

# Entrepreneur

## A tale of passion

**Charlene Zietsma looks at entrepreneurship through the lens of a parent**

**B**ill Cosby once said: "Having a child is surely the most beautifully irrational act that two people in love can commit." Parents spend years changing dirty diapers and enduring sleepless nights. They invest huge amounts of time and energy, and large sums of money. There is no sacrifice, it seems, that's too great for their kids.

As a mother, Ivey Professor Charlene Zietsma knows the power of the emotional bond that exists between a parent and a child. "If we didn't commit so much to our children, we probably would have died off as a species a long time ago," she says.

Through her research, Zietsma has also recognized the deep emotion that entrepreneurs feel for their business ventures. "When I speak with entrepreneurs, I see their passion and commitment and identification," she says. "They speak about their businesses

in the same way others talk about their children. They use nurturing and loving language to describe them, and even refer to them as their 'babies.'"

Entrepreneurship has often been seen as something unfathomable since it is difficult to predict who will become an entrepreneur and who will persist and succeed at it. Much of the research in the area examines entrepreneurship in an emotion-free context, failing to consider the relationship between the entrepreneur and the venture. Yet the emotion an entrepreneur feels for the venture is often at the very root of entrepreneurship. That emotional connection will sustain entrepreneurs in times of trouble or when huge investments of time and money are needed. It can also give them the passion they need to convince others to provide resources for their ventures.

Zietsma believes that parents and entrepreneurs have many things in common. In a recent paper, *Tale of Passion*, published by the Journal of

## Institute Buzz

**By Dr. Eric Morse, Executive Director, Institute for Entrepreneurship**



Happy New Year from the Institute for Entrepreneurship! This year, we are excited to be launching the Business Families Centre here at Ivey. This is a brand new initiative headed by David Simpson (MBA 1988), who has taken on the role of Executive Director of the Centre.

Why a Business Families Centre? Businesses controlled by families are by far the most common form of enterprise worldwide. In Canada, these enterprises produce 45% of GDP, employ nearly half of our workforce and are the largest creators of jobs in our economy. The statistics are similar in the United States, where almost 60% of public companies (including some of the largest) are controlled by families.

Historically, references to "Family Business" might have suggested images of nepotism, inefficiency, smallness or succession fighting. However, the most current research has identified this ownership form as a recipe for competitive advantage, producing superior economic performance, better worker relations and positive contributions to communities. To continue a more positive "reframing" of the image, we choose to talk about "Business Families" and link the work of the Centre to the support of entrepreneurs. Every business family started with an entrepreneur; thus the Business Families Centre and the Institute for Entrepreneurship are dedicated to supporting and enhancing the management of these enterprises.

The vision for the Business Families Centre is to be a national leader in supporting, understanding and celebrating these business owners. We will be developing new case materials, undertaking research projects, hosting a speaker series and developing a comprehensive leadership course for advisors and family business owners. David teaches an elective course on the subject of managing a family owned business to HBA and MBA students, who are offered support in this area via the Ivey Client Field project. We encourage our alumni network to play a key role with input, support and opportunity identification to assist the new Centre in achieving its mandate.

This issue of Ivey Entrepreneur features two articles relating to families and business. We also spotlight student and alumni entrepreneurs from our "family" here at the Richard Ivey School of Business. I hope you enjoy this issue of Ivey Entrepreneur!

Business Venturing, Zietsma and her co-authors explore a parenting metaphor for entrepreneurship and the insights it sheds on the phenomenon. "In this paper we try to make entrepreneurship more real to people and thus more understandable by comparing it to parenting," she says. "We have devised a list of new research questions that arise from taking a more relational view of entrepreneurship. We are hoping that other researchers will tackle some of these questions, and improve the understanding of entrepreneurship by taking emotion into account."

*Tale of Passion* begins by developing a family entrepreneurship dictionary that compares different stages in the relationship. In the conception stage, for example, some parents conceive by accident, others through commitment and excitement. In the same way, some entrepreneurs are pushed through circumstances like downsizing, while others are living out their dream.

