pivoting practices, allowing comparison of when entrepreneurs used particular practices as well as the individual and organizational consequences of particular practices. The data from this practice matrix was condensed and is presented in several tables in Chapter V.

The Presentation of Findings in Process-Based or Practice-Based Qualitative Research

Scholars often contrast process-based theories of organizational change with variance-based theories of organizational change (Mohr, 1982; Van de Ven & Poole, 1995, 2005). The former are cast as narratives or stories “about how a sequence of events unfolds to produce a given outcome,” while the latter are cast as scientific explanations, comprised of “independent variables causing changes in a dependent variable” (Van de Ven & Poole, 2005: 1381)(Van de Ven & Poole, 2005: 1381). Variance methods have largely dominated the study of

organizational change, innovation, and entrepreneurship. While such methods are critical for understanding systematic differences within and across organizations, process-based theories allow for a more nuanced understanding of how time and sequence factor into those differences (Poole & Van de Ven, 2004). According to Van de Ven & Poole (2005: 1384), process-based explanations may include the following:

1. *an account of how one event leads to and influences subsequent events (e.g. events of type A have a .7 probability of being succeeded by events of type B and a .3 probability of being succeeded by events of type C);*
2. *an explication of the overall pattern that generates the series (e.g. the process develops in three stages or recurrent cycles of A, B, and C); or*
3. *both (in which case the microlevel explanation and overall pattern should be linked).*

In this dissertation, I present my findings by following the third strategy, whereby I present both an explication of the overall series of steps as well as an account of how one event (or practice) leads to and influences subsequent outcomes. In Chapter IV, for instance, I focus on presenting the overall series of steps involved in idea-stage entrepreneurship. I also highlight the focal actors at each step of the process (Pentland, 1999) and the generative mechanisms that trigger the advance from one step to the next in the process (Tsoukas & Hatch, 2001). In Chapter V I build on this by honing in on the meaningful variance in the microprocesses employed within the process of idea-stage entrepreneurship. This allows me to surface particular patterned relationships between a specific approach at one step of the process and outcomes at the end of the process. This is consistent with a practice-based approach to qualitative research (Chia & MacKay, 2007; Lingo & O'Mahony, 2010; Whittington, 2007), which is focused on the repertoire of actions or activities, how individuals employ them, and their effects (Lingo & O'Mahony, 2010).

Verification

An increasing number of articles address the practicalities of evaluating and publishing qualitative research to organizational and management research outlets (Easterby-Smith, Golden-Biddle, & Locke, 2008; Eisenhardt & Graebner, 2007; Gephardt, 2004; Golden-Biddle & Locke, 1993; Lee, 1999; Pratt, 2009; Siggelkow, 2007; Suddaby, 2006). At the core of all of these articles is a desire to improve the trustworthiness of qualitative research methods and findings (Lincoln & Guba, 1985).

To ensure the reliability of my conceptual interpretation of the data I employed three specific methods. I employed triangulation during the data collection as described earlier. By simultaneously using the combination of non-participant observation, interviews, and documentation reviews, I corroborate my findings and increase confidence in the emergent theory. Furthermore, by collecting data from both entrepreneurs as well as a number of different stakeholders I add further credibility to my findings. Next, I used member checking, whereby I approached 12 of the 63 entrepreneurs and 2 of the 16 stakeholders to validate my interpretations of those observations and found that these participants agreed with the representations of their cases. They also indicated their appreciation for my attention to what they indicated were often overlooked challenges they face during the idea-stage of entrepreneurship. Finally, I employed negative case analysis (Padgett, 1998; Strauss & Corbin, 1990), as indicated above in the description of the constant comparative method. I went back and forth between each of the cases, checking the applicability of the emergent categories and themes to all cases. When necessary, the categories and themes were revised and theoretical boundary conditions of my research were established until there was no disconfirming evidence.

CHAPTER IV

FINDINGS – A MICROPROCESS MODEL OF IDEA-STAGE ENTREPRENEURSHIP

Stated again, my research questions are as follows: *What practices do idea-stage entrepreneurs employ to navigate 1) the need to remain identified with their original ideas for the new organizations and 2) the need to remain flexible with those original ideas? And how do the different practices in turn affect the entrepreneurs' ability to continue organizing around those ideas?* As I entered the field and began speaking with individuals engaged in efforts to organize around particular ideas, it became immediately clear to me that the idea-stage of entrepreneurship within this context was comprised of much more than the discovery of market opportunities. It was better understood as an extensive process of idea-based development that involved interactions with a host of different stakeholders, each expressing their own interests and demands for the ideas. Entrepreneurs were at the center of this process and were involved in efforts to turn their original ideas into viable products or services, while acquiring the necessary support and resources from stakeholders to make organizing around those ideas possible. Within this process entrepreneurs spent different degrees of time and energy performing market research, developing and discussing plans and financial projections, marketing their ideas, building a product or prototype, accruing a team of advisors, seeking out investment, and executing legal requirements among other tasks. These tasks were underpinned by a consistent social-psychological process, which bore heavily on the degrees to which the entrepreneurs continued to organize around their ideas. I found that the process involved three steps, which I

labeled as ‘innovating,’ ‘validating,’ and ‘pivoting.’ Innovating involved entrepreneurs’ earliest experiences with their original idea and efforts to attract a number of early supporters. Validating involved entrepreneurs’ subsequent efforts to justify their entrepreneurial efforts by presenting their ideas and attempting to attract the necessary resources to sustain their efforts. Finally, pivoting involved entrepreneurs’ efforts to navigate stakeholder demands that were conveyed during the validation step. Each of these three steps was comprised of both sensemaking and sensegiving microprocesses. While both sets of microprocesses focused on the development of the idea, they differed in that sensemaking involved entrepreneurs’ efforts to internally grapple with the development, criticism, and changes to the idea, whereas the sensegiving processes involved entrepreneurs’ and stakeholders’ efforts to interact and debate entrepreneurial ideas in an effort to organize around those ideas.

In this chapter I define and provide evidence for each of the steps, the microprocesses that underpin those steps, and the triggers that caused individuals to move from one step to the next. I also lay out the particular stakeholder groups or roles that were typically involved in each of the three steps, noting what was at stake during each of the steps. Quotes are provided to illustrate descriptions of the microprocesses. At the end of each subsection associated with a particular step I provide a table that highlights count-based evidence of the consistency with which I observed or discussed each microprocess that comprised that step. I conclude the chapter with a summary description of the process and two figures that illustrate the roles and steps involved in the process. The summary of chapter IV provides the foundation for chapter V, within which I describe how variation in the process links to particular individual and organizational-level outcomes.

Step 1: Innovating

For the participants of this study the earliest step of the idea-stage was focused on making sense of an entrepreneurial idea and its potential, while attracting early sources of support. In this step of the process the individuals were highly vulnerable to criticism. Because they had not yet decided to invest their full energy into developing the idea, it was easy for them to quickly dispose of the idea and return to their existing responsibilities. The individuals' decisions to pursue the ideas and invest the full weight of their time and personal resources were, therefore, at stake during this first step.

At this earliest step the stakeholder groups were slightly more limited. Most frequently the individuals engaged friends and family in discussing their ideas. Some entrepreneurs also identified potential co-founders during this step – individuals that they believed might participate in the organizational founding effort. Finally, some entrepreneurs looked outside of their close networks to engage with established institutional stakeholders, such as incubator administrators and idea-stage investors – individuals that they believed might provide external incentives for moving forward with the idea. Figure 4 illustrates these roles.

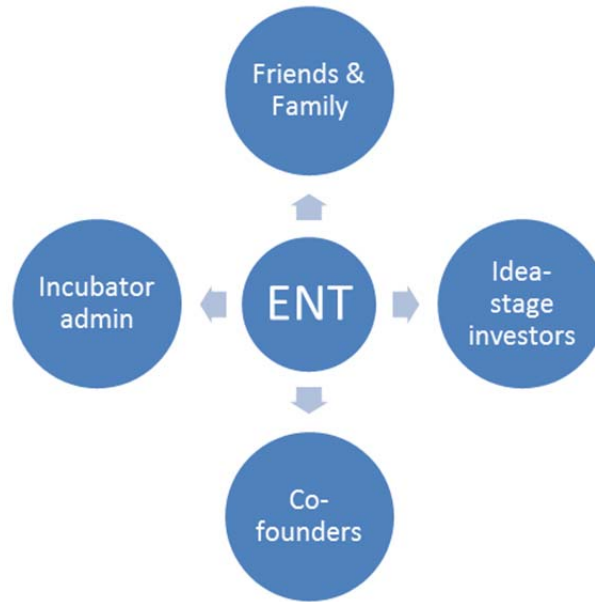


Figure 4: Stakeholder Groups Involved in the Innovating Step

The step began with two different sensemaking microprocesses. First, individuals experienced moments of creative insight, whereby they visualized the broad contours of particular problem-solution relationships. Following this, the entrepreneurs also began to envision the potential societal and economic value of this creative insight. Finally they engaged in a sensegiving effort to convince potential stakeholders of that value and of their capacity to achieve that value. The entrepreneurs also cycled through this process step, where the sensegiving and sensemaking efforts reinforced one another. As the entrepreneur attracted early supporters that believed in the entrepreneur or the potential of the idea, this reinforced the entrepreneur's sense that the idea held potential. I relay the findings for each of these three themes below.

Sensemaking: Experiencing the Idea

Upon meeting the participants in my study, the first thing I asked of each of them was to reflect on how they came up with their entrepreneurial ideas. Their responses made it clear that it was very difficult for them to convey their ideas to me or others without references to their personal experiences and stories of their pasts. The entrepreneurs consistently referred to particular moments in time, in which the idea was “sparked” or “birthed.” One first-time entrepreneur in the digital media space (Company D CF1) employed both of those metaphors as he described his initial experience of his entrepreneurial idea:

So this was the original spark for the idea. I remember a few very important moments when the ideas coalesced. The first one was when I was walking my dogs in the park through the woods in a trail... Just having this moment of recognizing that people all over the world had the same challenge... That was sort of the birth of this.

Such stories and metaphors reflected the founders’ visceral ideation experiences and sense of importance that they attached to both the experience as well as the content of the ideas. For a number of the entrepreneurs with whom I spoke, however, this notion that they had given birth to *the* idea – an idea significant enough to compel them to take on the risk involved in launching a new venture – was initially tempered against the backdrop of several other entrepreneurial ideas they had in mind. This was most often the case within teams of co-founders that wanted to start a business but were unsure about which business to start. One such entrepreneur that operated amongst a team of several co-founders (Company B CF1) indicated to me that,

I’m pretty good at coming up with new ideas and once those good ideas come through, they kinda start bombarding me, and I kinda see opportunity every time I turn around. So I have a hard time really focusing and landing on the one and

saying this is it, because then inevitably another one comes along and it seems like maybe it's more of the right idea.

Despite these initial moments of indecision and comparison, during which the entrepreneurs' identification with particular ideas was seemingly no greater than with other ideas, the decision to move forward with a particular idea was associated with great conviction toward that idea. For example, the same entrepreneur (Company B CF1) indicated that he and his co-founders decided to execute the particular idea, because it was a "personal thing" that addressed a problem they had encountered on numerous occasions. From my data, however, I could not disentangle whether that increased sense of conviction led to the choice to act on the idea, or whether the choice to act on the idea led to the increased sense of conviction.

Regardless of the origins of the idea, the entrepreneurs deemed these ideas not just as creative projects tied to some abstract economic opportunity. They viewed them as reflective of their personal passions and values. Company D CF1, for example, reflected on how the idea and even the industry needed to appeal to him on a deep, personal level for him to truly feel like it was a project worth taking on:

I wasn't about to start a biomedical, or an aerospace company, or something that I wasn't passionate about. It had to be something that I believed in.

Another entrepreneur (Company AY CF1) echoed this sentiment:

If it's just interesting, that's not enough. You don't want to go to war for something that's just interesting. You want to go to war for something that... is kind of core to how you see the world.

Both of these two quotes illustrate the important relationship between the content of a given idea and the motivation of these entrepreneurs. Their experience of an entrepreneurial idea was, therefore, not just the identification or recognition of a market opportunity; rather, it was the

recognition of a personally-relevant problem-solution relationship that tied back to the individuals' beliefs, passions, and the core of how they saw the world. Of course there was a wide range of reasons given by participants as to why they became passionate about particular ideas. For some it was that a particular idea provided a solution that solved a personally experienced problem. One founder (Company Q F) stated,

So, it started with a problem... So I solved my own problem. So immediately, I have this impression to turn that solution into what could be a business... I sort of had this asset of this solution and I started looking at different markets where that solution might apply.

For others it was tied to a personal value system and a desire to produce something that would broadly change society. For instance, some referred to their ideas with spiritually-infused language such as the notion of a “calling”. Others commented on their desire to make a social impact. Two different entrepreneurs (Company L F & Company A CF1) provide examples of such statements in two different quotations:

- (1) *It's one of those things that I feel like it's a calling, and I feel I've got to stick with it. It's just kind of in my gut.*
- (2) *This idea has to have a social impact, if it's gonna be an inspiration to me and others, and I'm not gonna, I'm not gonna sacrifice that, that vision.*

Whether it was based in a personally experienced problem, an existential calling, or a pragmatic approach to addressing a social problem, the relationship between the entrepreneurs and their ideas served as the basis for their action. Without the motivational capacity of their identification with those ideas, many of these individuals would have remained content in their existing jobs and roles. An entrepreneur in the health industry (Company O CF1), for example, noted how his relationship to his particular entrepreneurial idea was enough to compel him to set aside his successful career to pursue the idea:

For me personally, the experience that I had was so moving and so life-changing and so transformational that I said "I have to do this for a living, and I have to share with other people what I went through, and I need to help other people the way I was helped." It's sort of like I'm going to do this at all costs, and I believe in it so passionately that I'm going to take twenty years of success and experience that I have in one industry and set it aside.

Another entrepreneur (Company F CF1) echoed this same sentiment:

I guess what has me focused on wanting to build this is that I do want to see my original vision, which solves my own pain, come true. At the end of this thing if I can create a company that solved that pain - the pain that gave me the idea - that is what motivates me. It's like, this is my real life. I experienced this. I decided to change a lot of what I was doing and to leave a career to fix this problem.

Both of these two quotes illustrate the central insight regarding individuals' experience of entrepreneurial ideas – that the original ideas were rooted in personal experiences and thus centrally motivating to the entrepreneurs' efforts to take on the significant risk involved in starting up a new business.

Sensemaking: Envisioning the Potential of the Idea

During the early step of innovating, individuals experienced entrepreneurial ideas with little clarity as to whether or not there was a specific market opportunity or how to turn that idea into a successful organization. Thus, after experiencing the ideas, individuals went through a step of trying to envision the potential of the ideas – the potential feasibility of building goods that adequately reflected the entrepreneurial ideas as well as the potential market demand for such goods. For some of the entrepreneurs, however, there was a significant temporal gap between initially experiencing the ideas and envisioning the potential of those ideas. One entrepreneur (Company G F) in the digital media space noted that while he had come up with the

idea in high school, it wasn't until many years later that he deemed that the idea held strong enough potential for him to act:

I came up with the idea in high school... And as I went more and more through an engineering background, I learned things that led me to see the potential of that idea. And then when I got out of school, and I started looking around at what was going on in the market, I realized that the timing was probably right to try to resurrect that idea and figure out something to do with it.

In this statement, the entrepreneur delayed fully pursuing the idea until he had a clear sense of both the potential of developing such a product, which he gained by way of his engineering training, and the potential demand for such a product, which he determined was a function of timing.

Envisioning the potential demand for the product of an entrepreneurial idea often involved a sensemaking act, whereby the individuals projected from their own idiosyncratic experiences and information to arrive at a conjectural knowledge of an unknown market and potential consumers' demands. The participants in my study began to form beliefs that the problems they had experienced were generalizable if not universal, and that their proposed solution provided a means for addressing those presumed ubiquitous problems. They believed in their capacity to take an idea grounded in their own idiosyncratic experiences and extrapolate that idea so that it would resonate with the market. One entrepreneur (Company H F) envisioned the market potential of his product by extrapolating from his experience and from what he perceived as the "inherent value" of that experience:

I fundamentally remain committed to the experience I had and still have... and I don't think I'm alone in that. So I think there is an inherent value in that experience that people, when given an opportunity to think about it, would want to participate.

Another entrepreneur involved in social entrepreneurship (Company X CF1) echoed such sentiments:

I just had the sense, or the vision or the idea that this was something that could become tremendously important in the world, tremendously relevant, that this could become really mainstream a few years or some years or many years down the road.

These two quotes reflect what I observed across the sample – an escalating form of commitment to an entrepreneurial idea, not merely because of the personal relationship that the individual had with that idea, but also because of a sensemaking process that led to a growing belief in the potential of that idea. Such commitment allowed the entrepreneurs to act on the ideas despite awareness that the ideas were still poorly defined. One entrepreneur (Company AY CF1), for example, described how his convinced determination in his project’s feasibility and his conjectural knowledge that the world was wrong and that his product would make it better compelled him to act despite the lack of immediate support and clarity of the idea:

I think I was being a little too patient in waiting for someone to bless this idea, so then I was just like “boom, we're doing this. The playbook isn't exactly codified, but we're doing this.” So it's just uh... reckless isn't the right word...but it's a convinced determination that this is going to happen. I'd describe it as the world is wrong, and this is a way I'm making it better.

Sensegiving: Attracting ‘Believers’

While previously engaged in a series of sensemaking efforts, individuals then moved to step that involved sensegiving. Armed with a strong sense of personal identification with their original ideas and increased commitment to the potential of those ideas, entrepreneurs began to seek out early support from either individuals with whom they were already close or from

institutions such as incubators or idea-stage investors that were specifically set up to assist nascent entrepreneurs. At this point the primary goal of these sensegiving efforts was to attract support in the form of others' belief in the idea and its potential. That said, the individuals perceived that such belief from stakeholders might also translate into early resources, such as the acquisition of a co-founder or financial investments from friends and family.

Most critically, these efforts provided individuals with their first opportunities to externalize or vocalize entrepreneurial ideas that had to date purely existed as internal or conceptual schemas. Thus, they went through a process of verbally formulating the idea that at this earliest step often involved stories and metaphors that conveyed the ultimate vision but often lacked important detail around the approach. One entrepreneur, in particular, (Company A CF1) described his efforts to attract early believers, indicating that storytelling played an integral role in lieu of a "fleshed out" description of the business.

I'm talking about a possible reality that I've envisioned here and the challenge of telling a story that can connect you or a particular audience to that. You're trying to say something's possible, and while it hasn't yet happened, we can get there. The best way, and maybe the only way, to get people to believe in something that hasn't even happened or isn't fleshed out is to tell them a story they can believe in.

For many of the entrepreneurs, such stories and metaphors allowed them to solve what they referred to as the "chicken or egg problem" – the notion that they needed resources to build the organization, yet they needed a functioning organization to acquire resources. The stories and metaphors allowed the entrepreneurs to connect with potential stakeholders without having to provide substantive evidence of a viable and functioning business. In addition to relying on such stories and metaphors, entrepreneurs' efforts to attract early supporters also involved a significant amount of emotion. In a later interview, one entrepreneur (Company A CF1)

retrospectively spoke to me about the lessons he had drawn from what he deemed to be a successful attempt to attract early believers. In this he conveyed the importance of his ability to speak passionately and to connect his own personal narrative to that of the idea.

I gotta speak from the seat of my passion, whatever that is, and it's probably written in my story and my story is powerful and it's rooted in the pain that I felt when I first started thinking about the idea... If I come out with passion and energy and conviction, and it's obvious that I believe and I'm willing to go to all lengths to achieve, to deliver on what I'm offering, then that's something that first and foremost people look for even if they don't acknowledge that.

A number of the stakeholders (e.g. idea-stage investors and incubator administrators) with whom I spoke echoed this entrepreneur's claim, indicating that the entrepreneurs' emotions were viscerally apparent during these early efforts during which the entrepreneurs presented their ideas. One stakeholder mentioned, for example, that entrepreneurs' passion during this early step was in many ways equally as important as the content of the idea, since it compelled individuals like himself to become believers in the entrepreneur and not just the idea:

When they're talking about their idea, if they really have that passion, then it's very contagious, because, it's not like somebody's just talking about an idea. It's like they're talking about their son. You know, you see their eyes light up. That's very infectious. The really good entrepreneurs, when they have that conversation, they have this ability to sort of get everyone else around them excited about it and believing in it.

These sensegiving efforts were not entirely separate from the prior sensemaking efforts; rather the relationship between these microprocesses was recursive. Through such passionate efforts to attract believers, entrepreneurs helped to reinforce their own commitment to their entrepreneurial ideas. One entrepreneur in the digital media space (Company I F) discussed how these early conversations with individuals that believed in his idea's potential allowed him to become increasingly excited about the idea.

When I first came up with the idea it was kind of an “Aha” moment, where I said to myself, “This idea’s gonna come back,” but, it wasn’t immediately ‘all systems go.’ But, as I talk to people now I get more excited about it, like, “This is really gonna work.”

