Seeding Event: Creating and Developing Spaces of Entrepreneurial Freedom

Gaëtan Mourmant, IESEG School of Management

December 2012

The online version of this article can be found at:

https://groundedtheoryreview.org

Seeding Event: Creating and Developing Spaces of Entrepreneurial Freedom

Gaëtan Mourmant, IESEG School of Management

Abstract

This paper addresses the question of initiating, fostering and growing a vibrant economy by developing *Spaces of Entrepreneurial Freedom* (SoEF). Establishing and developing the SoEF is explained by a *seeding event* which is the core category of this grounded theory. In short, a seeding event leads to the patching of a potential, structural "hole", which may prove valuable to an entrepreneurial network. Seeding events are started by an initiator who will recognize a network opportunity and exploit it. After event designing, the initiators implement the event through bold experimentation and using an adaptive structure. If the event is considered successful, the next stages are refining, growing, templating and finally replicating; these stages may occur one after the other or simultaneously. Through the development of SoEF, we suggest that entrepreneurs, governments, universities, large companies, and other players in the business world can improve the development of entrepreneurship at their respective levels.

Introduction

Creating, developing and promoting a vibrant entrepreneurial economy is a key challenge for any economy looking for value and wealth creation, in other words, for economic development and vitality. This challenge is even more important in the current economic crisis. This concern is present for various entities, not only for entrepreneurs or governments, but also for CEOs and managers of large companies who want to promote intrapreneurship (Pinchot, 1985) and innovation in their companies.

We introduce the core category of *seeding event* to resolve the main concern of our interviewees: how to create, develop and promote spaces of entrepreneurial freedom and, ultimately, a vibrant economy. In short, a seeding event leads to the patching of a valuable structural hole (Burt, 2002, 2004; Walker, Kogut, & Shan, 1997) identified in an entrepreneurial network; such patching concurs to the creation and/or development of spaces of entrepreneurial freedom. Seeding event*s* are started by initiators who recognize a network opportunity and exploit it. After event designing, the initiators start the implementation of the initial event through bold experimentation*,* using an adaptive structure. If the event is evaluated by the initiators and the participants as a success or potential success, the initiators embark in the next stages: refining, growing, templating*,* and finally replicating. These stages may not occur only one after the other, but also simultaneously and iteratively; for instance, replicating leads to growing.

Methodology

We follow a qualitative classic grounded theory methodology, (Glaser, 1978, 1998, 2011, 2012; Glaser & Strauss, 1967). In particular, we iteratively use the following tools: open, selective and theoretical coding; memoing; memo sorting; constant comparison; writing up; and theoretical sampling in order to reach theoretical saturation. First, spaces of entrepreneurial freedom emerged from the analysis of the first set of interviews with Entrepreneurs, CIOs, and IT employees. The interviews were conducted in France, China (Shanghai), Canada and the United States. Each interview started with an open question related to the intensification of entrepreneurship (N=14). Second, we re-analyzed and selectively recoded previous interviews while conducting and analyzing additional interviews (N=10) around the concept of SoEF. In agreement with "All is data" and theoretical sampling, we also coded and analyzed the book "Startup Community" which analyzed the

creation and development of startup communities in the city of Boulder (Feld, 2012). We then proceeded to perform memo sorting (over 60 memos) and writing up, which lead us to a temporary theoretical development around spaces of entrepreneurial freedom. While this development was interesting, the core category seeding event (we are indebted to the first reviewer of this paper for bringing up the conceptual distinction between space of entrepreneurial freedom and seeding event) emerged as a central explanation and resolution to the main concern of creation and development of SoEF during the third memo sorting and write up. Fourth, we completed another round of full analysis – from coding to memo sorting and write up – around seeding event with over 130 memos.

Definitions of Core Category and Main Concern

In order to clarify the concepts, we start by defining spaces of entrepreneurial freedom and seeding event. *Spaces of entrepreneurial freedom* (*SoEF*) is defined as spaces - material or immaterial, formal or informal - whether these spaces refer to the whole nation, a region (e.g. the Shenzhen area), a startup community, virtual networks, cities, a whole company, or just a part (e.g. a quick-win team) thereof. In these spaces, entrepreneurial-minded individuals can benefit from entrepreneurial freedoms, for instance freedom to trade, freedom to innovate, freedom to take calculated risks, freedom to make mistakes, freedom to be weird, and organizational freedom. Such freedom increases the entrepreneurial intensity of the space, leading to a vibrant economy. Additionally, very much like Russian dolls, SoEF are embedded into one another: a quick-win team within a department, an entrepreneurial department within a company, a startup within an entrepreneurial network, an entrepreneurial network within a nation, etc. A group of SoEFs communicating and/or embedded in one with the other is conceived as a *meta-SoEF*.