At the other end of the cycle is the maturing of the child. Some entrepreneurs have difficulty delegating control and eventually separating from the firm, just as some parents have trouble letting their children go.

Metaphors can often be a very powerful way of communicating insights and capturing experiences. Zietsma believes that some key ideas emerge from the parenting metaphor that can usefully be applied to our understanding of entrepreneurship.

### Passion

Passion makes us more committed and enthusiastic. In both parenting and entrepreneurship, passion makes all the sacrifices seem worthwhile. It motivates the entrepreneur to persist in time of trouble. If passion is not present, a venture may fail due to lack of effort or faith.

Although passion is usually a positive force in both parenting and

entrepreneurship, love can sometimes be blind. Too much passion can make it difficult for the entrepreneur to let go of the dream, even when the venture continues to perform poorly.

### Identification and attachment

When asked about Java, the open source programming language, a spokesman for its parent company, Sun Microsystems, said: "It was very hard to let go of its hand when it was taking its first steps...It's almost at the adolescent stage. Maybe we should start letting it walk a bit more on its own."

Such language reflects the bonding process between parent and child, which can lead to intense feelings of identification and attachment. These feelings can lead to the healthy maturation of the child, but they can also lead to over-control and the inability to let go. Further study of this sense of attachment in entrepreneurship can lead to insights as to how it arises, and its implications on performance.

## My child is Better

**We all know parents who think their kids are better than others. This feeling often leads to positive consequences, but it's based on an emotional response.**

Emotion-based reasoning plays an important role in entrepreneurship. In a recent paper published in the *Journal of Business Venturing*, Charlene Zietsma and her co-authors explore the parenthood metaphor as a way of better understanding entrepreneurship (see "*Tale of Passion*", beginning on front page).

Zietsma and her colleagues are now taking these insights into the classroom. Most entrepreneurship programs tend to ignore the more subjective and emotional elements of starting a new venture. Through the development of experiential exercises, Zietsma believes that students can better understand how parental values, such as passion, identification, and nurturing, can play a role in entrepreneurial decision making.

These exercises were recently put together in a paper, *The Pedagogical Power of a Parenthood Metaphor in Entrepreneurship Education: A Relational View*, and presented at the Academy of Management conference in New Orleans. An example of one of the six exercises contained in the paper is "Passionate Parents."

In this example, each person in the class develops an idea for a business. The class is divided up into teams of four, in which each member tries to sell his or her idea to the team. Each team votes on which business opportunity to move forward with, and then develops it further for proposal to the entire class. At the end of the presentations to the entire class, members of the class rate how passionately they feel about each proposal, and its likelihood of success. The ratings are then compared.

The goal of this exercise is to show how subjectively you view your own idea, as compared with outsiders. "What we'd expect to see are some significant differences in who would invest in a particular business idea based on their personal identification and emotion-based reasoning," says Zietsma. "If they've been working on an idea they're going to believe in it a lot more. If they came up with the idea in the first place, they probably have the greatest identification with it, and they're going to be the highest investors. So we can show students in this way how investment decisions often seem so rational from an entrepreneurship perspective, but from the outside, they don't seem as rational." n

For a copy of the paper or more information, contact Charlene Zietsma at [czietsma@ivey.uwo.ca](mailto:czietsma@ivey.uwo.ca)

## Nurturing

As a parent, nurturing usually entails self-sacrifice and the willingness to put the baby's needs ahead of one's own. In the same way, the nurturing nature of an entrepreneur motivates him or her to postpone gratification and continue investing in the venture.

Parents who are good nurturers understand that as their children change, so do their needs. In some families with emotional dysfunction, children suffer from "arrested development," a lack of adaptation as they mature. Says Zietsma: "The metaphor raises the question: do firms suffer from arrested development at various stages as children sometimes do, and are there commonalities in the causes for this arrested development, rooted in the parenting or entrepreneurial behaviour?"

## Importance of context

When we seek to understand the behaviour of children, we often look to their upbringing for clues. The same is true for entrepreneurial ventures. To understand the culture and character of a maturing company, and what makes it successful, we need to know something about the caring and nurturing influences of its founder.