In this quote, the entrepreneur was implying that such conversations not only made him more excited about the idea but were confirmations that he had a “good idea.” Yet, interestingly, many of the entrepreneurs during this step were very deliberate in seeking out “friendly” rather than critical perspectives. In other words, in the process of attempting to attract believers who could support the early idea-stage process, many entrepreneurs also made active attempts to avoid detractors. An entrepreneur in the retail space (Company Z F), for instance, described the vulnerability of ideas and entrepreneurs to criticism in this earliest step:

[Criticism] is good in limited amounts because a bunch of negativity around a new idea will kill it. You’ve really got to nurture it a little bit until you can get it standing on its own two feet. And that’s real true. You kind of have to stay around positive people otherwise it will really kill an idea because it’s so easy to stop.

Similarly another entrepreneur (Company AY CF1) spoke to me about his effort to attract believers and avoid detractors, indicating that he felt his idea needed to be treated as a gift requiring protection from criticism that might diminish his aspirations:

I think of it as a gift I’ve been given. I’m stewarding this idea. That means that as a Founder and CEO, I’m protecting this idea.

The notion conveyed in these quotes – that entrepreneurs purposefully try to protect their original ideas – is consistent with my findings regarding entrepreneurs’ identification with their original ideas. One stakeholder, for example, described many entrepreneurs’ ideas during this step as ‘fixed’ with the goal of maintaining the ‘purity’ of the ideas:

I've run into lots of young, idea-stage engineering-oriented entrepreneurs, and idea-stage entrepreneurs on their first venture. You know, they've got very fixed ideas about what's right and wrong with the world and they're not going to compromise their values so that some investor can just make money. They're after the purity of their idea.

Innovating Ideas: Summary

The first step in the idea-stage process of entrepreneurship was the founders' efforts to formulate, express, and share the merits of a particular idea for a new organization. At this earliest step, no organization yet exists. The new organization can only be represented as a potential reality, and that potential is captured both in the entrepreneur's imagination as well as his or her verbal formulations. For many of the idea-stage entrepreneurs with whom I spoke and observed, the idea represented the sole initial asset of that potential organization. Even for those entrepreneurs that were using their own personal wealth to help develop the ideas, their ideas were the primary basis for attracting new resources and support. Their original ideas were centrally important, both because of their personal significance as well as their significance to the success of the potential organization.

Sensemaking and sensegiving played a key role in this step. These three different efforts – experiencing the idea, envisioning the potential of the idea, and attracting 'believers' – reinforced one another, so that as individuals discussed their ideas with potential stakeholders, they were not merely engaged in sensegiving but also in efforts to obtain a better personal understanding of their ideas. During the course of my observations and interviews, therefore, I noticed that formulations used by entrepreneurs to attract believers were not merely the product of the entrepreneurs' efforts to make sense of their ideas and their potential. Indeed, while these

sensegiving efforts were certainly informed by entrepreneurs’ experiences of their ideas and visions of their potential, these entrepreneurs were actively making sense of their ideas as they communicated them. The event that triggered individuals’ progression from this first step was the decision to more fully invest their time and personal resources into turning those ideas into organizations.

Figure 5 illustrates the sequencing of the sensemaking and sensegiving microprocesses involved in the Innovating step. Table 7 subsequently provides representative quotations that substantiate the themes discussed in relation to this first step.

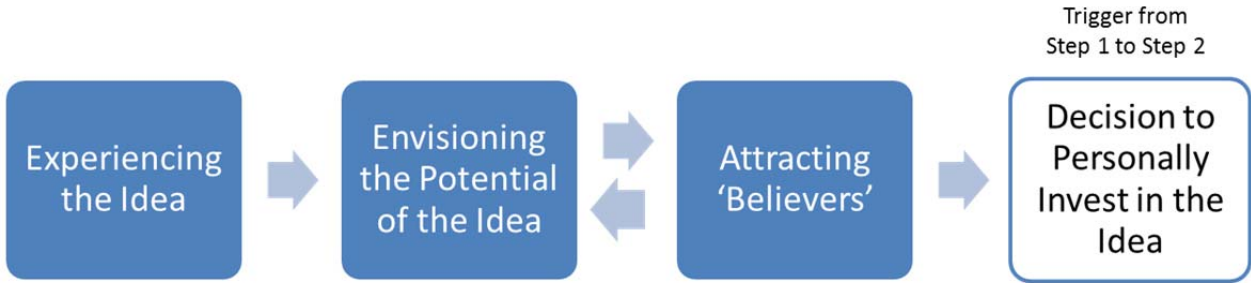


Figure 5: Sensemaking and Sensegiving Involved in Innovating Ideas

Table 6: Representative Quotes for Innovating Ideas

Sensemaking	<i>Experiencing the Idea</i> <i>% Discussing Theme: 79.4% (50/63)</i>	
	Company AY CF1	“If it's just interesting, that's not enough. You don't want to go to war for something that's just interesting. You want to go to war for something that... is kind of core to how you see the world.”
	<i>Envisioning the Potential of the Idea</i> <i>84.1% (53/63)</i>	
	Company H F	“I fundamentally remain committed to the experience I had and still have... and I don't think I'm alone in that. So I think there is an inherent value in that experience that people, when given an opportunity to think about it, would want to participate.”
Sensegiving	<i>Attracting 'Believers'</i> <i>76.2% (48/63)</i>	
	Stakeholder	“The really good entrepreneurs, when they have that conversation, they have this ability to sort of get everyone else around them excited about it.”
<i>% of Participants Discussing Step 1 (Innovation): 93.7% (59/63)</i>		

Step 2: Validating

During the first step individuals were making sense of and attempting to attract believers to their new entrepreneurial ideas. Upon deciding to personally invest their time and personal resources into the idea, they subsequently moved to the second step in the idea-stage process of entrepreneurship, wherein the new entrepreneurs were involved in an effort to validate their ideas by garnering resources. Many of the entrepreneurs explicitly referred to validation as a central objective as they moved forward with efforts to develop their idea. One entrepreneur (Company D CF2) noted that even ‘spectacular’ ideas require moving through this step of validation.

A lot of ideas are spectacular ideas, but they are just not fully validated yet, which isn't to say they won't be validated, but it requires more effort to get to the point where you can sit in front of someone and pitch it and not come out with 100 questions.

Validation involved an expanded list of stakeholders relative to the first step of Innovating. Specifically, entrepreneurs continued to engage with idea-stage investors, co-founders, and incubator administrators, but they now also engaged with potential customers as well as advisors and mentors. For the entrepreneur, the support and resources necessary to enact their ideas were now at stake during the exchanges with these stakeholders. Figure 6 illustrates the various stakeholder groups that were typically involved in this second step.

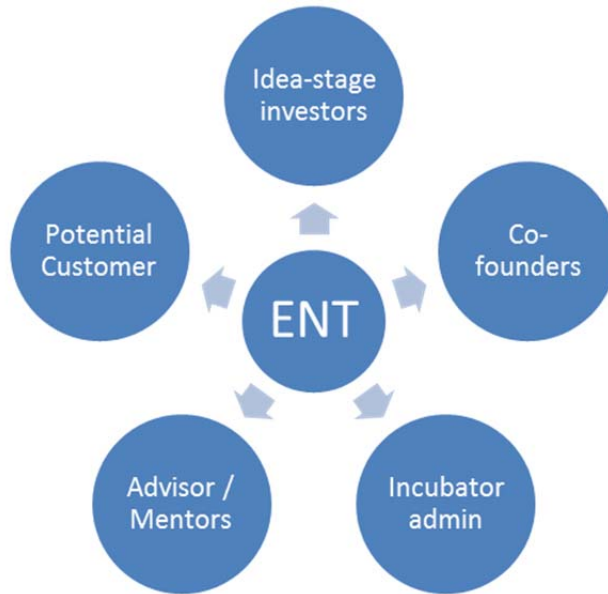


Figure 6: Stakeholder Groups Involved in the Validating Step

This step was comprised of sensegiving exchanges, wherein the entrepreneurs presented or pitched their ideas, while stakeholders responded with their critiques of the idea. Yet as they engaged others, questions and concerns triggered to process various types of ambiguity. The questions and criticisms highlighted that other possible directions and outcomes than the ones they originally envisioned were possible. Such multiple interpretations are characteristic of individuals’ experiences with ambiguity. Within this subsection, I describe and illustrate each of these microprocesses, which underpin this second step in idea-stage entrepreneurship.

Sensegiving: “Pitching” the Idea

Entrepreneurs’ efforts to pitch their ideas differed qualitatively from earlier efforts to attract believers in Step 1, in that these pitches (1) required greater formality in terms of the structure of the presentation and (2) involved more explicit requests for external resources.

During step 1, entrepreneurs' efforts to attract believers involved personal narratives that explained their experiences in relation to their ideas. During this second step, however, entrepreneurs had refined and formalized their presentations, so that their stories encompassed more than personal anecdotes. The entrepreneurs would refer to such refined and formalized presentations as "investable stories," since the presentations contained what were perceived as the required components that investors wanted to see. One founder (Company L F) conveyed to me that he found this concept of the investable story helpful, since it encouraged him to think from an investors' perspective and break the idea into the critical aspects he needed to convey to be convincing.

And what really helped me to start paint the picture was the concept of an investable story – trying to break your idea down to the components that people want to see.

Discussing the concept of an investable story, another entrepreneur (Company N F) explained me the content and ordering of such a story, indicating the need to highlight the money-related aspects of the story early on.

How do you tell a businessman a joke? You tell him the punch line first. The idea is that you always tell the "cash line" first of any pitch in terms of what level of resources am I interested in, how much, and for how long. What do I give up, and what do I get? How long will it take me to get, and where do I want to get? So in doing that if I want money for something, I have to know the answers to those pieces.

These quotes illustrate entrepreneurs' progression in their sensegiving efforts and their desire to incorporate stakeholder interests into the idea itself. Beyond the pieces listed in the latter quote, many pitches included the following items: statements of a perceived market opportunity, product or service descriptions, team descriptions, overviews of the competitive landscapes, financial projections, and occasionally product demonstrations via prototypes. Stylistically, most

itches that I observed included prepared presentations and imagery to enhance the impact of their verbal formulations of their investable stories. Some pitches, however, were conducted without such imagery and formality. Instead, such pitches were done in passing, focusing on securing resources and interest from stakeholders in a matter of minutes or seconds.

Entrepreneurs frequently referred to such efforts as elevator pitches. One entrepreneur (Company O CF1) described the elevator pitch as follows:

To build an investable story, one of the tools you need in your tool chest is an elevator pitch. So you can tell a potential investor, partner, customer "Here's what we do" if you were just in passing. It's not very difficult for us to tell our story. It's only difficult for us to summarize that story in fifteen seconds.

To this entrepreneur the investable story and the elevator pitch represented tools that helped his team connect with resource providers. Yet the metaphor of a toolkit was not the only metaphor applied to the pitch. While some entrepreneurs found such efforts to connect with resource providers through formalized pitches to be liberating in its capacity to focus their attention, others adopted a more cynical understanding of these efforts. One entrepreneur, for example, applied the metaphors of “smoke and mirrors” and “game-playing” as a way of understanding the pitch. He noted (Company A CF2):

I mean I'm surprised at I guess at how much smoke and mirrors goes into the process of playing the game, you know? Kind of going through and doing projections of this and that, how much of this process is playing the game and learning to cater to investors and doing that sort of stuff. So on one side of things it's like how intense the game is in the process of getting an investment; how you really have to submit to that and do that well to get investment.

Regardless of the metaphors used by different entrepreneurs in reference to pitching, most of the entrepreneurs echoed this founder's sentiments about the intensity of pitching their

entrepreneurial ideas to stakeholders. Such intensity, however, was not as much a function of preparing the pitch as much as it was about navigating stakeholder demands and criticism.

Sensegiving: Criticizing the Entrepreneurs' Specific Ideas

Following entrepreneurs' efforts to pitch their ideas, stakeholders often leveled specific criticism of the particular entrepreneurial ideas. As such, the direction of the sensegiving exchange reversed, since the entrepreneurs were now on the receiving end of such criticism in contrast with the prior activity during which the entrepreneurs were expressing their ideas to those stakeholders. This criticism varied in the extent to which it addressed perceived problems in the content of the ideas or in the presentation of those ideas. It also varied in its degree of explicitness, where highly explicit criticism directly cited perceived problems and implicit criticism was often couched in terms of suggestions for alternative approaches. One entrepreneur in the technology space (Company G F) recounted the various content-based criticisms he had received to date, which illustrate both implicit and explicit criticism:

I have heard, "How the hell do you do that?" "I don't think that's possible." ... And then I'll tell the story and I'll say, "This is the technology," and then they'll ask, "Well, so what?" So I tell them, "Well these are the applications for the technology," and then they'll say, "Well so what?" I say, "Well these matter because of these numbers and blah, blah, blah." And that's me following a traditional pitch kind of a strategy. But almost every time I've gone through that someone's gone, "Well, have you thought about this? What if you tried this other way?" And that's tough to deal with in its own right... I mean, I don't know, as far as negative stuff from people, I've heard, "That's too big of an idea. You're going to have a lot of trouble figuring out how to move into a small, manageable portion of it."

In this quote, the entrepreneur noted both the explicit and implicit criticism he experienced. The former very directly attacked the size of the idea, claiming that it was too big to successfully execute. The latter indirectly attacked the scope of the idea by challenging the entrepreneur to think about alternatives, as in “Well, have you thought about this?” The content-based criticism experienced by these entrepreneurs also varied as they met with more than one stakeholder. Stakeholders’ interests diverged and, therefore, so did their suggested alternatives. One social entrepreneur (Company U F) described how different stakeholders were pushing her in the direction of a traditional non-profit while others were pushing her toward becoming a more traditional for-profit:

I started meeting with all of these mentors and they wanted to take it in a different direction. Some people wanted it to be a non-profit completely. Well, it's hard to get funding that route so I wasn't really keen on that. Others would say, “Oh, it should be for profit, and you shouldn't do the individualized part, because it costs too much.” Well, the individualized part is kind of the whole point.

Another entrepreneur (Company E CF2) summarized how his team experienced a series of divergent critiques and suggestions that pulled his team in “every way possible”:

It's just been people giving us their opinions of what we should do. Now we're getting opinions left and right and every way possible "oh you should do it this way" and "you should do it this way" and then we bounce the ideas off other people and they have a million opinions on that earlier opinion.

In addition to targeting the content of entrepreneurs’ ideas, stakeholders’ criticisms also targeted the presentation of these ideas. Many of these criticisms originated with mentors and boards of advisors. These criticisms ultimately suggested gaps between entrepreneurs’ sensegiving efforts to pitch their ideas and the audiences’ abilities to comprehend or identify with those pitches. One entrepreneur (Company D CF2) recounted a story of the criticism he experienced while pitching his idea.

So one of the things that happened, we had an advisor look at our pitch before we really started handing it to investors, and he just took us to the cleaners. Told us it was too long, told us it was unfocused, suggested that we cut most of our slides.

Another entrepreneur (Company AD F), who was an engineer by trade, expressed difficulties in connecting his presentations to resource providers. He summarized the criticism he experienced as noting his need to simplify the presentation of his idea:

The problem is that when I talk to money people, people like that, the feedback I get is how do I dumb it down? Like I was saying before, how can I get this through to them? They've never done anything like this. So really, that's the biggest challenge right now, is how do we explain and make them see, as far as we can see, which is way on out there.

In this quote, the entrepreneur largely attributes the failure to connect with resource providers to those providers' inability to "see as far as he could see." For many stakeholders, alternatively, such challenges were perceived as entirely the fault of the entrepreneurs – the inability of the entrepreneurs to properly formulate their entrepreneurial ideas within the context of what constitutes an "investable story." For example, a stakeholder involved in evaluating entrepreneurs and their ideas spoke about his philosophy regarding the importance of the pitch as well as his impatience with entrepreneurs that fail to do an adequate job at this task:

Pitch me. Everything starts and ends with the pitch... If a person can't pitch it then they can't sell it and they can't drive revenue, and they'll never get investment. And if you have five minutes to tell me exactly what you're going to do, you're either going to do it or you're not.

To this stakeholder and many others like him, the pitch was of central importance, and not only did an unsuccessful pitch give warrant to criticize the entrepreneurial idea, but it also warranted his rejection.

Sensegiving: Rejecting Specific Ideas

As stakeholders expressed specific criticism of an entrepreneur's idea, they were also expressing a form of rejection. The criticisms, therefore, were not general critiques but rather statements of concern that were in many cases implicitly or explicitly tied to the potential stakeholders' antipathy toward providing additional resources and support to the ideas. After facing a barrage of criticism from a potential customer, for example, one entrepreneur (Company C F) indicated how this criticism ultimately led to a dramatic rejection from that potential customer:

And then I got a call back from a senior staff member that was very upset about my product idea, that they have no interest in participating, and he said that no one was really allowed to talk to me. And since then, I was worried that this was going to become a mandate not to use me. Which I can't confirm, but I'm pretty sure this has happened.

And these possibilities of rejection often led to several tense sensegiving exchanges between the entrepreneurs and their stakeholders. One entrepreneur (Company A CF1) noted:

It's tense at points. I think it will continue to be that way, because I have to respect the experts and to a degree I am debating them or pushing back or disagreeing. It's almost like I'm being disobedient even though technically I'm in charge of my own company. I would personally appreciate if there were equally aggressive challenges that were couched in an openness of conversation. Conversation punctuated by criticism and critique as opposed to this kind of polemic.

Sensegiving: Criticizing Entrepreneurial Ideas in General

Following initial efforts to pitch their ideas to stakeholders for resources, many entrepreneurs became involved in local communities of similarly situated entrepreneurs, whether

in the context of an incubator or more generally through personal networks. Within such communities, many entrepreneurs were privy to sensegiving exchanges, within which criticism was conveyed toward entrepreneurial ideas more generally. By that I am referring to many stakeholders' consistently dismissive stances toward the importance of entrepreneurial ideas to the outcomes of the businesses. Comments such as "ideas are worthless," "ideas are a dime a dozen," and "no ideas survive this process" were frequently made in lectures to which the entrepreneurs were exposed. Such criticism differed from earlier criticism and rejection in that it was not targeted at the entrepreneurs' specific ideas. The following quotes from various stakeholders illustrate this more generic criticism. First, one stakeholder discussed the valuation process that usually accompanies idea-stage investing, making the comment that at this step the business and the idea are worth zero dollars.

So I think entrepreneurs get way too caught up in valuation in these early days. If that's what you are arguing about when you are raising capital, then I think you missed the mark as an entrepreneur because you and your idea are worth zero. That's what it is. Now you may have this hope and vision that you are going to raise money at a valuation of 5 million, 10 million, 20 million or whatever it is. Bottom line is if someone gives you money at 2 million, that's 2 million dollars more than you are actually worth.

A second stakeholder discussed the relationship between entrepreneurial ideas and execution, noting that ideas without proper execution are prone to failure.

There are a lot of guys that have ideas and they're really good at being innovative, creative types... But they have no understanding of how to execute. And as they sit on the idea, it dies right there.

Finally, another stakeholder summarized the generic criticism of ideas, noting both the irrelevance of entrepreneurial ideas within the context of entrepreneurial success as well as the presumed naivety of entrepreneurs that believe in the originality and exclusivity of their ideas:

Entrepreneurs' ideas have zero importance to their success. Most great entrepreneurs, it wasn't even their idea, they just executed it... I think it's just a realization that if you're thinking a thought today, given the number of people on this planet and in this country even in this state, at least two or three other people are thinking the same thing. So it's purely an arms race. Is it worth a damn and if so, who's going to get there first.

Several of the stakeholders expressed that their negative perceptions of entrepreneurial ideas stemmed from the perceived inability of many entrepreneurs to articulate the market potential of their ideas. To them, entrepreneurial ideas merely outline the broad contours of a particular product or service, but fail to convey any precision about the market opportunity. One stakeholder, for instance, noted how many entrepreneurs whom he meets have difficulty moving beyond a product description to convey information that would be pertinent to his investment interests:

I have people come to me on a weekly occurrence and say, you know, 'we've got this great idea' and they'll explain it to me and I'll say, 'well, how are you going to make money off of it?' They don't know the answer to that question. Or they don't know what their revenue stream is, who their customers are, or what they might pay for it.

Other stakeholders linked their negative perception of entrepreneurial ideas to the difficulty of “predicting winners” at the earliest step – the seeming randomness of entrepreneurial success, in other words, served to diminish the value of any given idea. This critique of ideas also underpinned the investment strategies of many of the venture capital firms with which I interacted. The head of one entrepreneurial investment firm, for example, relayed to me that they choose to invest in people rather than ideas, because the character of the individual is a more stable relative to entrepreneurial ideas. Moreover, he noted that he regards with suspicion any entrepreneurs that seem to be wedded to their idea:

Almost none of the measurable techniques are possible at an early stage. So two men and a laptop walk in here, and almost every time they draw a hockey stick. I mean it's highly predictable. "Here's where we are today, if you give us \$1,000,000 we'll be there." I can't tell you; almost every conversation is that conversation... But I hardly ever invest in the idea. Why? Because I've never seen an idea six months into the process that tracks or even correlates appreciably to the original thing the guy came in with. So what am I looking for? I'm looking for the character of the human... If they came in and said, "This is my baby and it's beautiful and by God I'm going to sell it to the world," and if they remain passionate about that tactic, that manifestation, they're probably not an entrepreneur.

Such intense and generic criticism of entrepreneurial ideas was frequently given by stakeholders and experienced by entrepreneurs in my sample.

The generic criticism reinforced specific criticism and rejection that entrepreneurs faced during the validation step. Together such sensegiving exchanges resulted in the need for sensemaking on two levels. In the midst of stakeholder demands and criticism the entrepreneurs experienced an increasing lack of clarity as to (1) the necessary courses of action and (2) their personal capacity to turn their entrepreneurial idea into a reality. I refer to the former as 'purpose ambiguity' and the latter as 'outcome ambiguity,' and I describe and illustrate each of these in the following two subsections.