Seeding event is the core category of this research. Seeding event leads to the patching of a potential structural hole (Burt, 2002, 2004; Walker et al., 1997), which may prove valuable in an entrepreneurial network. As defined by Burt, "the weaker connections between groups are holes in the social structures of the market" (2002). It is a very fast and efficient way to patch such holes. If the event is a success – that is, the initiators are ready to repeat it based on the positive reaction of the community - and more events are felt to be necessary, this could lead to the creation of networks, and/or spaces of entrepreneurial freedom. Conversely, if the event isn't successful, then the idea can either be dropped or completely reshaped if there is still a potential to explore.

The initiator(s)

In order to create a SoEF, one or several initiators need to begin the seeding event process. In addition to the characteristics discussed in the section "Event designing", initiators also need to have a long-term vision and commitment for their events, belong to a very well-connected network, be "event junkies", and have a "give before you get" mentality (Feld, 2012).

Often, but not always, the initiators also need to play the role of a *Protector* of the event or emerging Space of Entrepreneurial Freedom. Such protection can be achieved via diplomatic and relational skills, in order to "finesse" (Pinchot, 1985) the corporate politics – in the case of intrapreneurship – or the relationships between the SoEF and the bureaucratic governmental parties. These roles are not necessarily easy and may involve a "mental battle" with the non-entrepreneurial environment.

Not surprisingly, the first and most important group of initiators are the entrepreneurs themselves who can use their opportunity recognition skills, a pivotal concept in entrepreneurship research (Shane, 2000; Shane & Venkataraman, 2000) to identify valuable structural holes (Burt, 2002, 2004; Walker et al., 1997) and network opportunities.

Recognizing network opportunity

We consider both the concept of opportunity recognition/exploitation and the concept of network opportunity recognition/exploitation for seeding event, as requiring a very similar set of skills (Burt, 2002, 2004; Walker et al., 1997). In other words, creating successful events that will lead to spaces of entrepreneurial freedom requires network opportunity recognition and exploitation skills. The main difference between the two is that opportunity recognition occurs at the market level, while seeding event occurs at the network level.

The nodes of these networks are composed of individuals or organizations. Of course, the core group of nodes is the entrepreneurs, around which, we find various other participants such as universities, government, venture capitalists, etc. Those nodes usually exist in the area of the event and are a good way to leverage existing strengths.

Based on our data, several types of links between the nodes of the network have been identified. These links can be people-oriented (e.g. a business speed-meeting event), money-oriented (e.g. Venture Capitalists and Entrepreneurs), action-oriented (e.g. a startup weekend leading to the creation of a new venture), knowledge/idea-oriented (e.g. TEDx), advice/support-oriented (e.g. mentors and young entrepreneurs), feed-back-oriented, and/or skills-oriented (e.g. "Random hack of Kindness", where skills are shared for a weekend to support non-profit organizations). Of course, this list is neither exhaustive nor exclusive, and many events fulfill a combination of these types of links.

Having those two categories in mind is useful for mapping the different existing events and identifying the valuable structural holes. For instance, a "Nonprofit Night" was started after identifying problems of nonprofit organizations that could be solved by IT professionals.

It appears in our data that when the initiators have their "realization" related to their network opportunity, it is not the result of an analytical rational process, but much more a realization based on an experience - "When I arrived here, I couldn't find ....."; a questioning - "What does the Boulder start-up community need that it doesn't currently have?" (Tim Falls, in Feld, 2012, p. 94); an intuition; or just an observation of the existence of a valuable structural hole or need. For example, the realization that, in that community, entrepreneurs are "heads-down and siloed." However, mapping the nodes, the types of relationships and the holes in the network of meta-SoEF could be a fruitful analysis in order to identify the next seeding event. Additionally, the global network of meta-SoEF is dynamic, and not just static. For instance, a newsletter (e.g. startupdigests) written as a synthesis of all the entrepreneurial events occurring in a city is necessary *only* when the number of events reaches a certain threshold.