Passionate and committed parents believe fervently in their children and invest a great deal of time and resources to make sure they have every opportunity for success. Many entrepreneurs think of their ventures in the same way, and make the same sacrifices. "Although entrepreneurs themselves use the parenting metaphor, it's rarely been used by entrepreneurship scholars," says Zietsma. "By understanding what entrepreneurs are thinking and feeling, we hope we can help them avoid some of the pitfalls of emotion-based reasoning, yet seize its advantages. It's also helpful to aspiring entrepreneurs, like new parents, to know what they're getting into." ■

"A tale of passion: New insights into entrepreneurship from a parenthood metaphor," published in the *Journal of Business Venturing*, is co-authored by Melissa S. Cardon, Charlene Zietsma, Patrick Saparito, Brett P. Matherne, and Carolyn Davis. For more information, or for a copy, contact Charlene Zietsma at [czietsma@ivey.uwo.ca](mailto:czietsma@ivey.uwo.ca)



# Chip

## off the old block



By June Cotte

June Cotte finds that kids are more likely to be innovative if they think their parents are.

Family businesses play a key role in the Canadian economy, contributing more than 45 percent of our GDP.

One of the issues unique to entrepreneurial family ventures is whether the innovative traits of a parent can be passed along to a child. It's an important question, because entrepreneurs often look to their offspring to carry the torch.

Ivey Professor June Cotte recently looked at how people's tendencies to be innovative are influenced by family members. Her research focused on the purchase of new products, but her findings could shed light on entrepreneurial family-run businesses.

Cotte found from her research that 30 percent of a person's tendency to innovate comes from parents or siblings, and to a small extent, birth order. Although sibling influence is significant, parental influence is much stronger. When Cotte measured perceptions of general innovativeness, she found a direct relationship between the innovativeness of the parents and that of the children. "If you think that your mom or dad is innovative, you're much more likely to be innovative yourself," she says.

But perception, not reality, is the key factor. If the parent is in fact innovative, but not thought of that

way, then the child will not likely pick up those innovative qualities. "If you

are an entrepreneur, and you want your kids to be innovative, then you want to be very visible in your behaviour," she says. "If you're not, your children will tend to build inaccurate perceptions."

In her research, Cotte found that siblings think that they're more different from each other than they really are. "If I ask you how your sibling would react in a situation, you would tend to make inaccurate predictions because you over-adjust for the perceived differences," she says.

Parents, too, think that they're kids are more different from each other than they really are, and often assign different roles for them. For example, one child is seen as smart, another as athletic, and another musical. These perceptions, which are often inaccurate, affect the way that children think of themselves and their parents. If parents want their children to model their entrepreneurial behaviour, it's important that they encourage accurate perceptions. The best way to do this is to be clearly visible in what they're doing.

The need for visibility is even more important when the kids grow up in a family business where many of the risks and bold decisions were taken before the children were born. Telling the story is important, within the family as well as the business. "If a parent was very entrepreneurial or innovative, the kids need to know that," says Cotte. "If the parents don't tell the stories and walk the talk the innovative qualities won't be transmitted."

# StudentWatch

**What makes a business venture successful? Of course, there could be many combinations of factors. Here, we focus on Ivey students who have established a successful venture and ask them what they felt was most important.**

In May 2004, with the assistance of an internship from Ivey's Institute for Entrepreneurship Certificate Program, Drew Elliott (HBA 2005) founded Trinity Wind Power Inc., a wind energy development company specializing in large scale wind energy projects throughout Canada. In conjunction with Aim PowerGen, Trinity Wind Power Inc. is currently co-developing one of Ontario's largest wind energy projects. With an expected capital expenditure of over \$180 million, this project would provide enough power for approximately 40,000 Canadian households.

Reflecting on Trinity's start-up phase, Drew commented that "While I was extremely passionate and motivated about my company, I believe that timing had a lot to do with Trinity's success. I was in a position to exploit this opportunity as the industry was just exiting its infancy stage. This allowed me to establish key relationships with some companies in the industry that are now the largest players in Canada. I also think Ivey played a vital role in Trinity's development. Without the guidance of many of my professors and Ivey's alumni, developing a company of this caliber would have been next to impossible."