Sensemaking: Experiencing Purpose Ambiguity

Entrepreneurs' ambiguity of purpose was primarily triggered by criticism of the content of these entrepreneurs' ideas, which then highlighted divergent possible approaches relative to the entrepreneurs' original ideas. One entrepreneur (Company AU F) summarized his own

experience with such ambiguity, reflecting on the need to remain true to his ideas while also trying to figure out how to navigate stakeholders' demands.

A new entrepreneur coming to the market has got to be true to their beliefs. I have found that there is a balance, and it's always a tough decision when the balance is pulling me away from my true beliefs. There's your beliefs, there's the VC's investing in you, and then there's the client's. If I can't get all three on a fairly wide road, then I really have to rethink, what's wrong with this situation.

Such moments during which entrepreneurs struggled to make sense of the divergent interests were seen as highly problematic and highly personal. Their initial identification with their original idea had been a primary source of motivation, yet the criticism and rejection now highlighted the need for change. For example, after witnessing one entrepreneurial team experience such criticism, I followed up with one of the young entrepreneurs (Company A CF4) about how he was reacting to that criticism and the possibility of having to change the original idea. He stated:

It's like we were going a hundred miles per hour, but then now we have to completely slam on the breaks, and shift directions and then keep going. That just feels really demotivating to me. It's like we kind of hit a wall and now we have to piece it all back together, and then send it off on its way again.

After experiencing an instance of similarly harsh criticism about her idea and suggestions that she move in a different direction, another entrepreneur (Company U F) conveyed to me her immediate emotional experience.

Oh my god, I was really sad. I was like, crushed. I'm a pretty high energy person... I was like "that was the worst meeting we've ever had."

These two quotes are illustrative of the sensemaking challenge posed by purpose ambiguity that happens to threaten not just the content of the entrepreneurial idea but also the persistence of the entrepreneur.

Sensemaking: Experiencing Outcome Ambiguity

Entrepreneurs also experienced outcome ambiguity, in which their initial clarity of their capacity to effectively create an organization around a particular idea was increasingly challenged, as the entrepreneurs began to see other outcomes (e.g. failure) as increasingly plausible. After experiencing rejection, one social entrepreneur conveyed to me his sense of how he increasingly felt that success was outside his control:

It's not just you're willing it to happen. That's what I thought earlier is that I could will this thing to happen, like, "This is going to happen, this is going to happen, this is going to happen." I partially still believe that, but you have to realize that there's free will in all parties and it's, like, well, shit, even if I thought that person was the right person to help me, they go elsewhere because they wanted to make more money.

This quote illustrates outcome ambiguity, in that the entrepreneur is holding fast to a future reality by repeatedly claiming that the idea “will happen,” and yet the rejection he faced opened him up to the possibility that the idea might not happen. Another entrepreneur (Company C F) conveyed to me the emotional toll such outcome ambiguity had taken on her:

We discussed issues and almost every week it would be like this is why we are fearful of your success. Somewhere in our discussion we would hone in on why the single co-founder is apt to fail or all these reasons why I can fail or why I'm not where I should be instead of celebrating the success of where I am... I can take criticism, but if it feels like every time I'm in a similar situation it's just like "oh man, this sucks."

For this entrepreneur, the repeated barrage of criticism reinforced the outcome ambiguity she experienced, and she began to feel an increasingly lack of control over future outcomes related to her entrepreneurial idea. Finally one entrepreneur (Company A CF1) succinctly reiterated this point to me, noting that the criticism he faced challenged the very future he had envisioned with his idea and his sense of control over it:

It didn't just feel like they were ripping our business model apart. It felt like they were ripping the future apart.

Summary of Validating Ideas

The entrepreneurs' earlier experiences of deep identification with their ideas in step 1 made them increasingly willing to pitch others on their ideas, making explicit requests for support and resources. Yet because of the inherent challenges of presenting and convincing others about the merits of a particular idea as well as divergent stakeholder perspectives on what qualifies as a good idea and the proper way to develop such an idea, the entrepreneurs' ideas and their pitches were consistently exposed to critiques. The power of those critiques was based in the fact that (1) those stakeholders held resources necessary to enact entrepreneurial ideas, and (2) their willingness to provide those resources was contingent on the ability of the entrepreneurs to properly address those critiques. While the entrepreneurs with significant exposure to the context of incubators were more prone to receive such criticism, almost all of the entrepreneurs with whom I spoke conveyed stories of rejection and criticism (See Table 8 for count-based evidence).³ These stories were almost always accompanied by references to related experiences of purpose and outcome ambiguity. Similar to step 1, step 2 was therefore comprised of both sensemaking and sensegiving microprocesses. The sensegiving exchanges, in this case, were conducted by both entrepreneurs and their stakeholders, as each attempted to make clear their interests and expectations for particular entrepreneurial ideas. The sensemaking microprocesses during this step were largely triggered by those sensegiving exchanges, where the divergent interests expressed during those exchanges produced ambiguity for the entrepreneur that needed

³ Within a later sub-section entitled 'The Accentuating Role of the Entrepreneurial Method' I discuss the effect of incubators and other similar contexts on entrepreneurs' experience of criticism and rejection.

to be navigated. Figure 7 illustrates the sequencing of the sensemaking and sensegiving microprocesses involved in the Validating step. Table 8 subsequently provides representative quotations that substantiate the themes discussed in relation to this second step.



Figure 7: Sensemaking and Sensegiving Involved in Validating Ideas

Table 7: Representative Quotes for Validating Ideas

Sensegiving	<i>'Pitching' the Idea</i>	<i>100% (63/63)</i>
	<i>Company L F</i>	“And what really helped me to start paint the picture was the concept of an investable story – trying to break your idea down to the components that people want to see.”
	<i>Criticizing Entrepreneurs' Specific Ideas</i>	<i>88.9% (56/63)</i>
	<i>Company G F</i>	“I've heard, 'That's too big of an idea. You're going to have a lot of trouble figuring out how to move into a small, manageable portion of it.'”
	<i>Rejecting Specific Ideas</i>	<i>63.5% (40/63)</i>
<i>Company C F</i>	“And then I got a call back from a senior staff member that	

		was very upset about my product idea, that they have no interest in participating, and he said that ‘No one was really allowed to talk to me.’ And since then, I was worried that this was going to become a mandate not to use me. Which I can't confirm, but I'm pretty sure this is happened.”
		<i>Criticizing Entrepreneurial Ideas in General</i> 66.7% (42/63)
	Stakeholder	“Entrepreneurs’ ideas have zero importance to their success. Most great entrepreneurs, it wasn’t even their idea, they just executed it.”
		<i>Experiencing Ambiguity of Purpose</i> 74.6% (47/63)
Sensemaking	Company A CF4	“It’s like we were going a hundred miles per hour, but then now we have to completely slam on the breaks, and shift directions and then keep going. That just feels really demotivating to me. It’s like we kind of hit a wall and now we have to piece it all back together, and then send it off on its way again.”
		<i>Experiencing Ambiguity of Outcome</i> 82.5% (52/63)
	Company A CF1	“It didn’t just feel like they were ripping our business model apart. It felt like they were ripping the future apart.”
<i>% of Participants Discussing Step 2 (Validating): 96.8% (61/63)</i>		

The Accentuating Role of the Entrepreneurial Method

Before moving on to describe the pivoting step involved in the idea stage of entrepreneurship, I want to convey the important ways that the incubators related to the idea-stage process, which primarily involved accentuating the sensegiving and sensemaking processes associated within the validation step. Not all of the participants in my study were exposed to this accentuating force. As noted, my sample included several entrepreneurs that were residents in incubators, several that received services from these incubators, and several that had no relationship to incubators. Moreover, during the course of my data collection, I frequently observed and interacted with business professionals and serial entrepreneurs that played the role of mentor, providing idea-stage entrepreneurs with guidance in a similar manner to the mentorship role played by incubator administrators. With few exceptions the incubator administrators, serial entrepreneurs, and business professionals all ascribed to a view of entrepreneurship as a disciplined or even scientific process that could be taught and learned. Such a view is remarkably consistent with the opinions expressed by Peter Drucker (1985: 143), when he noted, “Most of what you hear about entrepreneurship is all wrong. It’s not magic; it’s not mysterious; and it has nothing to do with genes. It’s a discipline and, like any discipline, it can be learned.” I employ the label ‘entrepreneurial method’ to refer to such a view of entrepreneurship (Venkataraman et al., 2012). While I do not suppose that the entrepreneurial method is exclusive to the context of incubators, in my sample such methods were most prominently viewed in the context of these incubators.

Regardless of their exposure to contexts in which the entrepreneurial method was promoted, the entrepreneurs in my sample consistently experienced stakeholder criticism, rejection, and ambiguity. Contexts, in which the entrepreneurial method was promoted,

however, served to accentuate both the frequency and force of these critiques as well as the consequential ambiguities. This seemed to be the result of two characteristics of the incubators. First, within the incubators, criticism was placed in high value, as a tool for shaping and reshaping idea-stage entrepreneurs and their ideas. For instance, during one instance of ethnographic observation, I witnessed an orientation session given to a number of entrepreneurs that were new to the incubator environment. One of the administrators conveyed the following:

We fully expect over the next two to three weeks to blow a lot of holes in your business model... So if you haven't done a startup before, especially a product-driven startup that has to scale to lots of different customers and you have to determine your roadmap and futures and things like that, you'll find out quickly something is going to give... Again, I don't know how to say it more clearly but you guys are just going to be run ragged, it's going to be really rough.

Secondly, there was increasing agreement amongst these incubator administrators about the components that could be used to distinguish between a good idea and a bad idea. Therefore, when an idea did not correspond to those agreed upon characteristics of a good idea, criticism was soon to follow. For example, the head of one of the incubators described his five criteria for evaluating idea-stage entrepreneurs:

I have five measures that I check when I'm interviewing someone. First, it's about management or the team. Second it's about the model, does this thing make margin as good as anyone else in the space and how does the model work? The third has to do with the understanding of the market and have you figured out the growth opportunity for this idea. The fourth is do you have a sense of what it's going to cost to put this together well enough that you know how much capital you need, where is the break-even point and what a return on investment might look like. And then the fifth is, have you been able to articulate your idea so well, so that you have the fifth ingredient which is momentum.

This methodological approach to evaluating and developing ideas became a standard that was applied to all new entrepreneurs. One entrepreneur told me confidentially:

It's like one size fits all, a very linear thing. And I'm walking out of there because I don't want to speak freely about this in there, because I think there are some contradictions. It's a one size fits all. 'This' is what you do; 'this' is how you succeed.

Throughout the data collection process, I consistently observed exchanges between entrepreneurs and the incubator administrators, in which these administrators applied standardized criteria for assessing and refining ideas.

Such standards and criticism were applied primarily as tools for filtering out ideas that were deemed to lack potential but secondarily, they were applied as a means for encouraging entrepreneurs to detach from their specific ideas and reattach to the entrepreneurial method. One stakeholder, for example, described the incubator's philosophy toward encouraging entrepreneurs to realize the need to reshape their dreams into companies:

I think it's more of a realization that you need to detach yourself from your dream and realize that it needs to be a company. And I think that's sort of what they try to instill in you on day one and I think a lot of entrepreneurs take that to mean that they are failing, because it forces you to look at things that you weren't looking at before.

Such explicit efforts to critique entrepreneurs and encourage them to detach from their dreams reinforced an increasing sense of ambiguity among the participants. Because of the frequency and force of the criticism, contexts within which the entrepreneurial method was advocated more frequently became possible sites of contention and ambiguity, as conveyed by this entrepreneur (Company A CF1), who struggled to make sense of the forceful criticism he had recently received.

We're all in boot camp and it comes down to these formulaic, different benchmarks you got to hit and the need to pitch with precision – “you didn't answer that question or this one and every investor is going to shut the door in your face.” It irritates me a little bit and it worries me as well. I hope there's no

hubris here, because I understand it can be important to be tested and proven by scrutinizing eyes. Being forced through this pressure chamber could be exactly what we need to make what we're talking about a reality.

Thus, in summary, incubators were contexts that subscribed to the entrepreneurial method – the notion that entrepreneurship can be systematically disciplined and that there is a standardized process that can increase the likelihood of success for any given entrepreneur. Within that context the sensegiving exchanges between entrepreneurs and stakeholders were more frequent and forceful, and as a result the ambiguity experienced by the entrepreneurs – both purpose and outcome ambiguities – were reinforced.

Step 3: Pivoting

During the validation step, entrepreneurs experienced increasing levels of ambiguity as they pitched their ideas and encountered stakeholder demands. Such ambiguity served to trigger step 3, which I have labeled ‘pivoting.’ Similar to the definition of pivoting offered by the study’s participants, this third step is concerned with the sensegiving updates that entrepreneurs make to their original ideas and convey in response to stakeholder demands. However, as an extension to the participants’ definition, this third step is also concerned with the sensemaking responses of entrepreneurs as they grappled with the notion of letting go of their original ideas. The stakeholder groups involved during this pivoting step were equivalent to the stakeholder groups involved in the second step. Figure 8 illustrates the important groups and interactions during this step. At stake during these interactions was not only the stakeholders’ support and potential future resources but also the entrepreneurs’ capacity to continue organizing around the idea as well as organizational identity outcomes.

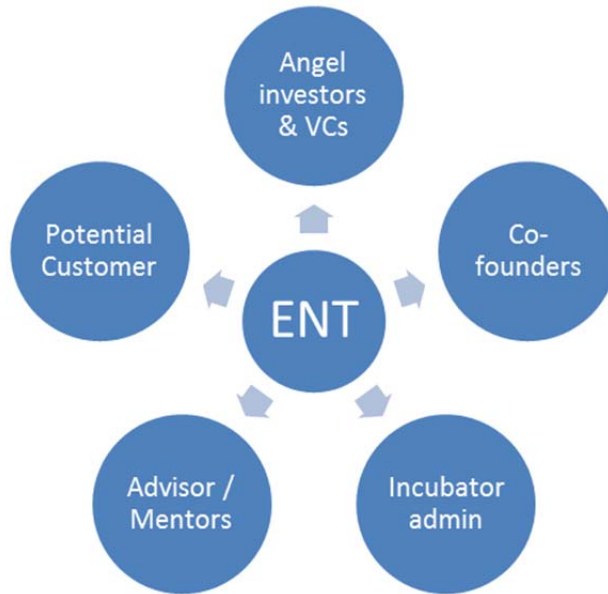


Figure 8: Stakeholder Groups Involved in the Pivoting Step

Unlike with the innovating and validating steps, in which there were no clearly observable patterns of variation, step 3 on pivoting highlights systematic variation in the ways that entrepreneurs both updated their ideas and came to terms with those updates. In other words, particular entrepreneurs tended to engage in particular types of updates and particular types of sensemaking responses, while other entrepreneurs consistently differed on both of those dimensions. In this subsection, I provide descriptions and evidence of these differences. I extend this analysis in Chapter V by highlighting how these differences across the sample resulted in meaningful differences in both individual and organizational-level outcomes.

Sensemaking: Broaden the Mission

In reaction to the experiences of ambiguity felt during the pitching step, several entrepreneurs repositioned their relationship to their original ideas by broadening away from the

original idea as a source of inspiration. By doing so the entrepreneurs took on a greater sense of mission and purpose that transcended their original ideas. The ideas then became tools, by which the entrepreneurs could then fulfill that broader mission and purpose. This shift in the entrepreneurs' identification with their original ideas then allowed the entrepreneurs to make changes to those ideas without feeling a sense of defeat. One entrepreneur (Company A CF1) explained his experience with broadening the mission as a process of distancing himself from his own story and recognizing that story as a tool:

You are found in some new idea that's going to change things, and yet, if you can't distance yourself from that story and have a hard look at it and realize that it's not real, the story itself isn't real, it's a tool, and your identification with that story, the character that you're playing in it, also isn't real. I think there are ways of deepening the story and making it more real for more people, constantly breaking it down and rebuilding it.

Similarly another entrepreneur (Company D CF2) discussed the importance of disentangling his original idea from his broader vision or “ethical goal.” He stated:

Oftentimes, they get confused. I often see the vision and the idea as kind of the same thing, but they're not always. The vision is more of my ethical goal or something that I'm striving for, and the idea is usually the vehicle in trying to achieve that vision, and I think a lot of people get confused by that, and they hold onto their idea so strongly, and they think their holding onto their vision ... They think that "No my idea can't change. This is my idea; it's my baby. It's not going to change. The investors want it to be different. The customers want it to be different, you know, but I want it to be the same." That's got to be a flaw in thinking. If your investors and your customers want it to be different, then it needs to be different.

By disentangling the idea from the broader vision, this entrepreneur felt that it was significantly easier to then allow the idea to change. Several entrepreneurs went even further, expressing that by refocusing on a broader mission or problem, they began to view their original idea as inherently less valuable. In other words, the proposed solutions that they had originally

identified with became secondary to the broader problem that needed solving. One entrepreneur (Company Q F) expressed it this way:

I think ideas are worthless, literally, worthless. I think that everybody says that it's the execution but you can't found the company on the execution. The execution doesn't exist yet. So, I think the value for me now is, like, "What's the problem?" Don't have a really good idea; have a really good problem.

While examples like this quotation illustrate how entrepreneurs broadened their mission to distance themselves from their original ideas and reattach to broader problems, such distancing did not exclude these entrepreneurs from feeling a sense of how their personal narratives were still deeply intertwined with a sense of greater purpose. One entrepreneur (Company P CF1), for example, conveyed his sense of how his idea could change yet his larger vision remained the same:

At the end of the day, the vision is still the same. The vision in my story from the 'get-go' has never wavered... The beginning is the same, the end is the same. This is the stuff in the middle that really has changed a lot.

For this entrepreneur the “stuff in the middle” was the idea. When the entrepreneur originally arrived at the idea, this was not the case – the idea was the end goal. By way of abstraction, a broader vision supplanted that idea as the end goal, and the idea became the flexible “stuff in the middle.”

Sensemaking: Refocus on the Process

Other entrepreneurs, however, did not attempt to broaden their mission in reacting to stakeholder demands. Instead they began to reposition their identification away from their original ideas and toward the organizing process and the emerging organization itself. Whereas

the organizing process had previously been embraced as the means through which the entrepreneurs could turn their entrepreneurial ideas into a reality, many entrepreneurs reacted to the experienced criticisms and rejection by embracing the organizing process as an end in and of itself. At the individual level, the new objective was to become an expert at the process of entrepreneurship. At the organizational level, the new objective was organizational effectiveness, which at this pre-revenue stage was difficult to assess. The idea and the ideation process became understood as just a part of that broader organizing process. One entrepreneur (Company G F) described his changing relationship to the idea and the business, noting how his motives had changed from originally wanting to do something that personally and deeply mattered to embracing this as a sport.

There's different flavors of business. There's the person that wants to grow the popsicle stand into the gourmet popsicle restaurant into the gourmet popsicle restaurant chain and wants to run it with their kids until they die because they love the stories that people tell while eating popsicles. There's the other group that wants to grow it over the course of a ten year period and sell it. And then there's like the sport group. The sport group is, "If I put three years into it, who wants to buy this bastard? And I'm going to make it from the very beginning to sell it so that someone will buy this puppy in three years and I'll be on to the next one." Initially I thought I was, "I want to grow this popsicle stand for my kids to play with," but then I started looking at, "Well this would be a fun popsicle stand to hang out in." And now I'm somewhere around, "Let's grow this bastard and get rid of it as quick as possible and move on to the next adventure," because there are just so many business ideas out there that are fun and worthwhile doing.

Through heavy but insightful metaphors, this entrepreneur highlighted how he originally saw himself wanting to run a family business with a mission, which he describes as a popsicle stand. He then conveys how this has changed, and how he is now focused purely on the sport of growing the business quickly and selling it. The sport or the process of entrepreneurship now

motivates this entrepreneur. Another entrepreneur (Company AA F) similarly articulated to me how the process served as the basis for his newfound motivation.

I don't think it is the idea now. I think it's more of that sort of pursuit of – I might sound cliché – but that pursuit of excellence, like achieving the goal of running a successful business. I get a lot more joy out of seeing an employee grow, and that employee being happy, and getting better at their job, rather than saying I have a great idea.

Thus, at the individual level, the focus was reoriented toward the entrepreneurial “journey.” Ideas now just represented possible projects among the larger portfolios of the individuals’ ventures and careers. The idea was placed alongside all of the other past and future ideas and businesses of which the entrepreneur would be a part. In other words, these entrepreneurs consistently implied to me that if their business went under, they would not go down with it. One social entrepreneur (Company AB CF1) expressed her sentiments about how refocusing on the process reshaped her understanding of how her business fit into her overall career.

I just feel like that all of the different things that I've done up until now have got me exactly where I need to be. Even if this is not where I end up, it is the next step to whatever it is that I'm going to do.

At the organizational level, similarly, the objective was reimagined as effectiveness, and future earnings were the best way of understanding that objective. In discussing the importance of the original idea in the context of the many updates that that idea had undergone, one entrepreneur (Company P CF1) stated simply:

At the end of the day, we had to look at it saying, “What is the most likely scenario for revenue from this or for cash?”