We also suggest that the influence of digital tools in the accelerated production of links – coined as acceluction (Bounfour, 2011) also accelerates the creation of spaces of entrepreneurial freedom. Indeed, we propose that in fast networks where information is shared very quickly, the need for a new SoEF is known very quickly, resulting in seeding events. Once network opportunity has been identified, the initiator can start *event designing*.

Event designing

During *event designing*, the first event is rather important as it will provide an "early spirit" (Feld, 2012, p. 75) and the DNA for the future events. Indeed, this first event is the first expression of the long-term vision or answer to a need by the initiator, hence it is very likely that such vision or answer is already embedded – consciously or not – into the event itself. The event is designed around the classic questioning of *when*, *where*, *who,* and *how many*, with the *why* question already answered in the previous section. These questions are relatively standard and don't present major difficulties.

When is related to the timing of the event and its regularity. Entrepreneurs are busy people, but knowing that they can still come to the event next week is a great advantage. For a rather frequent event to be successful, the regularity of the event is highly recommended. When could also be an interesting dimension in the case of looking for new seeding event*s* to launch. For instance, if there is no large annual entrepreneurial event, maybe it's time for one. Moreover, a time dimension (when) can be added to the evolution of the network to highlight its dynamic perspective.

Where concerns the location – for instance a bar, an office, or a series of locations. It deals with the classic questions of expansion management, such as the growth of the event, and geographic proximity.

Who and *how many* are more interesting and richer. The who question is linked to the porosity of the event itself, and by extension, the porosity of the SoEF, and the event can range from being an all-inclusive or highly selective. For the former, focusing on inclusiveness is essential and the view is that individuals will be organically rejected if they don't fit the event. For the latter, the selection process of participants with the "right mind-set" appears to be critical. These individuals combine a passionate perspective on their work that leads them to be very professional when it comes to delivering the best product they can. Their curiosity combined with a reasonable artistic type allows them to be forward thinking, reasonable risk-takers and visionaries. Finally, their soft skills and human qualities fosters their "give before you get" mindset (Feld, 2012) and balance their more technical skills. Those aspects are very close to the literature on the characteristics of the entrepreneurs - personality traits (Brandstätter, 2011 ; Zhao & Seibert, 2006), entrepreneurial intuition (Blume & Covin, 2011) jack-of-all-trades (Lazear, 2004; Wagner, 2006), and passion (Cardon, Wincent, Singh, & Drnovsek, 2009).

During event designing, core values are discussed. In agreement with the description of participants with the "right mind-set," sharing is a core value. This sharing is done in a pleasant atmosphere and should lead to action-oriented events. These events are made by and for entrepreneurs; hence, they have no time for chitchat and focus on action. Regarding action, once the event has been designed, it is time to move on, and what better proof of concept than a bold experimentation.

Bold experimentation

Bold experimentation requires four criteria. First a permission to try and fail (fast). Second, the initiator should feel empowered and should dare boldly asking the network to help set up the event – "I shamelessly ask for sponsorship" (Feld, 2012, p.95). Third, the first event takes place as an experiment and fourth, this experiment is permission-free – "we didn't ask permission." The reason for bold experimentation is the risk-free or risk-limited characteristics of the event, the reduced amount of energy required compared to a full formal set of events, and because if it fails, it was just an experiment anyways. Envisioning the event as an experiment allows the initiators to have more liberty and releases the pressure being perfect, while the participants are able to suggest changes in the format via a gradual ownership of the event. This search for flexibility leads us to the structure of the event, which is extremely adaptive.

Adaptive structure

When it comes to structuring the events, multiple models exist and the structure is refined over time, bold experiment after bold experiment. During the first set of seeding event*s*, the structure could be extremely minimal, relying solely on the energy generated by the initiator and the enthusiasm of the first participants. For instance, the organization of the first Startup Week was described as "there was no money, no structure and no organized leadership." (Feld, 2012). Again, the role of digital tools and social media is crucial for having a non structured event. Then, after the first seeding event, the structure

can be changed and adapted to improve the fit with a participant's need. Having a minimal structure at the beginning lets the community be part of and own the event. This is a great way to involve the participants. Perfection vs. messiness is also a debated theme. Perfection could become the enemy of the good (based on Voltaire).

Moreover, while the initiator is described as having a long-term vision, it may appear to contradict comments made by initiators such as "I didn't know where it would lead" (Feld, 2012, p. 85). We suggest that there be a balance between having a flexible long-term vision of what is needed and an adaptive structure to let this vision organically and naturally unfold.