Mark Healy, Mark Binns and Lisa Shepherd recently announced the creation of Mezzanine Business Consulting Inc. Mezzanine is a tactical consulting firm – delivering business analysis and practical guidance on tactical challenges and growth opportunities to corporate and mid-sized clients.

Mark Healy (MBA 2005), Director of Operations, comments, "My experience with this entrepreneurial venture has taught me that it is important to stay very focused when creating a new business model. It would be easy to fall into the trap of relying on a conventional professional services model, but that will not differentiate us, nor will it create

value for our clients. For example, we will offer fixed price contracts to assure our clients cost certainty on projects. Developing the strategy and launching the firm has been challenging and has required a lot of hard work, but has been very rewarding." Read more about Mark's venture at [www.mezzanineconsulting.com](http://www.mezzanineconsulting.com)

Two years ago, Eric Ng (MBA 2005) founded eBask.com, an online mobile phone accessories retailer. According to Eric, finding compatible business partners is critical to success. Eric identifies the following criteria in choosing the right team: "Goal: you should pick someone who shares the same vision and goal. Otherwise every single decision will take a long time because of argument and compromise. Ultimately, the relationship may break down if there is too much argument. Then, commitment: you should consider someone who has the same (if not higher) commitment level. Level of commitment usually directly translates into hours of work. I think personality is the most important consideration. You simply cannot put two people with extreme personalities into a team. Finally, skill set: although everyone says that this is important, I rank this at the bottom of my four criteria."

Congratulations and good luck to all of Ivey's student entrepreneurs!

## AlumniSpotlight

### ENTREPRENEURIAL IVEY ALUMNI... IN THE NEWS

RepeatSeat Inc. is a rapidly growing global entertainment services company with strong Ivey connections. George Davidson (EMBA 2001) and Robert L. Christianson (EMBA 2001) are the co-founders and the Board of Directors includes Clark Johansson (EMBA 01), and Barry Ullett (HBA 1975). Bill Britton (HBA 1958) sits on the company's advisory board. The company is built on its trademark concept, Ticketing Relationship Management (TRM), which promotes the clients' brand, rather than its own.

The company's mandate is to create an enjoyable ticketing environment that drives repeat business between the company's partner venue and their customer – the consumer. The Ticketing Relationship Management solution works seamlessly behind the scenes as the engine for ticketing selection, fulfillment and payment while enhancing the venue's brand.

Ivey alumni featured prominently in the National Post's list of Canada's 50 Best Managed Companies for 2004. Included on the list was Spin Master, Ltd., founded by Anton Rabie (HBA 1994) and Ben Varadi (HBA 1994). Spin Master is well known for its collection of imaginative children's toys, including Air Hogs, Mighty Beanz, Wonder Sand and E-Chargers, to name a few. This summer, Spin Master will once again be offering an internship opportunity to a student in the Certificate for Entrepreneurship program.

Also named as one of Canada's 50 Best Managed Companies for 2004 was Hopewell Developments, founded by Quantum Shift fellow Sanders Lee (2004), Asset Inc. (Peter Christamtsis, HBA 2002), CNC Global Limited (Lyle Kerr, MBA 1981, Valerie Millen MBA 1987), CPI Plastics Group Ltd. (Peter Clark, HBA 1969, Cliff Hatch, MBA 2002, Ron Mitchell, MBA 1972, Derek Morin, MBA 2002), Softchoice (Nicholas Koutsoukis, HBA 2002), Trophy Foods Inc. (Gino Truant, HBA 1977) and Wilson Fuel Co. Ltd (Steven Wilson, MBA 1988).

Congratulations to all our Ivey Entrepreneurs!

This quarterly newsletter is published for individuals in business and academic life who have a particular interest in entrepreneurship. If you have any comments or questions please contact us. If you or your organization would like to obtain a copy of this newsletter, free-of-charge, please contact: **The Institute for Entrepreneurship**

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