The entrepreneurial ideas, therefore, became the new vehicle by which such individual (i.e. career advancement) and organizational (i.e. future earnings) outcomes could be affected. In

other words these entrepreneurs began to view their original ideas not as inspired moments of creative genius but rather as hypotheses that required testing and validation. This notion was explained to me simply by one entrepreneur (Company D CF1):

The whole business and its value proposition is a hypothesis, and the revenue model is a hypothesis. For example with my idea, there are four major approaches that I'm trying to winnow down.

One entrepreneur noted how refocusing on the process allowed him to now make adjustments to the idea without any sense of emotional strain (Company B CF2).

Personally I'm trying not to get emotionally attached to anything like that anymore. I don't have any problem now when we pivot... If it makes sense to me and I can see that as part of some market trend, I'm totally into it... Other than that I don't care.

Similarly it gave another entrepreneur (Company Q F) the sense that he no longer needed to protect his ideas from theft. He noted:

I get calls every once in a while. It used to be more from entrepreneurs wanting to talk about their idea or how to launch it or whatever, and every once in a while somebody will want me to sign an NDA, and I don't do that at all because I don't think they have anything worth protection at that stage. I think that as an entrepreneur you've got to be willing to tell your idea to anybody that matters, anybody at all, and if they have the capacity to compete with you that's even better because their feedback is going to be more meaningful. If you're really that worried about somebody else stealing that idea it's probably not defensible anyway.

Taken together the last four quotations illustrate the complete detachment these entrepreneurs were able to achieve regarding their original idea. By refocus their identification and energy toward the process of doing entrepreneurship, they were able to let go of any emotional significance that they had previously placed upon that idea.

Sensemaking: Reaffirming the Original Idea

Finally, a number of entrepreneurs reacted differently than those that chose to refocus on process or reaffirm the original idea. These entrepreneurs instead reacted to the experience of criticism and rejection by rationalizing these critiques and rejections, viewing them as obstacles to success rather than as interests that required addressing. Specifically they saw compromises to the original idea as self-defeating, indicating to me in interviews that belief in that idea was the primary driver of their potential success. After receiving several suggestions to change his business in order to make it more ‘investor-friendly,’ one entrepreneur (Company H F) indicated to me why he couldn’t take their criticism and suggestions to heart.

It's personal to me. Which I think people would view as limiting, but on the other hand it's the reason I'm passionate about doing this. So, I'll be an idealist as long as I can afford to be.

As such, the potential stakeholders, inasmuch as their criticisms posed threats to the success of the original entrepreneurial ideas, became obstructions that were interpreted by the entrepreneurs as challenges demanding that they “prove the ‘naysayers’ wrong.” One entrepreneur expressed how the criticism was “fueling her fire” (Company U F):

It's fueling my fire. I want it to succeed that much more just so I can say “I told you it'd work.” And that's really honestly how I operate. So all these advisors should be telling me “it's a horrible idea, I'll never do it,” and then you know I'll whip it out in six months. Might speed up the process for me.

Similarly, these entrepreneurs often categorized the critics as misinformed and caught up their own misguided frameworks that held little relevance to actual success. One entrepreneur (Company O CF1) summarized this perspective:

I'm not really interested in getting caught up in the terminology or the process that some expert might want to force upon me. I'm interested in building revenue

through a compelling idea and if someone says "That's not the way you build a business," then I'd say they never built a business.

Finally to reinforce their decision to reaffirm their original idea many of the entrepreneurs would try to return in their mind to the moments in which they felt most inspired by their ideas, and to moments in which their ideas connected with other stakeholders. One entrepreneur (Company A CF 1) told me a story of how he and his team returned to these moments of inspiration.

So I got to a point of almost feeling kind of desperate or lost, and I just got all my team together off site, and I laid out what we were going to accomplish in those three hours. We were going to return to the original idea, we were going to talk about everything that inspires us about that idea, why we're involved and why we've been giving ourselves to this to date, the impact we hope to have on society, and the business model and why this makes money.

Another entrepreneur (Company U F) similarly expressed how she used potential customer quotes as sources of inspiration.

The most amazing quotes from people, those are words of encouragement. They are telling me they are going to use this, they are excited and need it. It's going to help them. And so I printed it out in my binder. And if I get frustrated I look at that. I just try to remember why I am doing all of this, and then it's really easy to stay motivated.

Such moments of inspiration served to counterbalance the emotional toll that the criticism had delivered.

After reaffirming the original idea in the face of stakeholder demands, there was also a noticeable difference in individuals' desire to maintain tight control over the idea as well as the organizing process. One social entrepreneur (Company AB CF1) admitted that her desire to hold tight to her idea also led her to shy away from pursuing external financing:

I have decided not to reach out to potential investors, because I don't want to lose control of our concept and the culture that we want to create.

Some instead merely became more selective about whom they approached, avoiding potential stakeholders that they felt were misinformed. Another social entrepreneur (Company W F) indicated his reasoning for choosing to focus exclusively on supportive stakeholders:

And at that point I mean, I guess if that's the kind of feedback that I'm getting I realize that there are people out here who I have had conversations with that think it's a good idea, and I'd just as soon surround myself with the 10 percent, 20 percent of the entrepreneurial community that isn't going to try to force me into that kind of mode of compromise.

Thus, in stark contrast to those entrepreneurs that chose to broaden their missions or refocus on the process, entrepreneurs that chose to reaffirm their original ideas retained a clear sense of identification to those original ideas, but did so at the expense of flexibly responding to various potential stakeholders.

Sensegiving: Changes of Scope

In the face of consistent and early criticism, a number of entrepreneurs underwent what they perceived as major transformations in the idea. Such changes, which I refer to as “changes of scope,” often involved substantive shifts in how they discussed both the intended purpose of the organization as well as the intended organizational approach. Practically speaking this meant that the entrepreneurs were changing the conceptions of their products or services as well as the market sectors the entrepreneurs hoped to serve. The entrepreneurs often retained at least one small feature of the original idea or product, but more often than not, changes in scope required an entire revision of the entrepreneurs’ presentations of their ideas. Stated simply, these major transformations involved reorienting around an entirely different perceived market opportunity.

One entrepreneur (Company S CF1), for example, explicitly referred to such reorientations as major transformations:

I think one of the things that kind of surprised me a little bit, and you always hear that the first idea will not be the idea you end up with at the end, but just how flexible the idea has been, and how much it's had to adapt and change – just the fact that it's been through basically three major transformations now.

In this quote, the entrepreneur not only saw such changes as major transformations, but the flexibility of the idea had become a point of pride. To this entrepreneur such flexibility of the idea implied that the eventual business would have greater resilience in the face of market changes.

Another entrepreneur (Company P CF1) described how the idea-stage process for his team had become about reorienting most of the business around particular customer demands, while retaining one specific feature of their product – in this case, the digital content they were looking to offer. Beyond that, nothing else was perceived as integral to the entrepreneurial idea.

OK, we know there's something here, we know you want the content, but what does the [business] model look like? There is a constant. The constant is you want the content. Everything else is up for interpretation.

Sensegiving: Changes of Scale

While several other entrepreneurs underwent similarly major transformations, many others made smaller adjustments to their original idea, often choosing to focus on a particular piece or subset of that original idea. In contrast to the label “changes of scope,” I refer to these smaller adjustments as “changes of scale.” Changes of scale were characterized by adjustments to the intended organizational approach but not to the intended purpose of the organization, as

was the case with changes of scope. One entrepreneur in the music industry (Company AY F1) described how these adjustments involved very practical adjustments in terms of his team's focus on particular pieces of the original idea, while still retaining the initial size of the idea he had encouraged his team to refocus on a smaller subset of the particular idea with the expectation that the full scale of the original idea might one day be realized:

I think it's not so much 'the idea,' but the path you have for that idea. You think, okay, it's gonna be A B C, done, but then you realize it may be A B C D E F G H I J, in that order, and it's a much more smaller iterative process, smaller chunks, rather than a huge push, from day one.

Such changes in scale involved stripping the original idea down to what was perceived as most investable and marketable. As such participants frequently labeled these changes as attempts to find the “minimum viable product” (MVP) – a term popularized by Eric Ries, an entrepreneurship lecturer and blogger that has developed an international following among entrepreneurs. For instance, one entrepreneur (Company D CF2) described the series of changes of scale made to his original idea, whereby the team was testing different features of the idea to see what would resonate best:

What we've done is we've gone from MVP to MVP to MVP and what we still don't have is "the" MVP. We're treading water, essentially, in terms of the idea.

While these entrepreneurs had little difficulty expressing changes they were making to their original idea within the context of MVPs, they were quick to note that the core focus of the idea remained intact. Unlike those entrepreneurs that changed the scope of their ideas and took pride in the flexibility of the idea, those that changed only the scale of their idea were much less likely to view such major transformations to the original idea as positive outcomes. For instance, one entrepreneur (Company AC F) discussed additions to the idea but then very quickly noted that he did not perceive such additions as “changes” to the idea:

I've gone through and found out other services to add on... but the idea has not changed whatsoever, it has just added additional services and changed the customer base potentially.

This process of updating the idea – both in scope and scale – was triggered in reaction to experiences of ambiguity. On one hand, these changes resolved some of the lack of clarity, providing the entrepreneurs and their teams with some new sense of momentum, which offset the feelings of vulnerability generated by the earlier criticism and rejection. On the other hand, however, these changes also reinforced that ambiguity. Specifically, changes to the idea reinforced the divergence between the original idea, which served as the original source of motivation, and where the idea had ended up because of stakeholder demands for that idea. Such ambiguity that was triggered rather than resolved by changes to the original idea was captured best by one entrepreneur (Company A CF3), who stated:

I would echo that idea of ownership. I don't feel that it's my idea right now. You know? The energy becomes harder, because we owned the previous iteration. It was something that we created together. It's going to have to be definitely like retaking, reclaiming ownership of this through our innovations, and just moving in this new direction. And just really inputting our thought's into it, and integrating our sort of new story.

In this quote, the entrepreneur expresses the need to reclaim ownership and to integrate the story of how the updated idea fits in with his team's personal motivations. Thus these changes demanded further sensemaking efforts on the parts of the entrepreneurs, whereby the entrepreneurs reassessed their relationship to their original entrepreneurial ideas. The entrepreneurs in my sample also tended to vary systematically in these sensemaking practices. I examine in turn each of the three sensemaking practices involved in this third step of pivoting.

Summary of Step 3

In reaction to stakeholder demands and the accompanying ambiguity of step 2, entrepreneurs engaged in a process of pivoting, which involved both sensemaking efforts to reassess their relationships to their ideas and sensegiving efforts to update their ideas for stakeholders. First, the ambiguity experienced during the validation step triggered the entrepreneurs to reexamine their identification with their original ideas. The critiques from stakeholders highlighted multiple directions for the business to take as well as multiple outcomes in regards to the organization. I began to see three distinct sensemaking responses to this ambiguity that varied in the manner in which the entrepreneurs now positioned their relationships to their ideas – broadening the mission, refocusing on the process, and reaffirming the original idea.

In addition to triggering a sensemaking process, the purpose and outcome ambiguity these entrepreneurs experienced also triggered whereby the entrepreneurs updated their ideas in attempts to resolve that ambiguity. These updates involved both changes in scope and changes in scale. The former – changes in scope – involved adjustments to both the intended purpose of the organization as well as the intended organizational approach and were often viewed by the entrepreneurs as major transformations in the idea. These included shifts in the targeted consumer base, the value proposition, and even the stories that were used to introduce the idea. The latter – changes in scale – involved adjustments only to the organizational approach but not to the overall purpose of the organization and, as such, were perceived as less dramatic shifts in the prioritization of the various aspects of an idea. For example, the intended timing of particular product or service features in some cases were sped up or delayed.

The relationship between these sensemaking and sensegiving microprocesses was, again, recursive. As entrepreneurs made changes to their ideas, for instance, this highlighted discrepancies between the original idea and the current state of the idea, thus retriggering a need for sensemaking. While this recursive relationship provided opportunity for entrepreneurs to choose different sensemaking approaches, I observed that such sensemaking adjustments were difficult and thus infrequent. By engaging in a particular type of sensemaking and making particular types of changes, entrepreneurs seemed to be embarking on a particular path, from which it was increasingly difficult to return. Figure 9 illustrates the sequencing of the sensemaking and sensegiving microprocesses involved in the Pivoting step. Unlike in the Innovating and Validating steps, the Pivoting step's microprocesses are best understood as practices rather than events. As such, these practices represent different pathways through the Pivoting step. Figure 9, therefore, depicts the sensemaking and sensegiving microprocesses in this step as categorical variables. Table 9 subsequently presents evidence and frequency statistics about each of the sensegiving and sensemaking practices that comprised the third step of Pivoting.

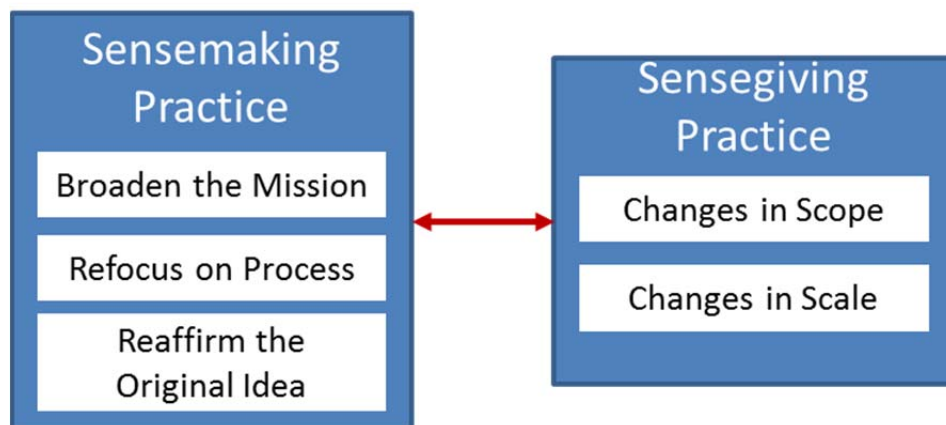


Figure 9: Sensemaking and Sensegiving Involved in Pivoting

Table 8: Representative Quotes for Pivoting

Changes in scope	25.4% (16/63)
Company S CF1	“I think one of the things that kind of surprised me a little bit, and you always hear that the first idea will not be the idea you end up with at the end, but just how flexible the idea has been, and how much it's had to adapt and change – just the fact that it's been through basically three major transformations now. Every form of it has had legs, just not enough legs until now. I think it's been interesting to see.”
Changes in scale	22.2% (14/63)
Company AC F	“it has just added additional services and changed the customer base potentially.”
Broaden the Mission	20.6% (13/63)
Company D CF2	“I often see the vision and the idea as kind of the same thing, but they're not always. The vision is more of my ethical goal or something that I'm striving for, and the idea is usually the vehicle in trying to achieve that vision, and I think a lot of people get confused by that, and they hold onto their idea so strongly, and they think their holding onto their vision.”
Refocus on the Process	41.3% (26/63)

Company AA F “I don't think [my motivation] is the idea now. I think it’s more of that sort of pursuit of – I might sound cliché – but that pursuit of excellence, like achieving the goal of running a successful business.”

Reaffirm the Original Idea 31.7% (20/63)

Company H F “[The original idea] is personal to me. Which I think people would view as limiting, but on the other hand it's the reason I'm passionate about doing this. So, I'll be an idealist as long as I can afford to be.”

% of Participants Discussing Step 3 (Pivoting): 93.7% (59/63)

Summary of the Idea-Stage Entrepreneurship Process

The idea stage of entrepreneurship was comprised of three steps, wherein entrepreneurs engaged in a series of sensemaking and sensegiving efforts. Progression through and experiences with the first and second steps of the idea-stage process (i.e. innovating and validating) were remarkably consistent across the sample. As noted in Tables 8 and 9 earlier, 94 percent of the entrepreneurs discussed their experiences going through step 1. Similarly, 97 percent of the entrepreneurs discussed their experiences with step 2. Despite different microprocesses involved in each of these steps, my current analysis did not reveal any strong relationships between earlier differences (*e.g.* different experiences with the original idea) and

later differences (*e.g.* different experiences of outcome ambiguity and purpose ambiguity). My analysis, however, did reveal patterned variation in step 3 - Pivoting. Within the next chapter I go into more depth on this third step of Pivoting, discussing the patterned relationships that I observed between the sensemaking and sensegiving practices employed in step 3 as well as the effects that such practices had upon the individuals' capacity to continue to organize around their ideas and their organizations' identities. Figure 10 depicts these three steps, lists the underlying sensemaking and sensegiving microprocesses that characterize and underpin each of the steps, and illustrates the stakeholder groups that were typically involved in each of the three steps. Steps 2 and 3, as depicted, are recursive, in that many of the entrepreneurs continued to circle through these two steps over the course of the idea-stage of entrepreneurship.

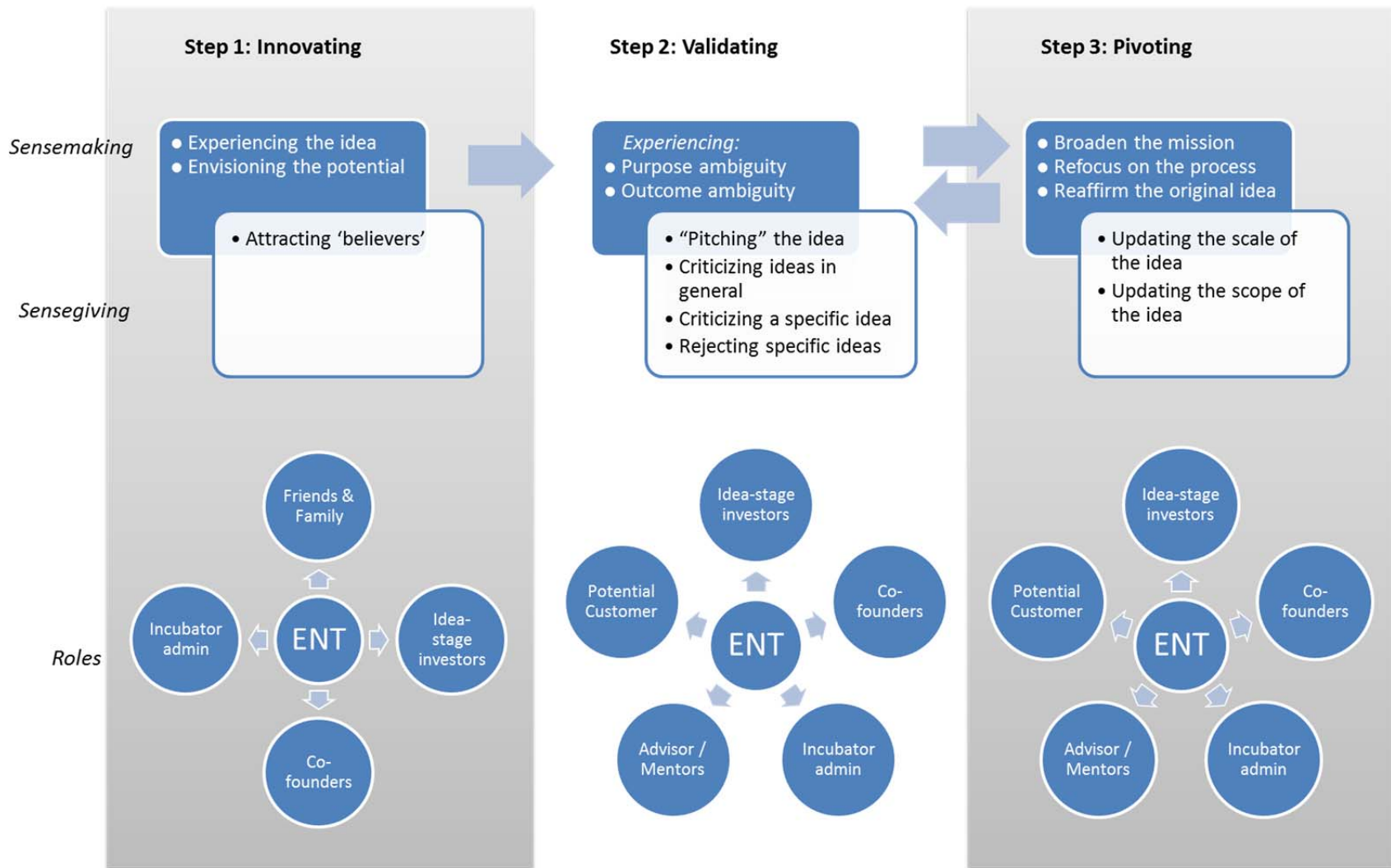


Figure 10: Microprocess Model of Idea-Stage Entrepreneurship

CHAPTER V

FINDINGS – A GROUNDED THEORY OF PIVOTING WITHIN IDEA-STAGE ENTREPRENEURSHIP

In this chapter I move deeper into the idea-stage process to report the variation in the practices of pivoting and how it relates to outcomes of interest. In other words, as I began to analyze the data, I found that the nature of pivoting was best understood as an intersection of particular sensemaking and sensegiving practices. As such I found four distinct pivoting profiles, essentially representing four different types of sensemaking and sensegiving combinations that distinguished a particular group of participants from other groups of participants. I found that these four different profiles were related to differences in the degree to which the entrepreneurs personally remained involved in the nascent venture (i.e. entrepreneurial resilience), and their nascent ventures' organizational identities.