Another reason why informal and adaptive structures are well-suited is the characteristics of entrepreneurs who are used to creative destruction (Schumpeter, 2003), risk-taking and innovation (Alpkan, Bulut, Gunday, Ulusoy, & Kilic, 2010), and liquid environments (Johnson, 2010) .

Refining, growing, templating and replicating

Thanks to adaptive structure and bold experimentation, the structure, format and culture of the events become progressively refined to reach the stage of templating and replicating, while still leaving room for improvement. For instance, the success factors of the events are now well known and identified; the timing of the event has been refined (e.g. 48 hours or one week duration, yearly or weekly events); a network of alumni is active and reachable; a digital structure has been created such as website templates, blogs, twitter accounts, and other forms of online social networking; new initiators are expressing the desire to bring the event to their own area, etc.. The event can then continue to grow on its own and/or be replicated if it makes sense (e.g. TED in TEDx). Because entrepreneurs are action-oriented, growing through refining, templating and replicating can be very fast. In terms of common success factors, Feld mentioned the following: "an ability to creatively adapt to market demand," "a stubborn leader with a vision," and "free beer" (2012).

Seeding event and spaces of entrepreneurial freedom

Finally, seeding event, by patching holes in a network, bring together participants and allow the creation of a more efficient, creative and value-creation flux. This flux of ideas, money, actions, software code, knowledge, people information, and so on are the basic building blocks that lead to the creation of solid networks and new startups, the recognition and exploitation of opportunities, and the creation and development of vibrant spaces of entrepreneurial freedom, ultimately fostering and developing a strong economy.

Contributions, Limitations and Future Research

To conclude, we would like to reinforce our contribution and raise a few limitations and future research questions.

We contribute to the literature about entrepreneurship by introducing the concept of seeding event and its stage model leading to the creation of spaces of entrepreneurial freedom. Hence, this paper is helpful for several streams of research. First, for the research on entrepreneurship in general (Shane & Venkataraman, 2000), but also for specific research streams such as the very rich field of opportunity recognition (Shane & Venkataraman, 2000), clusters and geography (Audretsch & Feldman, 1996; Gilbert, McDougall, & Audretsch, 2008), network of entrepreneurs (Katz & Shapiro, 1985, 1994) and, the entrepreneur as an individual - (Blume & Covin, 2011; Brandstätter, 2011; Cardon et al., 2009; Lazear, 2004; Wagner, 2006; Zhao & Seibert, 2006). Second, this paper also contributes to the field of research at the intersection of structural holes, social capital and entrepreneurship - however our paper focuses on network opportunities leading to SoEF and not just entrepreneurial opportunities.

Is Freedom too strong? One could argue that the term freedom implies that the organization functions as a jail and its members are prisoners. Well, in fact, from the point of view of the entrepreneur, expressions such as "the golden handcuffs," "it kills me," or "in this organization, people were rejecting their personal values" clearly expresses the perceived brutality of some organizations by the future entrepreneur. That said, it is important to keep in mind that not all individuals are unhappy in non-entrepreneurial settings. Indeed, many people thrive in environments with rules and processes that keep the organization in order.

Do we need SoEF? In some cases, the development of entrepreneurial behavior may not be appropriate. For instance, if the industry or company needs to be highly regulated, too much entrepreneurial behavior may lead to major mistakes. In other cases, there is a need to stabilize the profit and therefore alternate an expansion/entrepreneurial phase with a stabilization/non-entrepreneurial phase. This varies from one circumstance or period to another.

Expanding the analysis of emerging core categories. Some concepts may require more in-depth analysis. Following Glaser (2012), we suggest that some of the concepts that emerged as lower-level concepts may very well deserve to be explored as core categories. For instance, the concepts of porosity or protecting the SoEF may have additional nuances, complexities, or hybrid forms that can be useful to explore further.

Finally, seeding event is a good candidate for a Formal Grounded Theory (Glaser, 2007). The recent paper by Rao (2012) on "Free Spaces" in "the 1857 Bengal Native Army" would be an interesting starting point to pursue such an objective.

References

Alpkan, Lutfihak, Bulut, Cagri, Gunday, Gurhan, Ulusoy, Gunduz, & Kilic, Kemal. (2010). Organizational support for intrapreneurship and its interaction with human capital to enhance innovative performance. *Management Decision, 48*(5), 732-755.