In this chapter, I select 4 cases from among the 51 cases in my study to highlight the 4 pivoting profiles and the associated relationships in more depth. To present these four cases I rely on a narrative reporting style, frequently employed by qualitative researchers as a means of conveying the perceptions and sensemaking efforts of research participants (Clandinin & Connelly, 2000; Marshall & Rossman, 2010; Van de Ven & Poole, 1995). All four ventures spent at least a portion of their idea-stage as residents in an incubator. The first two case studies (henceforth referred to as 'Alpha' and 'Beta' respectively) were comprised of multiple co-founders, while the latter two (henceforth referred to as 'Gamma' and 'Delta' respectively) were comprised of just one founder.

Pivoting as Sensemaking and Sensegiving

As I presented in the process model from Chapter 4, pivoting involved both a sensemaking effort to manage and deal with criticisms, rejections, and consequent changes and a sensegiving effort to update the original idea in response to perceived criticism or rejection. In some cases in my sample the perceived criticism took a more generic form, while in other cases the criticism was directly targeted at the specific idea. Both forms of criticism and rejection triggered experiences of both purpose and outcome ambiguity. Each of the following case studies highlights the participants' similar experiences with criticism and ambiguity up until when they engaged in different sensemaking practices. From there, however, the teams began to diverge. In this subsection I highlight how these four different teams undertook four different paths in their efforts to make sense of ambiguity and also convey any updates to their ideas. In subsequent subsections I explain how these different pivoting profiles related to individual and organizational consequences.

The “Visionary” – Sensemaking and Sensegiving

The founding team from Alpha, for example, entered into the incubator with what they described as a “simple” idea. The entrepreneurs perceived that the idea was borne out of their own experiences and pain, as well as their search for solutions that would address that pain. They perceived that the simplicity of their idea allowed them to avoid some of the harsher and more direct criticisms that they had seen other entrepreneurs encountering. Nevertheless, Alpha did not avoid direct criticism and rejection entirely. Throughout the data collection process, I observed them facing rejection from potential business advisors that decided instead to work

with other entrepreneurs, criticism from advisors about their presentation, and rejection from possible funders. Indeed it became apparent that the simplicity of their entrepreneurial idea both served as one of their greatest assets as well as one of their greatest limitations. Potential stakeholders were quick to acknowledge the accessibility and feasibility of what Alpha was trying to do, yet they were wary about the competition that was quickly arising in Alpha's space, which they often attributed to the simplicity of the idea.

When Alpha first entered into the incubator, the team's confidence was striking relative to several of the other entrepreneurs that I encountered. While none of the co-founders had experience founding new businesses in the past, they had significant business and technology acumen and a superior ability to employ business rhetoric and connect their ideas to a business-minded audience. That said, they quickly realized that their expectations about the entrepreneurial process were misaligned with the expectations of their stakeholders. One of the co-founders commented on the fact that they were unaware that there was a "proper" way for turning their idea into an organization, stating:

We just didn't know that there was a natural process for doing a startup.

In this quote the entrepreneur references a "natural process for doing a startup" that he believes was misaligned with his team's more idealistic approach. By this, he was referring to the systematic method of idea-stage entrepreneurship that was being taught by the advisors and administrators within the incubator. In the midst of having to absorb this method, the team began to experience ambiguity in regards to their purpose. The systematic method began to expose weak points in their original idea, and this was particularly troublesome to the team, as they were significantly further along in terms of the development of their prototype.

As a result of this ambiguity, the team at Alpha was forced to make sense of these presumed weaknesses in light of the self-admitted idealism that had been based in that idea. Their response was to allow their mission to become more abstract, even employing the language of a particular contemporary social movement to describe what they were looking to achieve. As such, they felt less identification toward their particular idea and more identification for their broader mission.

This approach provided the team with some flexibility to consider how they might make adjustments to their idea and convey those adjustments to their stakeholders. One of the co-founders, for example, noted that they had certain expectations about being able to pursue the entirety of their original idea, but quickly learned that they needed to focus.

This process is teaching us not to attack every freaking revenue stream we have in mind. We had someone tell us to “focus on doing one thing well, and then focus on getting all the rest.” To us we were like “why focus on getting one when we can get them all?” So we’re starting to learn that aspect of it, and now I think we’ve arrived at a simple product that we feel great about.

In this quote the entrepreneur describes his team’s need to change the scale of their original idea – to focus on one particular aspect of that idea before pursuing the entirety of their original idea. Despite being further along in their product development than many other entrepreneurs in the incubator, the team decided to scale back the idea, focusing in on particular customer segments that their stakeholders’ believed would allow them to gain better initial market traction. In other words, while their idea in this case had been reduced in its ambition, their vision for what they were attempting to do with the organization expanded. In this case, Alpha’s efforts were consistent with a particular category of entrepreneur in my sample that allowed their ideas to change in scale, while making sense of those changes by broadening their mission. As noted, I have labeled this particular category as the “Visionary” profile.

The “Professional” – Sensemaking and Sensegiving

Similar to that of Alpha, the founding team from Beta was comprised of individuals with solid business, technology, and presenting skills. Their idea was also initially perceived by potential stakeholders as similarly simple and accessible. Yet unlike Alpha, Beta’s competition was initially perceived as minimal, leading one incubator administrator to indicate to me that he was very impressed with Beta and their chances of success. As their time within the incubator progressed, however, many of Beta’s initial assumptions about the potential of their entrepreneurial idea were challenged. The team began to form different concerns about their potential customers’ interest in their product and their willingness to pay for that product. As their potential stakeholders became similarly aware of these challenges, the team had an increasingly difficult time presenting their idea as an “investable story,” and this exposed them to a bevy of very direct criticism and rejection. This ranged from criticism of their presentations, to criticism of their lack of adherence to the entrepreneurial method, and to rejection from potential funding partners. In addition the advisors that these entrepreneurs consulted were quick to offer what seemed like divergent opinions on what they should be doing and how they should be going about it. In light of the criticism and divergent opinions, the entrepreneurs increasingly lacked clarity regarding both the direction of the business as well as their potential to successfully launch a business around their idea. This ambiguity even began to take a toll on the co-founders and their sense of camaraderie. One of the co-founders discussed the state of his team in the midst of such ambiguity:

Right now, that’s what we are struggling with. One founder thinks something and then another founder thinks something different and then the rest of us think something totally different.

This quote illustrates how the team's sense of unity, which had been based in the original idea was now unraveling. Each of the members of the team had to reevaluate their reasons for involvement. Each of them had careers that they were putting on hold for this idea, and that idea was continually being called into question by stakeholder criticism and suggestions. Each of the co-founders struggled deeply to make sense of their relationship to the entrepreneurial idea in light of the changes. Ultimately all of them, however, came to terms with it by letting go of any significance that they had attached to the original idea, reattaching instead to the process of entrepreneurship. For them the process prescribed by the entrepreneurial method served to dominate their decision-making efforts. One of the co-founders, for example, indicated his increasing admiration and appreciation for what he saw as the "proper way" of taking any entrepreneurial idea and turning it into a successful organization:

There's a way to go about doing this. You have an idea. There's a proper way to make it come into reality to make it come from just, "Hey, I've got an idea," to a certain amount of time goes by and you're holding the damned thing in your hand so you can see it. You can do it with a record or a toy or something, but if you can do it with a business, like this business here, that's a really important thing, that's potent.

As reflected in this quote, this team attributed the entrepreneurial method taught at the incubator with reducing the complexity of launching a new business and removing the uncertainty associated with the process. They highly valued this process in relation to how they approached their particular idea. They each also began to reframe their objectives to me as related to the personal learning they were experiencing by going through the process. At the organizational level, they became intensely focused on the process of securing external financing, even expressing that they saw the process as "a race against their peers" that they were looking to win.

After some discussion the entrepreneurs then made some dramatic changes early on to the scope of their business idea, hoping the changes would resolve these feelings of ambiguity. Unlike Alpha's incremental refinements to the focus or scale of their idea, Beta's changes to the scope of the idea reflected major transformations to both the intended purpose as well as the intended organizational approach. Over the course of 15 weeks, the team ended up making 3 such major revisions to the product that they were intending to develop as well as the market they were looking to serve. In that Beta's founders allowed the scope of their idea to fluidly change while refocusing on the process, they resembled the category of entrepreneur in my sample, which I labeled as the "Professional" profile.

The "Believer": Sensemaking and Sensegiving

The founder of Gamma initially was perceived similarly to the entrepreneurs from the other two cases – an intelligent technologist with a potentially great idea but little prior experience as an entrepreneur. He also had an experience similar to the other entrepreneurs in coming up with and developing his idea, in that the idea was borne out of a lifelong curiosity and passion. While he had held onto the idea for many years, he decided the "timing was right" to launch a business based on the idea. During the course of developing his idea in the context of the incubator, he often presented his idea to a number of potential stakeholders. The entrepreneur struggled, however, to present his idea in an accessible way, and very quickly began receiving criticism from these stakeholders that was based in their confusion about his idea. While they embraced the creative nature of the project, they were unclear how the idea would make money and how the entrepreneur would be able to effectively build such a complex

product. Several months passed, and the entrepreneur continued to receive much of the same criticism. As such, despite initially feeling an overwhelming sense of confidence about his idea and its potential, the lack of clarity about the direction and outcomes of the potential business induced by the criticism began to increase.

In light of these experiences of ambiguity, the entrepreneur confided in me about how he was beginning to make sense of the criticism he had faced in this context, and what he needed to do in light of that criticism. While he understood the potential value of the entrepreneurial method for other entrepreneurs, he saw himself as unique in this context. The founder used the story of the ugly duckling as a metaphor to describe his situation:

I've kind of had the realization that it's like the story of the ugly duckling. Everyone in here is looking for investors. They're either looking for a growing customer base or an investor base. Hopefully both, if they want to start a company. I'm at a point with my company; it's the ugly duckling story, as far as I can tell, in that I'm not like these other entrepreneurs. Yet I still believe I'm more of a swan. I believe I'm a swan, because the potential here is objectively greater than those companies here that are looking for early wins. This idea is going to take time, and a lot of folks here are not interested in ideas that take time.

This quote highlights the entrepreneurs' effort to reaffirm his own commitment to his original idea. By couching his original idea as “objectively greater” in its potential and by comparing the feedback he had received to that which the swan had received in the story of the ugly duckling, the entrepreneur was able to resolve some of his persistent ambiguity.

Consistent with this sensemaking approach and unlike Alpha and Beta, this entrepreneur refused to make any adjustments to the original idea. It was clear that this entrepreneur perceived that stakeholder-driven change was not something that he was going to allow. He conveyed to me that it was “make or break” with regards to his original idea, as changes would

only dilute the innovation inherent to that idea. This entrepreneur's commitment to not allow updates to the original idea while simultaneously reaffirming his original idea resembles other entrepreneurs, which I have categorized under the label of the "Believer" profile.

The "Enthusiast": Sensemaking and Sensegiving

Similar to Gamma, Delta was comprised of only one founder. Similar to the founders of all three of the aforementioned organizations, the founder of Delta was a resident within one of the incubators in my study. While his organization actively participated in the high technology industry, he conveyed to me that he saw his organization as more closely aligned with organizations that he labeled as "social entrepreneurs." He saw his work as personally but also societally meaningful, meaning that he believed his idea helped address a problem in regards to social welfare. He conveyed that the personal identification he felt toward the idea stemmed both from the fact that the idea was relevant to his skillset and experiences as well as from the fact that it was "going to do some good in the world." He indicated that his friends and family were incredibly supportive of his specific idea as well as of his desire to start a business more generally. After gaining their support he decided to make organizing around this entrepreneurial idea his full time job.

Upon entering the incubator, the entrepreneur faced a series of criticisms and rejections from different potential stakeholders – both from business advisors that rejected the central tenants of the entrepreneurial idea and from potential customers that reacted poorly to the prospect of purchasing the service. The entrepreneur conveyed to me several of these stories. In

one instance, he had met with a director of a potential organizational customer, who had reacted with vehement opposition. The entrepreneur noted:

They were just bitching at me basically. They were saying this will never work. And I had to explain to them why I thought it would work and why this is different than similar services they had previously encountered.

The entrepreneur also discussed a meeting that had taken place with a business advisor from the incubator. He explained that the meeting went very poorly, as the advisor systematically criticized his business idea. The entrepreneur described the advisor's criticism.

He tried to rip it apart. He tried to rip apart everything I built... He said, "Customers are not going to pay for this," or "You're not going to be able to do it..." And he said "I don't think I would ever give you my money."

In the midst of this criticism the founder of Delta began to experience extensive ambiguity with regards to the objectives of his organization as well as with respect to the possibilities of his success. He conveyed to me the emotions that accompanied this experience of ambiguity.

Like right now I feel great about it. I do now, but earlier this morning I didn't. I was just like "what the hell am I doing?" This is a weird way of living life. First you're celebrating, but then you get sad. You have your ups and downs. All I can say is that it's been an interesting ride.

The pursuit of his entrepreneurial idea was clearly taking an emotional toll on him, and over time this entrepreneur began to convey his general detachment from the idea. He began to view his pursuit of the entrepreneurial idea as a grand experiment of sorts. Unsure about either the direction or the outcomes of the business, the entrepreneur conveyed that he just wanted to continue on as long as he could and learn as much as possible in the process. He noted:

I need to take one idea and run with it as far as I can. I'm going to learn so much through that... But, it's one of those things where I don't know if it's going to work out, what it's going to look like, or any of that.

While he had started with a great deal of personal attachment to a specific entrepreneurial idea, he began to view the idea purely as a “learning experience,” rather than something he needed to hold onto and reaffirm. Instead, like the founders at Beta, he began to more deeply identify with the entrepreneurial process. He increasingly adopted the language and philosophy of the entrepreneurial method that was being taught at the incubator. He even began to lecture other new entrepreneurs on what he deemed to be the proper way to go about the entrepreneurial process. Specifically in his mind this involved testing and refining an entrepreneurial idea through a series of trials and errors. At one point he compared the process to that of building a house, which requires a series of incremental steps that allow you to make strategic decisions:

Imagine if your goal was to sell a house, but before you could sell the house you had to build it. Before you could build it you had to have the plans. Before you had to have the plans you had to know what land you're going to be on. Before the land you have to know how much money you've got. What's your loan? What interest rates are you getting? What do you have in the bank? If you can find out what you'll have in the bank you can know how much you can spend on land and on a house. You get a small piece of land and you can build a nicer house on the inside that's pretty small. You know then, once you've raised the money you can go do other things.

His point was that entrepreneurs need to start small and work their way up to their larger objectives. By refocusing on the process, the founder at Delta was similar to the founders at Beta, those I had categorized as “Professionals”. Yet unlike Beta founders, this entrepreneur made no changes in either the scope or scale of his idea. While he discussed specific potential alternatives for his idea with me, he showed no commitment to really pursuing or “testing” those other alternatives. On a number of occasions, the entrepreneur conveyed new possible

directions for the organization that would allow the organization to make more money but involved a compromise to the original social mission. I never observed or discussed an actual change with him, however. When I probed to understand why he decided not to pursue any of the alternatives approaches, he responded with several different short explanations, regarding his desire to learn from the process of taking this particular idea to its conclusion. The fact that he had not made any changes to the original idea, in other words, was not based in principle; rather, the lack of change almost seemed to represent a test of personal will and determination (i.e. to ‘run’ with an idea as far as he could). Thus there was a remaining disconnection between his general philosophical approach to entrepreneurship (i.e. refine and rework your business idea until you find a market) and the way that he was managing his own entrepreneurial process (i.e. continue to organize around the original idea). This disconnection was typical of the fourth type of pivoting profile I identified, which I labeled as the “Enthusiast.” These were entrepreneurs that refocused on the process of entrepreneurship, yet did not embrace change in their own entrepreneurial ideas.

Summary of the 4 Pivoting Profiles

In all four of these cases, therefore, the initial deep-seeded identification that the founders felt toward their original entrepreneurial ideas was challenged by way of stakeholder criticism and rejection. Despite the similarities in terms of skillsets, the initial perceived quality of the ideas, and the degree of criticism and rejection, these four cases represent a divergence in how they pivoted. Each pivoting profile was based on the intersection of their approaches to making sense of the ambiguity they faced in the midst of stakeholder criticisms and then sensegiving

efforts to update the idea and respond to that criticism. Alpha responded to this ambiguity by broadening away from their original idea and focusing on a more abstract mission. The founders then went on to make several changes of scale to their idea. Alternatively, Beta made sense of the ambiguity by refocusing on the entrepreneurial process, while making significant changes of scope to the idea. The founder of Gamma made sense of this ambiguity by reaffirming his original idea and refusing to make adjustments to that idea. Similar to the approach taken by Beta, the founder of Delta made sense of this ambiguity by refocusing on the process; however, in contrast with Beta, he made no changes to the original idea. These four different pivoting profiles, then, held different consequences for the resilience of the entrepreneurs' organizing efforts as well as the organizations' identities – consequences which I explore in the next two sections.

Beyond these 4 instances of each of the different profiles, I find that entrepreneurs in my sample tended to cluster systematically in accordance with these four profiles. Such relationships were evident even at the aggregate level, when just examining count-based data. Table 10 presents a practice matrix of the different sensegiving and sensemaking practices that comprised the Pivoting step. I presented the count-based data not as a means of proving causal relationships but rather illustrating patterned relationships across the different entrepreneurs in the sample. For instance, as it regards the sensegiving practices involved in pivoting, some entrepreneurs were involved in changes of scope, others were involved in changes of scale, and finally some did not change at all. Of the 20 entrepreneurs that engaged in the sensemaking practice of reaffirming their original ideas, none of these entrepreneurs changed their original entrepreneurial ideas. These were entrepreneurs that remained deeply committed to their original ideas and showed no signs of wanting to update those ideas, despite stakeholder

criticism that called out for change. They were after the purity of those original ideas, and as such I employ the label ‘Believer’ to refer to this particular profile of idea-stage entrepreneurs.

Conversely of the 13 entrepreneurs that engaged in the sensemaking practice of broadening their mission, nearly three-quarters of them allowed for changes of scale with respect to their original entrepreneurial ideas. These were individuals that allowed their idea to change incrementally while retaining a sense of connection to a more abstract vision that encompassed their original idea. As such I employ the label ‘Visionary’ to distinguish such idea-stage entrepreneurs. Third, changes in scope seemed to be largely related to the sensemaking practice of refocusing on process; however, as the figures in the Table 9 indicate, several entrepreneurs without any changes in scale and several that did not change their ideas also engaged in the practice of refocusing on process. The former group (i.e. changes of scope / refocus on process) was comprised primarily of entrepreneurs that had not only detached from their original ideas but had also made systematic adjustments to the idea in the process of trying to find a market for their ideas. This group primarily aspired to develop the expertise necessary to “properly” build a new organization, and they viewed the practice of detaching from and adjusting their original ideas to be consistent with building such expertise. As such, I use the label ‘Professional’ to refer to this profile of idea-stage entrepreneur. Alternatively, the latter group (i.e. no change / refocus on process) was comprised primarily of entrepreneurs that had detached from their original ideas but saw no clear path or no real reason for changing those ideas. This group similarly aspired to build entrepreneurial expertise but was less motivated to engage in a systematic process of refashioning their ideas. As such, they often continued to slowly build their original ideas without a strong sense of motivation. That said, they remained enthusiastic

about what they were personally learning about entrepreneurship generally. As such, I use the label ‘Enthusiast’ to refer to this group of idea-stage entrepreneurs.

Table 9: Practice Matrix of Sensemaking and Sensegiving Practices during Pivoting

Sensegiving Practice	Sensemaking Practice			Grand Total
	Refocus on Process	Reaffirm Original Idea	Broaden the Mission	
No Update	16.95% ⁱ	33.90% ⁱⁱⁱ	5.08%	55.93%
Scope	23.73% ⁱⁱ	0.00%	1.69%	25.42%
Scale	3.39%	0.00%	15.25% ^{iv}	18.64%
Grand Total	44.07%	33.90%	22.03%	100.00%

Pivoting Profiles: ⁱ = Enthusiast; ⁱⁱ = Professional; ⁱⁱⁱ = Believer; ^{iv} = Visionary;

The Effect of Pivoting on Entrepreneurial Resilience

Within the idea-stage process, success and failure were often assessed in one of two interconnected ways. The first related to stakeholder buy-in. Because the idea-stage is focused on pre-revenue, pre-customer acquisition, successful attempts to secure new investment or the recruitment of new employees or board members often sent a signal of strong early performance. The second gauge of success and failure, however, was much more definitive, and it entailed the degree to which the founders ceased their entrepreneurial organizing efforts. While letting go of an entrepreneurial idea and moving on to pursue a more lucrative or interesting project was often interpreted by the entrepreneur as a personal success, oftentimes the stakeholders involved in the nascent organization viewed such departures as failed attempts at entrepreneurship. Thus, as I began to surface patterns in the pivoting practices of the entrepreneurs involved in my study, I wanted to observe the degree to which these practices led to differences in entrepreneurial

success – in this case, whether or not they decided to cease their organizing efforts. Despite being constrained by the 8-month data collection process to assess “survival rates,” I was surprised by the sheer number of entrepreneurs that decided to forego their entrepreneurial efforts after investing significant energy and personal resources. Of the 63 founders and co-founders, 22 had ceased their organizing efforts. Moreover, there seemed to be a clear pattern emerging in the data, demonstrating the capacity of one particular approach to pivoting to increase the likelihood of entrepreneurial resilience. Specifically while several of the entrepreneurs that were categorized as “Professionals,” “Believers,” and “Enthusiasts” had since ceased their organizing efforts, all of those that were categorized as “Visionaries” remained resilient. Here I return to the 4 cases, illustrating how the approaches to pivoting either enhanced or challenged the entrepreneurs’ decision to remain actively involved in their entrepreneurial efforts. Resilience, in these cases, was a function of the degree to which the entrepreneurs were able to remain cognitively and emotionally flexible as well as the degree to which they were able to maintain an internally consistent narrative. The former allowed them to adequately respond to stakeholder demands, while the latter allowed them to hold onto the initial motivation that they had attached to their original ideas.

The “Visionary” – Highly Resilient

The founders in Alpha, as noted, pivoted by making updates to the scale of their idea while repositioning their identification away from their original idea and toward a greater sense of mission and purpose. Doing so essentially created cognitive and emotional space for them to remain flexible in their ideation process. Because the new mission with which they now

identified served to encompass a larger spectrum of variations on the original idea, they could continue to update their ideas in response to stakeholder demands without internalizing any sense of failure. One of the founders noted:

So it's like we are being opened up to the stuff we didn't know when we came in and working through that. So we were coming from thinking we knew it all to realizing that we know pretty much nothing. And then now we're able to change the business model to answer the questions people are asking.

This cognitive and emotional space is similar to the constructs of cognitive flexibility (Spiro, Coulson, Feltovich, & Anderson, 1994) and emotional flexibility (Rebenowitz, 1963) except that in this case they were not personality traits but rather situationally-triggered states and the flexibility was specific with regard to their entrepreneurial idea. Additionally, the entrepreneurs were able to generate an internally consistent narrative as to how their original ideas related to this expanded mission. This story-telling allowed the co-founders of Alpha to retain a significant amount of the initial motivation to act that they had originally experienced simultaneously to their original idea. As such, one co-founder noted:

But, you know, we still want to accomplish the same thing. It's not a matter of we've pivoted to the point that it doesn't look like it did on day one. I think we remain pretty committed to our original idea. Now we're just molding it slightly. So I wouldn't say it's changed a ton. Vision wise I think we are still pretty intact.

As such, by the end of my study all of the founders of Alpha remained actively engaged, making personal sacrifices to push forward on a business that had yet to turn a profit and had yet to secure any meaningful external investment.

The “Professional” – Less Resilient

The founders of Beta pivoted by changing the scope of their idea and by refocusing on the process. They repositioned their identification away from their original entrepreneurial idea and toward the organizing process. Like the founders of Alpha, this repositioning allowed a high degree of cognitive and emotional flexibility as it pertained to the entrepreneurial idea. Indeed, in many ways, their flexibility was greater than the founders of Alpha, since they held no allegiance to a particular idea or even a particular domain of organizational activity. For these entrepreneurs success boiled down to (1) were they personally learning in ways that bolstered their careers, (2) were they viewed as competent in regards to the entrepreneurial method, and (3) would their business be able to turn a profit. For instance one co-founder summarized his view of success as:

I am not, in any way, shape, or form, married to any outcome but learning and enjoying and growing with my partners, and experiencing this journey. And that's not to say I don't want a successful exit or to impress investors, but what I'm saying is, um, as long as I believe whatever product we come up with is profitable... that's the opportunity I'm looking for.

Their passion for their original idea began to dwindle, and their efforts became exclusively focused on building an organization with little regard for whether or not the ideas were changing. Additionally, each of the co-founders also began to indicate to me how they were now viewing this business as just one idea among many that they would probably entertain over the course of their careers. One co-founder indicated to me about mid-way through their time at the incubator that he was increasingly excited to be done with the project and move on to other things:

The goal is to finish this product up. Get it up and running. Get it functioning by itself and then we'll do something else. We'll come up with another idea. We've got like a wheelbarrow full of ideas. So we'll start our next one.

Unlike the founders of Alpha, Beta's founders struggled to retain the same sense of passion for the venture as they felt at the outset when they first experienced the idea. The strength of the narrative linking the original idea to the team's new course of action was tenuous. Each time that they had to present their entrepreneurial idea to potential stakeholders, they would attempt to cobble together a story they could get behind, but this became increasingly challenging. One by one, the co-founders began to step aside from the venture to pursue other interests and opportunities. During my last several interviews with these co-founders, it became clear that none of the co-founders were applying any serious energy to pushing the idea forward. One entrepreneur closed with these thoughts:

As a matter of fact I've gone into this whole business venture with the intention of writing a check myself to this business and I'm not ready to do that yet. And I wanted to get to that point. And quite frankly I don't know that I could ask anybody to write a check, until I'm ready to do it myself. So that's been a little frustrating. But once again because I love the process of learning, it's been an incredible journey for me.

The "Believer" – Less Resilient

The founder of Gamma was categorized as a Believer, meaning that he made no substantive changes to the original idea while reaffirmed his identification with his original idea. Additionally, he saw the incubator administrators and business advisors he had encountered as individuals that were caught up in a particular approach to entrepreneurship that did not apply to him and his idea. Unlike the founders of Alpha and Beta, he experienced little cognitive or

emotional flexibility as it pertained to that original idea. There was little room to adjust either the scope or scale of that idea, and he remained intent on finding a way to fund what he increasingly realized would entail a long development phase with little chance of generating short-term revenue. As criticism from stakeholders became more consistent, he slowly withdrew from efforts to present his idea, and he began to doubt the value of the incubator setting and the advice that he was receiving to help him turn his idea into a reality. Employing a metaphor, the entrepreneur described his entrepreneurial idea as an art project that couldn't benefit from the strict reliance on "math equations" that he perceived as characteristic of the incubator context. He stated:

Someone asked me "Is this an art project or a math equation." And I'm like, "Well at the incubator I have to figure out how to make it a math equation." But it's gotta be both. If you lose sight of the art project part of entrepreneurship, it gets kinda scary pretty quick. Because now all of a sudden it's strictly a math equation – "how can I make cash with this?" Which when you look at some of the more interesting companies out there, they were accidents. It was the art project.

This quote illustrates the degree to which he had become cognitively and emotionally inflexible at least within the context of the incubator setting. Yet the lack of change allowed him to retain a clear and consistent link between the stories he originally told about his idea and the stories he continued to tell. This link continued to motivate him. As such he began to explore alternative settings and stakeholders that might be more oriented to greater risk-taking and longer-term development cycles. While he began to identify such alternative settings, he also conveyed to me his growing skepticism regarding the arduous undertaking and personal sacrifice that would be required to pursue such alternatives. As new opportunities arose for him to pursue different ventures and achieve a greater degree of personal solvency, he decided to "put his idea on the

backburner.” He continued to express to me, however, that he remained committed to executing on this idea one day. He noted during our concluding interview:

I hate to admit that it was bigger than I could take down, because that’s just a horrible thing, like, “Ugh,” it’s a piece of failure I’m admitting... But I don’t think I’ve even fully let it go. I think I’ve kind of got it on the back burner. It’s kind of like, I bought a kit car and I’ve got all the parts in the garage. And I’m like, “Son of a bitch, this thing is just going to bloom black smoke everywhere I go, but it’s so damned cool.” And I haven’t thrown away any of the parts. I have all the parts in the garage. I mean they aren’t getting better with age. But I’ve still got all the parts, I’ve still got all the numbers, I still have all the contacts. I haven’t severed any connections.

The “Enthusiast” – Less Resilient

The founder of Delta was categorized as an “Enthusiast,” as he made no changes to his original idea yet chose to refocus his identification toward the entrepreneurial process and away from that original idea. His identification with the entrepreneurial process and embrace of the rhetoric of a scientific approach toward entrepreneurship made him appear more flexible in conversations. As noted in the prior subsection, however, there was a disconnection between the founder’s philosophy toward entrepreneurship and his practice. He remained cognitively and emotionally inflexible as it pertained to making adjustments to his original idea. The result was that he remained stuck in a state of contemplating an idea that potential stakeholders had already reacted to with antipathy. He commented to me about how he felt that he was “stuck in startup mode.” He explained this to me as follows:

Well, I think I’m addicted to starting it or something like that. I just like learning too much. And I think to myself, “Well, shit, if I pick a path and I launch it, does that mean the fun’s over? Does that mean like I’m stuck with this?” I like it. I love it. But like, I really am kind of addicted to the start.

In essence, the entrepreneur had a number of possible alternative directions toward which he could have taken his idea, yet he remained unwilling to pursue those alternatives. He remained cognitively and emotionally inflexible within the context of stakeholder demands. On the other hand, such unwillingness to change allowed the entrepreneur to maintain a consistent narrative as to where he started and where he had ended up. They were still one and the same. When I observed his efforts to pitch his ideas, he continued to tell the same stories about his idea. Yet increasingly this connection to the original idea was not enough to sustain his commitment to pursuing the idea. He ultimately ended up concluding his efforts to pursue the idea and opted instead to further pursue a career in consulting. Toward the conclusion, he confessed to me:

I'm like anybody in here. You have so many opportunities to jump ship, whether it's a job offer or a fat scholarship to go back to school or even a new interest. That's the hardest, when you have a new idea for a new business. It's like "Shit. That idea looks really good."

Summary – Pivoting's Effects on Entrepreneurial Resilience

Taken together these four cases illustrate the mechanisms by which pivoting influences entrepreneurial resilience. Specifically, different pivoting approaches allowed for varying degrees of cognitive and emotional flexibility, which in turn allowed the entrepreneurs to update their ideas in relation to stakeholder demands. Within my sample this increased the likelihood that those stakeholders invested and supported the new venture. Second, different pivoting practices allow for varying degrees of internally consistent narratives linking the original idea to the current course of action. Such narratives were important as they allowed the entrepreneurs to retain their original sense of passion for engaging in the entrepreneurial process. As such, the four pivoting profiles and their relationship to entrepreneurs' resilience can be visualized

according to a 2x2 graph, as illustrated in Figure 11. The Visionary profile, as illustrated by Alpha, was related to a higher degree of resilience by allowing for both high cognitive and emotional flexibility as well as high degree of internal narrative consistency. The Professional profile, as illustrated by Beta, was related to less resilience, as this approach to pivoting led to a high cognitive and emotional flexibility but a low internal consistency in the narrative. The converse was true of both the Believer and Enthusiast profiles, illustrated respectively by Gamma and Delta. Both of these case studies illustrated a high degree of narrative consistency but a low degree of cognitive and emotional flexibility.

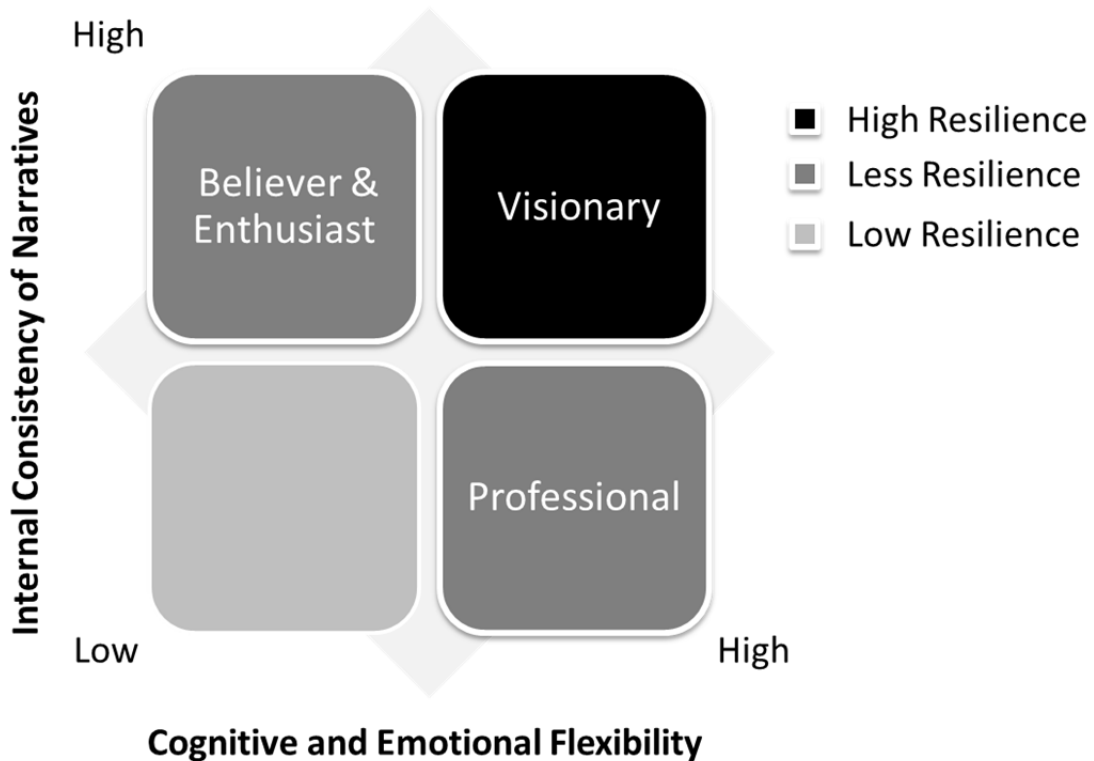


Figure 11: The Relationship between Pivoting Profiles and Entrepreneurial Resilience

Table 9 below provides a practice matrix regarding the relationship of the various types of pivoting and entrepreneurial resilience. Strikingly, of the 45 entrepreneurs that fell under the Professional, Believer, and Enthusiast profiles 22 had moved away from the organization by the

end of my data collection period. The Professional entrepreneurs frequently cited as their reason for departure that new and more compelling opportunities had presented. As they had repositioned their identification toward the broader context of organizing, it was easier for these entrepreneurs to view their entrepreneurial experience as enhancing their careers more broadly, while completely letting go of attempts to organize around their idea. Enthusiast entrepreneurs felt a similar sense of detachment toward their original ideas, yet they also seemed to lack any strong need to change their idea and so ran the additional risk of disenfranchising stakeholders that wanted their ideas to change. As such, Enthusiast entrepreneurs were increasingly likely to let go of their organizing efforts as time went on. Believer entrepreneurs remained closely identified with their original ideas unlike Enthusiast and Professional entrepreneurs. Thus, their decisions to disengage from the organizing process often came down to personal and financial reasons. These entrepreneurs frequently indicated that they were not giving up on the idea, but instead had placed the idea “on the backburner.” Alternatively, all of the Visionary entrepreneurs in my sample remained involved in their attempts to turn their idea into a reality. While these entrepreneurs had repositioned their identification away from the original idea and toward a more transcendent mission, this repositioning appeared to be a highly effective means for allowing simultaneous flexibility of the idea in response to stakeholders while also sustaining the entrepreneurs’ drive to persist through challenges.

Table 10: Practice Matrix of Pivoting Profiles and Entrepreneurial Resilience

		Entrepreneurial Resilience	
		No	Yes
Pivoting	Visionary	0.00%	100.00%
	Professional	44.44%	55.56%

Profile	Believer	52.63%	47.37%
	Enthusiast	50.00%	50.00%
	Grand Total	38.89%	61.11%

The Moderating Effect of Accountability

While these four cases demonstrate clear links between the pivoting profiles and entrepreneurial resilience outcomes, the link was not always so clear and direct. Most importantly, this relationship seemed to vary according to the degree of accountability that the founders and co-founders perceived between themselves and various stakeholders. In other words, the more accountable the entrepreneurs felt toward stakeholders, the less likely they were to cease their efforts to organize around a particular idea. One “Visionary” entrepreneur, for example, noted:

A lot of times you don't have the vision to drive you and you have to dig deep. There's been a couple times where it wasn't belief that drove me, it's that there's too many people counting on me and I can't let down myself or others. This is what I'm doing; do it, see it through, keep fighting.

Several factors influenced the degree to which entrepreneurs perceived such accountabilities. These included (1) the amount of external financial investment, (2) the amount of internal “sweat equity” invested (*e.g.* co-founders have personally sacrificed a great deal), (3) the personal relevance of given stakeholder relationships (*e.g.* friends and family invested significant financial resources), and (4) the total number of stakeholders invested. Many of these factors also increased over time, and therefore the longer the entrepreneurs pursued particular entrepreneurial ideas, the more likely that those individuals experienced a traditional escalation

of commitment. However, because the duration of the idea-stage of entrepreneurship for most entrepreneurs is relatively condensed, such perceptions of strong accountability to stakeholders were less frequently observed in my sample.

The Effect of Pivoting on Organizational Identity

In addition to affecting entrepreneurial resiliency, pivoting also seemed to significantly shape the central and distinctive aspects of the organizations they were building – those elements that are traditionally understood to comprise an organization’s identity. As noted in the prior subsection, three of the organizations examined in the four cases I discussed have ceased to exist. That said, in this section I highlight how the different types of pivoting represented in each of these four cases affected significant differences in these early organizations’ identities prior to the founders’ departures. Despite the fact that all four companies were in the pre-revenue, pre-customer acquisition phase of the entrepreneurial process, they each had established an organization both in the legal sense of the word as well as in the social sense of the word. They had built social groups of individuals (eg. founders, employees, board of advisors/directors) that were oriented toward the pursuit of common objectives. As such, each of the four types of pivoting was related to two primary differences in the consequent organizational identities: 1) the degree of professionalization and 2) the degree of inductive-based decision making. By ‘professionalization’ I refer to the establishment of a set of norms of conduct and expectations of conformity to those norms (Mantagna, 1968). Within idea-stage entrepreneurship, these norms had to do with both strategy formulation as well as product and pitch development. When there was a team in place, professionalization was also demonstrated by strongly defined roles that

dictated who did what. By “inductive-based decision making,” I refer to organizational members’ efforts to form strategies based on observations and data about such observations rather than based on the premises suggested by the original idea.

The “Visionary”: A “Problem-Based” Organizational Identity

Alpha provides the running example of a Visionary entrepreneur, updating the scale of their idea and making sense of those changes by broadening their mission. These specific practices helped the founders maintain flexibility about the specific path or solution that would eventually comprise the initial service meant to address that problem. As such, the founders viewed the first few months of development as an opportunity to better assess customer preferences for that initial service. Rather than focusing exclusively on product development, the founders underwent a systematic process of interviewing potential customers about the nature of the problems they faced, the solutions they had entertained, and what they hoped for in a solution. Such customer orientation became a centrally defining characteristic of the idea-stage process for Alpha and of the emerging organizational identity. One co-founder stated, for example:

If somebody comes to us and they are from our key customer demographic and I show them our product - regardless of whether they are an expert or not, we don't care, because they are a potential customer. So we'll always take their advice, because they're the ones that actually use our product. On the reverse side of that if it's someone who's working with us to try and engineer what they speculate that I should be offering to a customer then I need to sort of look at whether or not they've talked with any customers.

This quote illustrates the organization's approach to decision making. Relative to other nascent organizations, more of Alpha's time was spent out in the field. Decisions were often made based on qualitative evidence offered from customer feedback.

Moreover, the organization retained a strong commitment to retaining what they referred to as an "entrepreneurial culture," where members' actions corresponded to what they wanted to do on any given day and what they were good at, rather than based on a strong sense of roles and responsibilities. Also the founders looked with suspicion upon the idea of norms that would prescribe what the entrepreneurial process should like in their organization. One of the founders commented to me:

So it's kind of like we feel that there may be a general process at play, but we may have doubts about whether it is useful to us. So for example, if someone feels that we should be doing this because that is "the way it is done," we'll assess that and maybe even use it if we feel that we need it. So kind of like critical thinking type. Like how do we think critically about the process that we are following?

In other words, there were no professionalized expectations of the routines that the organizational members should be following. Instead the emerging organizational identity emphasized discretion. Taken together, Alpha's low degree of professionalization and heavy emphasis on further understanding the problem that they were looking to solve resulted in an organizational identity that I have labeled as a "problem-oriented organizational identity."

The "Professional" – A Sales-Based Organizational Identity

Beta provides an example of a "Professional" profile, where the founders updated the scope of their idea and refocused their identification toward the entrepreneurial process. Their

focus on process was characterized by a significant investment of time and energy toward developing and presenting their ideas as well as reworking those presentations. Referred to internally as ‘the pitch,’ this exercise characterized their organizational identity, which I refer to as a “sales-based” organizational identity. Similar to Alpha, Beta’s organizational identity emphasized a heavily inductive-based decision making approach. At this step, stakeholder impressions were deemed to play a significant role in the survival of an organization. Decisions regarding the direction of the idea and the associated strategies, therefore, were often made based on a combination of anecdotal observations, data points from market research papers, and idiosyncratic suggestions of those they deemed to be ‘experts.’ The original idea and its associated premises rarely factored into their decision making. One of the co-founders, for example, noted how his team always chose to heed particular advisors’ suggestions in their formulation of strategies:

But when someone like that, where startups are their bag and that’s all they do is deal with ideas, comes to you and tells you to do something, then we’re just going to believe them. Changing the idea wouldn’t is not a problem for us at all. That’s why I’ve been like, “OK, We need to do it. What he said, that’s what we’ll do.”

Here the entrepreneur is indicating his team’s preference toward an inductive approach to decision making, albeit a less systematic one than characterized Alpha. Here the impressions of ‘experts’ mattered substantially in informing strategies. Along with their allegiance to the specific advice of business advisors, Beta also became highly professionalized, where each individual on the team played a highly specified role. Processes also became highly systematized for an early-stage organization, and most of those processes had to do with selling or pitching the idea. One co-founder described how these processes were derived from a re-education with respect to how to make money with an entrepreneurial idea:

I have had a re-education on my perspective of how I look at ideas. I always knew that it's not so much the idea but it's what you do with it, but now it's about how you present the idea, what you can do with it, and how it's gonna make money.