Audretsch, David B., & Feldman, Maryann P. (1996). R&D spillovers and the geography of innovation and production. *The American Economic Review, 86*(3), 630-640.

Blume, Brian D., & Covin, Jeffrey G. (2011). Attributions to intuition in the venture founding process: Do entrepreneurs actually use intuition or just say that they do? *Journal of Business Venturing, 26*(1), 137-151.

Bounfour, Ahmed. (2011). *Acceluction in action*: Fondation CIGREF.

Brandstätter, Hermann. (2011). Personality aspects of entrepreneurship: A look at five meta-analyses. *Personality and Individual Differences, 51*(3), 222-230.

Burt, Ronald S. (2002). The social capital of structural holes. In M. F. Guillén, R. Collins, P. England & M. Meyer (Eds.), *The New Economic Sociology* (pp. 148-192). New York: Russell Sage Foundation.

Burt, Ronald S. (2004). Structural holes and good ideas. *American Journal of Sociology, 110*(2), 349-399. doi: 10.1086/421787

Cardon, Melissa S. , Wincent, Joakim, Singh, Jagdip , & Drnovsek, Mateja. (2009). The nature and experience of entrepreneurial passion. *The Academy of Management Review 34*(3), 511-532.

Feld, Brad. (2012). *Startup Communities*: Wiley.

Gilbert, Brett Anitra, McDougall, Patricia P., & Audretsch, David B. (2008). Clusters, knowledge spillovers and new venture performance: An empirical examination. *Journal of Business Venturing, 23*(4), 405-422.

Glaser, Barney G. (1978). *Theoretical sensitivity: advances in the methodology of grounded theory*. Mill Valley, CA: Sociology Press.

Glaser, Barney G. (1998). *Doing grounded theory: issues and discussions*. Mill Valley, CA: Sociology Press

Glaser, Barney G. (2007). *Doing formal grounded theory: a proposal*. Mill Valley, CA: Sociology Press.

Glaser, Barney G. (2011). *Getting out of the data*. Mill Valley, CA: Sociology Press.

Glaser, Barney G. (2012). *Stop, write*. Mill Valley, CA: Sociology Press.

Glaser, Barney G., & Strauss, Anselm L. (1967). *The discovery of grounded theory: strategies for qualitative research*: Aldine Transaction.

Johnson, Steven. (2010). *Where good ideas come from: the natural history of innovation*. New York, NY: Riverhead Hardcover.

Katz, Michael L., & Shapiro, Carl. (1985). Network externalities, competition, and compatibility. *The American Economic Review, 75*(3), 424-440.

Katz, Michael L., & Shapiro, Carl. (1994). Systems competition and network effects. *The Journal of Economic Perspectives, 8*(2), 93-115.

Lazear, Edward P. (2004). Balanced skills and entrepreneurship. *American Economic Review, 94*(2), 208-211.

Pinchot, Gifford. (1985). *Intrapreneuring: why you don't have to leave the corporation to become an entrepreneur.* New York: Harper & Row.

Rao, Hayagreeva, & Dutta, Sunasir. (2012). Free spaces as organizational weapons of the weak: religious festivals and regimental mutinies in the 1857 Bengal native army. *Administrative Science Quarterly, 57*(4), 625-668. doi: 10.1177/0001839212467744

Schumpeter, Joseph. (2003). The theory of economic development. In J. G. Backhaus (Ed.), (Vol. 1, pp. 61-116): Springer US.

Shane, Scott. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science, 11*(4), 448.

Shane, Scott, & Venkataraman, Sankaran. (2000). The promise of entrepreneurship as a field of research. *The Academy of Management review, 25*(1), 217-226.

Wagner, Joachim. (2006). Are nascent entrepreneurs 'Jacks-of-all-trades'? a test of Lazear's theory of entrepreneurship with German data. *Applied Economics, 38*(20), 2415-2419.

Walker, Gordon, Kogut, Bruce, & Shan, Weijian. (1997). Social capital, structural holes and the formation of an industry network. *Organization Science, 8*(2), 109-125. doi: 10.2307/2635305

Zhao, Hao, & Seibert, Scott E. (2006). The big five personality dimensions and entrepreneurial status: a meta-analytical review. *Journal of Applied Psychology, 91*(2), 259-271.