The “Believer” – A Solution-Based Organizational Identity

Gamma provides an example of a “Believer” pivoting profile, where the founder made no changes to the idea and reaffirmed his identification with his original idea. As such, the organization (i.e. the founder and its stakeholders) prioritized activities that involved idea-based development and ‘brainstorming’ around that original idea. Unlike Alpha, Gamma’s emerging organizational identity was less focused on solving a particular problem and trying to better understand the nature of that problem through customer development. The market for the particular product was undefined, so in a many respects, the notion of potential customers rarely entered into the organization’s decision-making routines. And unlike Beta, Gamma’s organizational identity was less focused on a professionalized organizational environment. The organizational founder and stakeholders performed tasks without any clearly defined sense of roles or processes. The activities solely focused on idea-based and product development. Indeed the founder of Gamma became increasingly less focused on engaging stakeholders as the business progressed through the idea-stage. Instead, Gamma’s organizational identity was centrally focused on idea-based development as it pertained to the product, and most of this was done in isolation or in conversation with product engineers.

The “Enthusiast” – An Analytical-Based Organizational Identity

Delta illustrates the “Enthusiast” pivoting profile, as the founder made no changes to the original idea yet still detached from that original idea and refocused his identification toward the process. Similar to the organizational identity of Beta, Delta’s identity was focused on creating an environment consistent with a high degree of professionalization. However, in Beta’s case the sales process of pitching the idea became highly professionalized. In the case of Delta, however, the ideation process became highly professionalized. Board meetings and brainstorming sessions became very official at this early step. Notes were sent out in advance to the participants. Conversations in meetings were structured according to agendas. At each of the meetings the mission of the organization was stated up front so as to guide those conversations. In other words, the brainstorming process was both highly professionalized and highly deductive, where the premises asserted by the original mission guided the conversation. Each meeting seemed to produce a copious number of tasks for the founder. As such, I label this type of organizational identity as a “Analytical Organizational Identity.”

Summary – Pivoting’s Effects on Organizational Identity

The differences in organizational identity outcomes are best understood in light of the different degree of professionalization as well as the relative approach to the decision-making process. For example, as illustrated in these vignettes, both Alpha and Gamma’s organizational identities were less concerned with norms as it pertained to the ideation and sales processes, yet they took radically different approaches to developing their ideas. For Alpha, the ideation process involved an inductive exploration of customer preferences, whereas Gamma started with

the original idea and worked deductively from that starting point. While Beta showed a similar preference for refining and adjusting their ideas based on inductive and even anecdotal information, the organization showed much higher regard for adopting professionalized norms as it pertained to the developing and marketing of presentations. Finally, Delta adopted a highly professionalized approach to brainstorming, but those sessions focused on a deductive approach to forming strategies based on the original idea. The relationship between the pivoting profiles and these different organizational identities was evident. Alpha's effort to broaden the mission allowed for a problem-focused organizational identity that continued to value a more idiosyncratic and creative process, while allowing room for inductive exploration. Beta's effort to refocus on process emphasized adherence to the entrepreneurial method and thus was conducive with a sales-based organizational identity that spent less time on idea-based development and more time on presentations and impression management. Gamma's reaffirmation of the original idea was most conducive with a solution-based organizational identity that focused on deductive-based development of the original idea and less concern with professionalizing the organization. Finally, Delta's effort to refocus on process without making any changes to the original idea was most conducive with an organizational identity that emphasized a systematic approach to continued brainstorming. Figure 12 illustrates the relationship between the three pivoting practices and the three organizational identities.

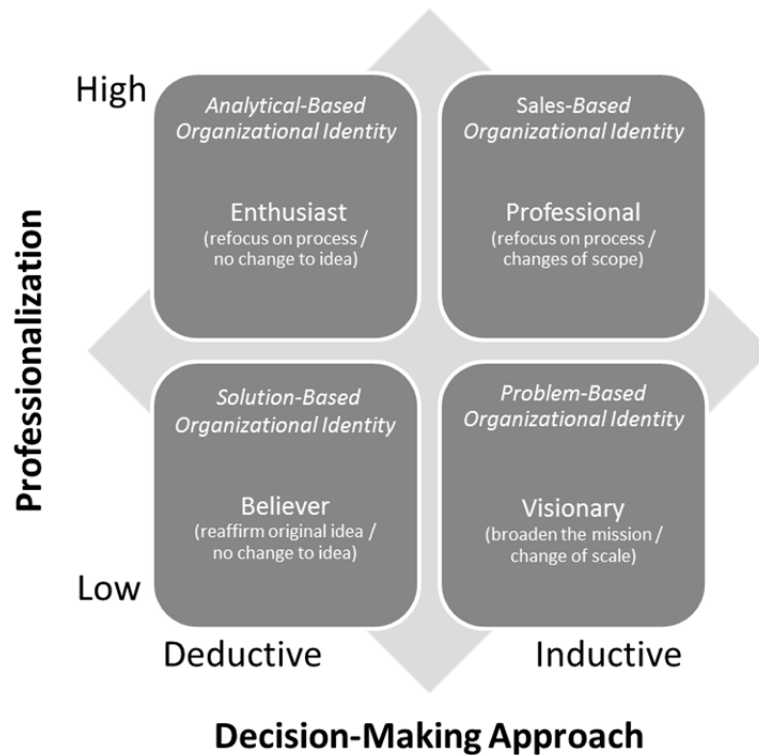


Figure 12: The Relationship between Pivoting Profiles and Organizational Identities

Table 11 provides a practice matrix of the pivoting profiles and organizational identities. As indicated in the table, of the 6 organizations that were comprised mainly of Professional entrepreneurs, 4 of these organizations assumed identities related to sales. Because such entrepreneurs had refocused on the process of entrepreneurship and on the organization itself, this resulting organizational identity was characterized by a heavy weighting given to metric-driven decision making. Therefore these organizations were highly professionalized in their adherence to standards but also focused on bottom-up, data-driven decisions. For instance, metrics such as customer acquisition and early data regarding possible sales played a more central role in decision-making, as goals and strategies were frequently discussed in relationship to those measures. Alternatively for those organizations comprised of Enthusiast entrepreneurs, they adopted an organizational identity that I have labeled “analytical.” Such organizational

identities were characterized by a similar focus on process and methods, but often made decisions based either on board-driven or founder-driven intuition. Of the 12 organizations primarily comprised of Believer entrepreneurs, 11 of these organizations assumed solution-based identities. Solution-based organizational identities were characterized by a central commitment to new idea-generation and the ideation process. A relatively significant proportion of their time was spent in “brainstorming” sessions and meetings. The relationship between the Believer pivoting profile and solution organizational identities was clear here, since the former involved a reaffirmation of the original entrepreneurial idea and the latter is characterized by a central focus on the ideation process. Finally, all 7 organizations with Visionary entrepreneurs adopted a problem-oriented organizational identity. This identity was characterized by a central focus on customer engagement as a means of surfacing problems as they pertained to the organizations’ broader missions. Decision-making, therefore, often involved discussions of customer interviews and customer feedback on prototypes.

Table 11: Practice Matrix of Pivoting Profiles and Organizational Identity

	Organizational Identity			
	Problem	Sales	Solution	Analytical
Pivoting Profile				
Visionary	100.00%	0.00%	0.00%	0.00%
Professional	22.22%	77.78%	0.00%	0.00%
Believer	7.14%	0.00%	92.86%	0.00%
Enthusiast	0.00%	16.67%	0.00%	83.33%

Summary of a Grounded Theory of Pivoting

I find that entrepreneurs systematically differed in their efforts to navigate stakeholder demands and respond to the ambiguity created by those demands. These efforts, which I and the participants referred to as “pivoting,” were comprised of both sensemaking and sensegiving practices. I found 4 different specific pivoting profiles existed in my sample, and that these profiles were related to the entrepreneurs’ efforts to continue organizing around their entrepreneurial ideas and to their emerging organizations’ identities. Figure 13 presents an emergent causal model, illustrating these relationships. Note this model does not suggest these relationships as conclusive and generalizable findings but rather as proposed relationships, as evidenced by my qualitative findings that would then require further empirical testing to surface the full scope of generalizability. The outer boxes represent the variables that I was primarily intent on understanding and observing. The inner boxes were the dimensions on which each of the variables hinged. So, for example, pivoting profiles were comprised of particular sensegiving and sensemaking practices.

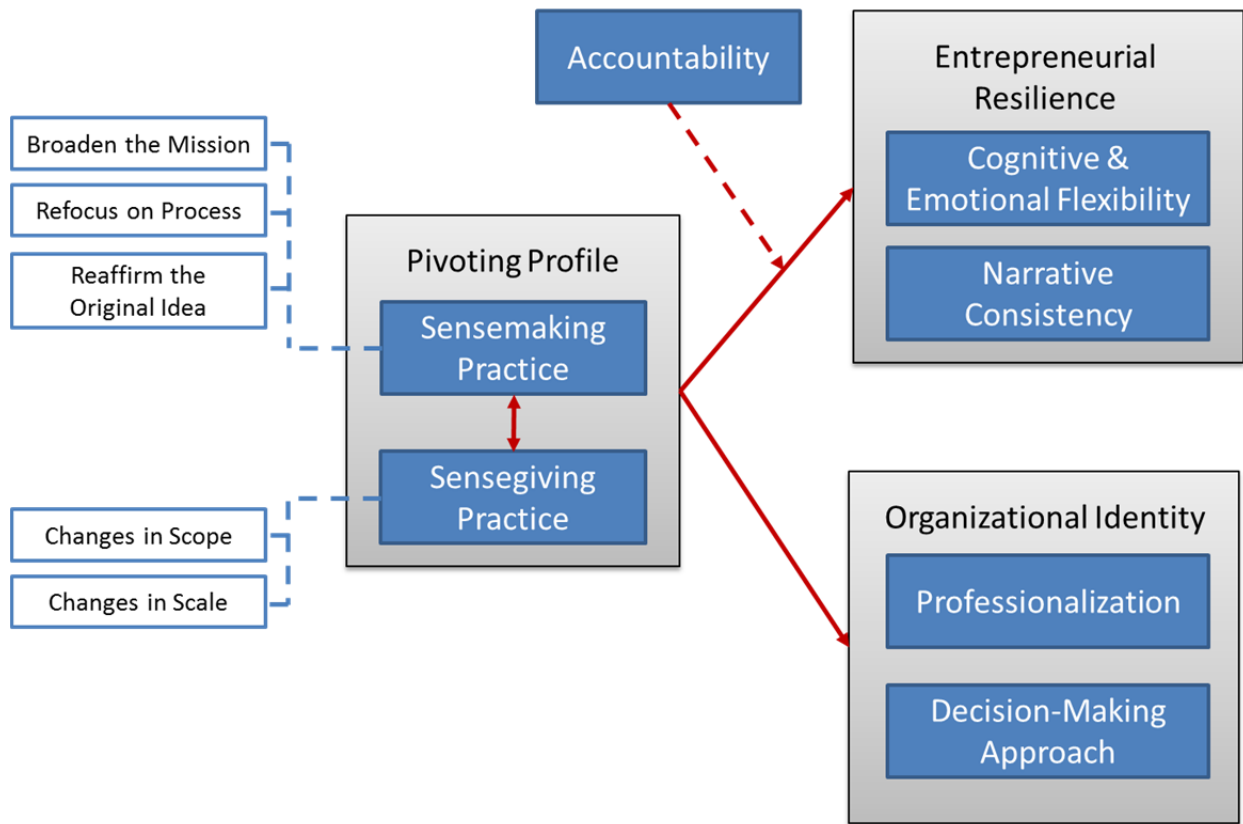


Figure 13: A Proposed Model of the Effects of Pivoting During Idea-State Entrepreneurship

CHAPTER VI

CONTRIBUTIONS AND FUTURE RESEARCH

This dissertation began by asserting a theoretical and practical puzzle relevant to idea-stage entrepreneurship. On one hand, we know that entrepreneurs persist during this stage, because of a deep identification with their original idea. On the other hand, we know that entrepreneurs must often change their original idea, so as to address the demands of stakeholders. In retrospect it is often easy for scholars and even entrepreneurs to make claims that further highlight this apparent tension. One stakeholder that I interviewed unintentionally illustrated this tension with two different statements that followed quickly after one another during our interview. He first noted [emphases added]:

*So there are going to be roadblocks. There are going to be obstacles. There are going to be places where the gap between your aspirations and ambition and the current reality is huge that you have to find a way to bridge. **And that takes passion or commitment in one's vision to overcome.***

Later he noted [emphases added]:

*Some people can't reconcile themselves to any change to their vision. **They're so passionate about their initial vision and they're so sure they're right, and so they're not flexible to outside advice.** They can't get their head around the idea that accepting any change is legitimate or accepting any change has integrity and so they chase their original idea right into a dead end or off a cliff. You see that happen all the time with first-time entrepreneurs, and some second-time entrepreneurs and some third-time entrepreneurs where they are like, "No, no I know this is what the world needs." You see a lot of technology entrepreneurs do that. "Well the world's waiting for this." No, asshole, the world's not waiting for that. It's a solution trying to chase problems.*

In the first quote the stakeholder comments on the vision-based passion and commitment required for an entrepreneur to remain resilient, while in the next quote the stakeholder comments on the need to temper one's passion so as to remain flexible. As illustrated in my results sections, such juxtapositions of seemingly contradictory statements were not infrequent. Caught up in the midst of this seeming tension were entrepreneurs that had in many cases forsaken stable and lucrative jobs to pursue particular ideas for which they believed "the world was waiting." Existing research had little to offer these entrepreneurs by way of answers to resolve such an important practical problem.

The results from my dissertation are revealing in several respects. First they unpack this tension and highlight the dramatic experiences of entrepreneurs as they made sense of that tension in relation to their entrepreneurial ideas. Second, my results describe the process of idea-stage entrepreneurship, during which entrepreneurs are exposed to that tension and responding to it. Finally the results highlight the practical and theoretical importance of the different 'pivoting' practices employed by entrepreneurs to navigate this tension. What my results reveal is that entrepreneurs' identification with their uncompromised ideas is often not enough to sustain them through the idea-stage of entrepreneurship, yet compromises to those ideas in response to stakeholder demands can also result in failed efforts to remain resilient. The most resilient entrepreneurs were those that were able to abstract away from their original ideas, repositioning their identification toward a broader mission that still encompassed the original idea as an important tool for achieving that mission. These entrepreneurs constructed organizational identities that were focused primarily on understanding a problem that needed fixing and where the orientation toward various solutions was increasingly flexible.

Within this section of my dissertation I discuss the implications and limitations of my results. First, I highlight how my dissertation reinforces the theoretical importance of idea-stage entrepreneurship as well as the pivoting efforts that occur within that stage of the entrepreneurship process. Next I discuss the specific contributions that this dissertation makes to several existing literatures, including those focused on entrepreneurship, sensemaking and organizational identity. I then describe the practical implications of my research for incubators and entrepreneurs. Finally, I discuss the limitations of my findings as well as future research that can address these limitations and build on the results from my research.

The Importance of Idea-Stage Entrepreneurship to the Study of Organizations

In 1999, Klein, Tosi, and Cannella served as the guest editors for a special topic forum in the *Academy of Management Review* focused on multi-level theory building. In their introductory article, these researchers expressed concern over the fact that organizational scholarship remained largely bifurcated into micro- and macro-level theories of organizations. They went on to suggest a number of important benefits as well as barriers to the study of organizations through a multi-level lens. Since then, despite the continuation of micro and macro-oriented groups within organizational scholarship, a great deal of empirical research has importantly attempted to shed light on the structured dynamics between the organizational context and the individuals within them (Ashforth, Rogers, & Corley, 2011; Jarzabkowski, 2008; Salvato & Rerup, 2010).

One potentially significant and almost completely overlooked context for better understanding the intersection of individuals and their organizations lies at the moments of origin

for these organizations. I have referred to these moments of origin as idea-stage entrepreneurship. These are the sequence of events triggered by the experience of a particular idea yet prior to customer acquisition and revenue generation. As illustrated in my results, this context provides a vivid window into the organizational consequences of individual decisions, actions, and interactions. As Venkataraman (2002: 46) notes, “All corporations can be traced back to entrepreneurial beginnings or to the gleam in the eye of an entrepreneur and to the efforts of these individuals at creating a firm.” My dissertation highlights the importance of attending to these “entrepreneurial beginnings” to better understand how early decisions and actions by founders affect organizational consequences that are both significant (*e.g.* resilience of the entrepreneurs’ organizing efforts) and enduring (*e.g.* organizational identities).

The Importance of Sensemaking within Idea-Stage Entrepreneurship

One of the central concerns for entrepreneurship scholars has been, “why do certain entrepreneurs succeed and others do not?” (Bouchikhi, 1993; Delmar, Davidsson, & Gartner, 2003; Murphy, Trailer, & Hill, 1996; Zimmerman & Zeitz, 2002) Specific to the idea-stage, this question can be reframed as, “why do certain entrepreneurs get through the idea stage and others do not?” In other words, within the idea-stage of entrepreneurship, market share and profits are irrelevant metrics by which to gauge success; therefore, researchers must attend to the outcome of entrepreneurial resilience as a means for assessing performance. To date practice-based studies concerned with such resilience within the context of entrepreneurship have focused on resource-acquisition practices such as bricolage (Baker & Nelson, 2005). While such resourcing efforts are arguably critical to the resilience of nascent organizations (Smith, 2011), existing

research has overlooked the social-psychological challenges that often accompany such resourcing efforts. My dissertation has, therefore, focused on the sensemaking and sensegiving practices that entrepreneurs employ as they move through the idea-stage of entrepreneurship, seeking out the resources necessary to enact their entrepreneurial idea. In light of the profound ambiguities entrepreneurs experience during the idea-stage that tests their allegiance to their original ideas and their stakeholders, this attention to the sensemaking and sensegiving practices of entrepreneurs allowed me to observe differences across entrepreneurs that held noticeable effects for the staying power of the entrepreneurs as well as their organizations.

Specifically my results highlighted a three-step process that focused centrally on entrepreneurs' development of their ideas. That process surfaced the tension at the heart of this paper – the entrepreneurs' identification with their ideas and the demands of stakeholders looking for those ideas to change. Within that process, my results highlighted variation among entrepreneurs' efforts to navigate stakeholder demands and respond to ambiguity created by those demands, efforts which I referred to as “pivoting.” The different pivoting profiles represented the entrepreneurs' efforts to make sense of ambiguity related to their original entrepreneurial idea and then engage in sensegiving efforts to update their ideas and respond to stakeholders. Four configurations of sensemaking and sensegiving practices (i.e. pivoting profiles) in particular seemed to encompass the majority of entrepreneurs' efforts to navigate stakeholder demands. I labeled these pivoting profiles as (1) Visionary, (2) Professional, (3) Believer, and (4) Enthusiast. The Visionary profile was comprised of entrepreneurs that adjusted the scale of their original ideas while repositioning their identification toward broader missions. The Professional profile was comprised of entrepreneurs that adjusted the scope of their original ideas while repositioning their identification toward the organizing effort itself. The Believer

profile was comprised of those entrepreneurs that made no changes to their original ideas while reaffirming their identification for the original ideas. Finally, the Enthusiast profile was comprised of those entrepreneurs that made no adjustments to the original ideas yet ended up refocusing their identification toward the entrepreneurial process. The choice to employ these different pivoting profiles did not seem to be a reasoned choice or even a choice borne out of personality differences; rather it appeared to be based in “in-the-moment” intuitions or “gut reactions.” Individuals would experience ambiguity as the result of stakeholder demands and then immediately attempt to make sense of that ambiguity. The choice to then change or not change the original idea quickly followed. In other words these changes appeared to be made without strategic regard for the outcomes. Finally, these differences in pivoting profiles seemed to matter to the resilience of the idea-stage organizing efforts as well as the emerging organizational identities. Out of the four pivoting profiles, only the Visionary profile demonstrated a clear link to entrepreneurial resilience. Taken together, these findings suggest the importance for entrepreneurship researchers to consider sensemaking and sensegiving practices, in addition to the more traditionally studied resource acquisition practices, as a means for better understanding the determinants of entrepreneurial success.

Theoretical Implications

This research makes several contributions to various literatures. My findings, which highlight the importance of the process of idea-stage entrepreneurship and the practices of pivoting within that process, address several gaps in the literatures on entrepreneurship, sensemaking, and organizational identity formation.

Implications for Entrepreneurship Research

Recent papers that review the existing state of research on entrepreneurship have suggested that greater attention to the concept of business ideas would help to refine our understanding of entrepreneurship, thus building upon the extensive work on opportunities (Shane, 2012; Venkataraman et al., 2012). Shane (2012: 16), for instance, argues that “Adding the concept of business ideas to the discussion allows us to incorporate the notion that entrepreneurs’ decisions about how to combine resources are subjective and creative, without rejecting the role of objective forces in influencing the existence, identification, and exploration of opportunities.”

In addition to the conspicuous lack of scholarly attention to business ideas within the study of entrepreneurship, there has also been a woeful lack of attention paid to understanding and developing consensus around the process of entrepreneurship. Moroz and Hindle (2011: 32), for example, issued a call for more empirically-based work that would attend to the distinctness of the entrepreneurial process relative to management in general. They state, “Until there is greater clarity and scholarly agreement about the absolutely fundamental process issues of entrepreneurship—what goes in, what comes out, and how the transformation takes place—it is a delusion to think that entrepreneurship qualifies as a research field with genuine philosophical integrity.” Beyond this lack of attention to the broad process of entrepreneurship, almost no attention has been paid to the earliest part of this process, wherein the entrepreneur experiences the idea and develops that idea prior to customer acquisition and revenue generation. To the extent that process models have attended to the idea-stage of entrepreneurship, they often convey an undersocialized and mechanical process of discovery and evaluation (Hindle, 2010) that ignores the development of ideas within the context of stakeholder demands.

This dissertation attempts to address both of these gaps, focusing directly on the importance of entrepreneurial ideas as well as an empirically-grounded investigation of the process involved in idea-stage entrepreneurship. I find that the entrepreneurial idea and the entrepreneur's identification with that idea rather than the discovery of a market opportunity were centrally motivating to the entrepreneurs' efforts to launch particular businesses at particular moments in time. I also find that a socially embedded view of the process of idea-stage entrepreneurship is comprised of 5 steps, each having to do with the development of the idea and the entrepreneur's identification with that idea. Finally, I show that the pathways through which entrepreneurs move through that process is important for both individual and organizational-level outcomes.

Another area of entrepreneurship research that holds great promise is that which is focused on understanding the phenomenon of social entrepreneurship. Much of this research has focused on the importance of founder values in building hybrid organizations that maintain both a social and financial mission (Hemingway, 2005: 200; T. Miller & Wesley, 2010; W. E. Shafer, Fukukawa, & G. M. Lee, 2007; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Within this literature, social entrepreneurs are viewed as unique in their efforts to balance "mission and margin" (J. Austin, Stevenson, & Wei-Skillern, 2006; Peredo & McLean, 2006; Seelos & Mair, 2005). The entrepreneurs in my study, however, challenge this conception. All of the entrepreneurs began with entrepreneurial ideas that informed the early organizational missions. Within these early days of organizing around those ideas, all of these entrepreneurs had to make sense of a similar tension to what social entrepreneurs face. They had to make sense of the tension between their identification with their original ideas, which they viewed as potentially addressing social desires and needs, and their ability to acquire resources, which were viewed as

contingent upon fulfilling stakeholder demands. This complicates current efforts to justify social entrepreneurship as a qualitatively distinct form of entrepreneurship, and challenges future research on this topic to better attend to the nature of an entrepreneur's social mission.

Implications for Sensemaking and Organizational Identity Research

Existing research on organizational identity argues that founders' claims shape organizational identities (Ashforth & Mael, 2004; Gioia et al., 2010; Humphreys & Brown, 2002; Ran & Duimering, 2007). The research from my dissertation reinforces this argument, highlighting founders' central role in a process that culminates in several distinct organizational identities. However, my findings also extend this existing argument, illustrating how those claims are not necessarily grounded in the original ideas; rather they are, at least in part, grounded in the various pivoting profiles, whereby entrepreneurs engage in sensemaking and sensegiving efforts to resolve the ambiguity resulting from stakeholder demands. The degree to which organizational identities are focused on addressing particular problems, enacting a particular solution, increasing sales, or purely on an analytical approach to innovation is contingent not on the content of the entrepreneurs' ideas, but on their pivoting efforts in the midst of stakeholder demands.

Practical Implications

In addition to making a series of contributions to existing research, my work also poses a number of implications for practice. Specifically, this work has relevance for incubators and entrepreneurs. I examine each in turn.

Implications for Incubators

The life sciences initially championed climate-controlled incubators that are used in industrial agricultural settings and neonatal care. Referring to these innovations as “modern-day miracles,” scientists believed that incubators dramatically increased the life expectancy for premature infants, for example (Baker, 1996). These presumed that incubators did so by allowing infants to develop in tightly controlled and monitored environments until their ability to regulate their own body temperature became resilient enough to withstand the highly variable climate outside the incubator. Within the realm of economic policy, business incubators are presumed to offer a metaphorically similar service to nascent organizations, granting them additional time to develop and regulate their own resources before having to face the highly unpredictable resource exchanges of the marketplace. Yet inasmuch as biological metaphors can be useful for understanding the economy, they can also be problematic as they encourage us to overlook many of the important contextual differences. My dissertation, for example, provides rich qualitative data illustrating how business incubators are sites of politics and power that not only encourage the development of new entrepreneurial ideas but also directly shape those ideas. Moreover, while incubated firm survival rates were important to the incubators in this study, the efficient identification of “winners” trumped the incubator administrators’ desire to ensure that

all incubated organizations succeeded. That said, inasmuch as incubators are actively involved in attempts to develop and transform nascent organizations to increase their survival, it is critical to understand the effects of criticism, rejection, and change within the context of the idea-stage of entrepreneurship.

My research highlights how incubators that embrace the entrepreneurial method (i.e. entrepreneurship as a science) can increase the frequency and force of criticism and rejection. Such efforts, while potentially useful for improving the likelihood that incubated organizations attract external financing and other resources, also introduce ambiguity and occasionally force change. My research reveals that such ambiguity and change can be perceived as threatening to entrepreneurs as they look to enact their ideas. To that extent, my paper offers a view into the social-psychological challenges that entrepreneurs face in trying to organize around a particular idea. If incubators are concerned with entrepreneurial persistence during this stage, they should also attune to these challenges and be equipped to help entrepreneurs manage the tensions they experience. My work offers the insight that assisting idea-stage entrepreneurs with remaining flexible to stakeholder demands, while still retaining a strong sense of purpose and mission contributes to entrepreneurial persistence.

Implications for Entrepreneurs

The findings of this dissertation illustrate the intense identification that many entrepreneurs feel toward their original ideas during the initial stages of the entrepreneurial process. They also demonstrate the ongoing need to engage stakeholders and respond to their demands, as a way of attracting the necessary resources to launch a new organization. In that

process, it may be that entrepreneurs will be exposed to the ambiguity highlighted in my research and will need to adopt particular pivoting practices in response. My research provides two particular insights that might help entrepreneurs navigate the idea-stage of entrepreneurship. First, my experience with the entrepreneurs in my study was that many of them felt incredibly discouraged by the criticism, rejection, changes, and ambiguities they were experiencing. Many of them felt alone in that regard, and as such would often try to disguise these feelings when they interacted with other entrepreneurs. My research provides the insight that entrepreneurs are not alone in this experience, as it appears to be a naturally occurring part of the idea-stage process. Second, my work highlights a potential best practice for making sense of such criticism. By allowing for changes in the scale of the entrepreneurial idea while attaching to a more general mission, entrepreneurs can remain flexible to stakeholder demands while still retaining a strong sense of ownership over the idea and the subsequent organization. In other words entrepreneurs should allow for flexibility in the organizational approach but retain a strong commitment to a greater sense of purpose. Such balance should contribute to the resilience of entrepreneurs during the important idea-stage process of entrepreneurship.

Limitations

As with all qualitative work, this dissertation makes a tradeoff in terms of generalizability in an effort to gather rich data that advances our understanding of the process and practices employed in a particular context. Because this study lacks a sufficiently large and randomly selected sample, the generalizability of the findings is open to critique. That said, this study

makes some advances in terms of identifying boundary conditions for where, when, and why the findings might not apply.

Boundary Conditions

Specifically, during the course of my research, I identified two different boundary conditions to my findings, both of which have to do with individuals' lack of resource constraints. First, for several entrepreneurs with whom I spoke, the duration of the idea-stage process of entrepreneurship was almost entirely compressed, as customers had solicited their services prior to the launch of the organization. These entrepreneurs were "demand-driven entrepreneurs" as opposed to "idea-driven entrepreneurs," since the idea was less relevant to their entrepreneurial motivations and the idea stage was exceptionally brief. Both of the entrepreneurs in my sample that fit this description were in the professional consulting industry, and their services had been requested by customers prior to launching the organization. As such there was no pre-revenue, pre-customer acquisition stage for me to observe. Second, another entrepreneur with whom I spoke was clearly in a position of personal financial independence. Such a lack of personal financial constraint afforded him autonomy during the process of idea-stage entrepreneurship, and as such, the individual felt little need to engage external stakeholders during this stage to enact his entrepreneurial idea. Taken together, these two domains of entrepreneurial activity (i.e. demand-driven entrepreneurship and financially-independent entrepreneurship) represent clear exceptions to my findings, which focus heavily on idea-stage entrepreneurs' efforts to navigate stakeholder demands in the context of resource constraints.

Future Research

This dissertation lays the foundation for a number of interesting and possible future studies. First, by establishing the critical nature of the idea-stage of entrepreneurship, this study pushes future work on entrepreneurship to not merely gloss over this critical stage, but to see it as a unique context for studying the intersection of micro and organizational phenomenon. During the idea stage the individual and the organization can be studied simultaneously with less chance of unobserved and confounding variables. Indeed by attending to this stage of the organization's lifecycle, it is arguably the closest we as organizational researchers can get to achieving a natural experimental design. Future work may choose similar entrepreneurs at their origins and follow them through the early stage of organizing so as to see how different choices by the founders result in important organizational distinctions.

For instance, the relationship between individual and organizational identity remains underexplored, and this context presents an opportunity for future research to study this intersection. This dissertation argues that there is a relationship between entrepreneurial ideas and organizational identities that is conditioned by the pivoting profiles of entrepreneurs. This claim raises the peripheral but still highly related question as to the relationship between entrepreneurial identities and organizational identities. A number of recent studies, for example have posited various typologies that depict different entrepreneurial identities (Cardon et al., 2009; Fauchart & Gruber, 2011). It remains unclear how such entrepreneurial identities translate into organizational identities as well as what conditions this translation process. The idea-stage of entrepreneurship provides a powerful context for engaging such questions regarding the translation of identities from one level to another.

Another unexplored but critical question raised by this dissertation relates to definitions of success and failure during the idea stage. As noted in the findings section of this dissertation, each pivoting profile resulted in different degrees of entrepreneurial resilience. While the individuals who persisted through the idea stage deemed their experiences as successful, the individuals who were non-resilient also deemed their radically different experiences as successful, albeit for entirely different reasons. The latter group often saw their failed entrepreneurial attempts to provide the groundwork for advancing later entrepreneurial attempts. The question for future studies to unravel, therefore, is “How does entrepreneurial resilience relate to entrepreneurial success over the course of individuals’ careers?” To address this question researchers must adopt a ‘portfolio-’ rather than ‘project’-based perspective of entrepreneurs and their various ideas. In other words, individual entrepreneurs may attempt to organize around several ideas, and while one idea might ‘fail’, such ‘failures’ might be precisely what is required for future ideas to succeed. Alternatively, resilience during the idea stage may result in entrepreneurs expending vast amounts of personal and external resources without ever turning a profit. In sum, while this dissertation treats entrepreneurial resilience as a relevant proxy for assessing success during the idea stage, future work should look to further complicate this definition of success, so as to better understand the nuances of success and failure during the entrepreneurial process.

This study also raises questions in regards to the origins of entrepreneurial ideas. While the findings highlight the microprocesses that underpin the ideation process, the study bounds its investigation by examining that process post-idea. The pre-idea stage of entrepreneurship is of less concern in this particular study. Moreover, it remains unclear how internal and external forces might shape the process of deriving particular ideas. How do prior skills and experiences

interact with institutional logics and stakeholder demands to shape an individuals' perceptions of what might qualify as an entrepreneurial idea or, even more importantly, as *the* entrepreneurial idea?

Finally, the context of idea-stage entrepreneurship may generalize to the broader context of creative production – the process of developing a creative artifact and converting it into a marketable product (Lingo & O'Mahony, 2010). Unfortunately little work has been conducted to explore how the context of idea-stage entrepreneurship overlaps or distinguishes itself from that of creative production more generally. This study, for example, highlights the increasing degree to which incubators are playing a role in professionalizing the field of entrepreneurship by embracing principles from the scientific method. To what extent is such professionalization being replicated across other contexts involved in creative production? Moreover, what are the consequences of trying to professionalize domains of organized activity that have disproportionately valued innovation over efficiency?

Conclusion

This dissertation provides a rich illustration of the sensemaking and sensegiving efforts of entrepreneurs, as they attempt to turn their ideas into organizations. In addition to providing greater clarity around the idea stage of the entrepreneurship process, this research highlights the practical and theoretical importance of pivoting within that process. Different pivoting profiles are shown to affect entrepreneurs' resilience as well as their organizations' identities. In doing so, this dissertation challenges scholars to consider how microprocesses have substantive organizational consequences, particularly at the earliest stages of the organization. The findings

make a series of theoretical contributions to research on entrepreneurship, sensemaking, and organizational identity.

APPENDIX A

ENTREPRENEUR INITIAL INTERVIEW GUIDE

In the first part of this interview, I will ask you for some basic information followed by more in-depth and open-ended questions regarding your business and professional experience. If quotes or information from the interview are used in the final report, your identity and that of your business will be kept strictly confidential. If you are unsure how to answer a particular question, please let me know when that is the case. Also, you can stop the interview at any time.

1. Your Business
 - a. How long has [Business X] been in operation?
 - b. What is your current role within [Business X]?
 - c. What industry are you in?
 - d. Who are your intended primary customers?
 - e. Which companies do you perceive will serve as your primary competitors?
Why?
 - f. With which organizations do you intend to partner? Why?
 - g. What are your projected costs for the next 6 months?
 - h. What is your projected revenue for the next 6 months?
 - i. How many employees do you have currently?

2. How would you describe [Business X's] value proposition to someone unfamiliar with [Industry X]?
3. Could you tell me the story of how you arrived at your idea for [Business X]?
4. Could you tell me the story of how you developed this idea from its inception through to where you are now?
5. Could you tell me about an instance in which you were explaining your business idea to potential business stakeholder, and they expressed particular demands that were in tension with your original idea for [Business X]? How did you respond?
6. Could you tell me about an instance in which you were explaining your business idea to potential business stakeholder, and they expressed particular demands that were in tension with another one of your primary stakeholders? How did you respond?
7. Could you talk to me about an instance in which you were trying to sell someone on the future vision of your business idea? How did you try to convince that person that your vision was possible?
8. Conclusion
 - a. What is the most important thing for me to leave this interview knowing about the significance of your entrepreneurial idea and why you have decided to pursue the idea?
 - b. Is there anything you would like to ask me?

APPENDIX B

ENTREPRENEURS SUBSEQUENT INTERVIEW GUIDE

In this interview I am looking to understand what is different and similar about your business now compared to when we last spoke. As always, if quotes or information from the interview are used in the final report, your identity and that of your business will be kept strictly confidential. If you are unsure how to answer a particular question, please let me know when that is the case. Also, you can stop the interview at any time.

1. So, talk me through the development of your business idea since we last spoke.
2. What were the most challenging things you encountered as you developed your business idea? [Optional probes: What are the biggest ongoing challenges to fulfilling your vision for your company? What are the biggest threats to it?]
3. How your pitch developed since we last spoke? [Probe on why and based on what feedback. Why do they believe it is developing correctly?]
4. What strategy changes (if any) have you made this past week regarding your business and the direction of your business? [Probe on “who was involved” “what was at stake” “how does this impact your idea” “why did you decide on that strategy”]
5. What are the aspects of your business that you believe are central right now, and to which you remain most committed?
6. What are your next steps for the coming week?

APPENDIX C

STAKEHOLDER INTERVIEW GUIDE

In this interview I am looking to understand your relationship to and interactions with idea-stage entrepreneurs. If quotes or information from the interview are used in the final report, your identity and that of your business will be kept strictly confidential. If you are unsure how to answer a particular question, please let me know when that is the case. Also, you can stop the interview at any time.

1. What are your criteria for working with particular idea-stage entrepreneurs?
2. What constitutes a compelling idea? How do you know one when you see one?
3. What constitutes a compelling entrepreneur? How do you know one when you see one?
4. Could you discuss with me the process that you use to selecting the companies with which you choose to work?
5. Why did you specifically choose to work with [Company A, B, & C] and not a different set of companies?
6. Do you find it challenging at this stage to choose companies that you believe will be successful? If so, why?
7. How do you control against these challenges?

8. What is your approach to working with these companies? How are you hoping to help/influence them? In what ways?

APPENDIX D

COUNT-BASED EVIDENCE OF PROCESS STEPS

Table 12 provides evidence of the consistency with which I observed or discussed the significance of each of the microprocesses that underpin the three process steps I identified within idea-stage entrepreneurship. Each row indicates a different entrepreneur, while the columns indicate each of the microprocesses. An 'x' in the cell indicates that the theme was either observed or discussed with that participant. The lack of an 'x' in a given cell does not, however, indicate that the entrepreneur did not or would not eventually experience the stated theme, but merely that I did not have data on such an occurrence. For instance, a number of the founders that participated in my study did not face or discuss outright rejection, as many resource providers were apt to hedge their bets by stating interest yet delaying any actual decision to resource the entrepreneurs. Also some themes are mutually exclusive from other themes, so that an 'x' in one cell prohibits an 'x' in neighboring cells. For instance, during step 3 ('Pivoting') if a founder broadened the mission, the neighboring cells that indicate other sensemaking approaches (i.e. "prioritize the process" and "reaffirm the original idea") are not marked.

Table 12: Count-based Evidence of Process Steps and Underlying Themes

Pseudonym	Experiencing the idea	Extrapolating the idea	Attracting believers	Pitching the idea	Generic criticism	Specific criticism	Rejection	Updating the scope	Updating the scale	Prioritize the process	Reaffirm the original idea	Broaden the mission
% of Founders	79.4%	84.1%	76.2%	100.0%	66.7%	88.9%	63.5%	25.4%	22.2%	41.3%	31.7%	20.6%
Company A CF1	X	X	X	X	X	X	X		X			X
Company A CF2	X	X	X	X	X	X	X		X	X		
Company A CF3	X	X	X	X	X	X	X		X	X		
Company B CF1	X	X	X	X	X	X	X	X		X		
Company B CF2	X	X	X	X	X	X	X	X		X		
Company B CF3			X	X	X	X	X	X		X		
Company B CF4			X	X	X	X	X	X		X		
Company C F	X	X		X	X	X	X				X	
Company D CF1	X	X	X	X	X			X		X		
Company D CF2		X		X	X			X		X		
Company E CF1	X	X	X	X	X	X	X	X		X		
Company E CF2				X	X	X	X	X		X		
Company F CF1	X	X	X	X	X	X	X		X			X
Company F CF2	X	X	X	X	X	X	X		X			X
Company F CF3		X		X	X	X	X		X			X
Company G F	X			X	X	X	X				X	
Company H F	X	X	X	X	X	X					X	
Company I F	X	X	X	X	X	X	X		X			X
Company J CF1	X	X	X	X	X	X	X	X		X		
Company J CF2	X	X	X	X	X	X	X	X		X		
Company K F	X	X	X	X	X	X	X				X	
Company L F	X	X	X	X	X	X	X		X	X		
Company M F		X	X	X	X	X	X		X			X
Company N F	X	X	X	X	X	X		X		X		
Company O CF1	X	X	X	X	X	X	X				X	
Company P CF1	X	X	X	X	X	X	X	X				X
Company Q F	X	X	X	X	X	X	X		X			X
Company R F		X	X	X	X	X				X		
Company S CF1	X	X	X	X	X	X						X
Company T CF1	X	X	X	X	X	X	X				X	

Table 12 (Continued)

Pseudonym	<i>Experiencing the idea</i>	<i>Extrapolating the idea</i>	<i>Attracting believers</i>	<i>Pitching the idea</i>	<i>Generic criticism</i>	<i>Specific criticism</i>	<i>Rejection</i>	<i>Updating the scope</i>	<i>Updating the scale</i>	<i>Prioritize the process</i>	<i>Reaffirm the original idea</i>	<i>Broaden the mission</i>
% of Founders	79.4%	84.1%	76.2%	100.0%	66.7%	88.9%	63.5%	25.4%	22.2%	41.3%	31.7%	20.6%
Company U F	X	X	X	X	X	X					X	
Company V F	X	X		X	X	X		X		X		
Company W F	X	X		X	X	X	X				X	
Company X CF1	X	X	X	X		X						X
Company X CF2	X	X	X	X		X						X
Company Y CF1	X		X	X	X	X	X		X	X		
Company Y CF2			X	X	X	X	X		X	X		
Company Z F		X	X	X		X	X				X	
Company AA F	X	X	X	X	X	X				X		
Company AB CF1	X	X	X	X		X					X	
Company AC F	X	X		X	X	X	X		X			X
Company AD F	X	X	X	X		X	X				X	
Company AE F	X	X	X	X		X	X				X	
Company AF F	X	X	X	X		X	X			X		
Company AG CF1	X	X	X	X		X	X			X		
Company AH CF1	X	X	X	X	X					X		
Company AI F	X		X	X		X	X	X		X		
Company AJ F	X	X	X	X		X					X	
Company AK F	X	X	X	X		X	X				X	
Company AL F	X	X	X	X		X	X				X	
Company AM CF1	X	X	X	X	X	X				X		
Company AN F	X	X	X	X		X	X				X	
Company AO F	X	X	X	X		X	X				X	
Company AP F	X	X	X	X		X	X				X	
Company AQ CF1				X								
Company AR CF1		X	X	X			X					
Company AS F		X	X	X	X							
Company AT F	X	X		X	X	X		X		X		
Company AU F				X		X		X		X		
Company AV F	X	X		X		X					X	
Company AW F	X			X								
Company AX F	X	X		X		X					X	
Company AY F	X	X		X	X	X			X			X

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