NURTURING THE INTERPRENEUR

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Abstract

Few topics in the family business literature have been studied more than management and ownership succession. In today’s competitive global economy, businesses find that innovation, growth and other entrepreneurial behaviors are necessary to survive and prosper. Ernesto Poza (1988) proposed a model for developing entrepreneurial orientations and actions in family business successors, labeling those successors interpreneurs. This study reports the results of interviews with five second-generation company owners and determines how well their experiences match the precepts of Poza’s model. Analyses find that the CEOs behaved entrepreneurially post-transition, but with few examples of conscious preparation by the preceding founders. For the five cases studied, family relationships and business involvement in childhood and adolescence appear to have been influential factors.

Key words: succession; entrepreneurship; corporate entrepreneurship; intrapreneurship.

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INTRODUCTION

Stereotypes persist. Within large populations, examples can always be found that reinforce stereotypes, and humans are known, stereotypically, for engaging in selective perception. There are well-known stereotypes of small businesses and family-owned enterprises, many negative (Barnes and Hershon, 1976). Small family firms are often referred to as ‘mom & pops’, implying no-growth businesses that family members substitute for employment elsewhere. The phrase, “shirtsleeves to shirtsleeves in three generations,” suggests that the business and wealth created by a hard-working founder will be squandered by spoiled grandchildren. The dictionary definition of nepotism refers to favoritism given to a relative, connoting questionable competence on the part of the relative, a circumstance long associated with family-owned companies (Donnelley, 1964).

Yet we know that family businesses dominate in numbers the economies of most countries. And many survive for multiple generations. The purpose of this article is to review prior research on how successors have been groomed for leadership, to examine cases of successful transitions, and propose conditions for preparing the succeeding generations to be entrepreneurial.

The notion of an entrepreneurial successor is a relatively recent one. Early studies of small business owners questioned whether founders could make the transition from entrepreneur to professional manager. In their much-cited article, Hofer and Charan (1984) proposed steps for entrepreneurs to take in order for their management skills to grow and develop along with their businesses. The fact that there was a perceived need for such advice makes a statement about the entrepreneurial stereotype. Such viewpoints are not extinct. A 2007 article by Chittoor and Das defines professionalization of management as “succession of management from a family member to a nonfamily professional manager” (p. 67). Similarly, Songini (2006) considered non-family involvement to be a requirement for the professionalization of a firm. She accepted board members as qualifying as involved, not just managers. Thus, prescriptions have been often for the succeeding manager, family member or otherwise, to bring administrative skills to the organization. Greater awareness of the competitive environments of the global economy has caused both scholars and practitioners to value innovation and growth orientations as positive characteristics of chief executive officers. As businesses mature, leaders are charged with being more entrepreneurial in their behavior.

Ernesto Poza (1988) coined the term ‘Interpreneur’ to identify a family member who succeeds a business owner, bringing an entrepreneurial attitude to the leadership role. The interpreneur may grow the firm to a new level, but may also turnaround a firm in decline, typically with innovative approaches. Poza proposed criteria for preparing interpreneurs in family ventures. This study examines some interpreneurs and compares their experiences with Poza’s normative model.

PREPARING SUCCESSORS

Early contributors to the business management literature emphasized functional management skills, with the ability to integrate those skills being critical to
advancement up the organization ladder. Another time-honored recommendation for developing successors is that they should obtain work experience in organizations other than the family business before joining the firm. This presumably builds their self-confidence and also affords them credibility when entering the family business. Researchers have found this to be rare in practice, however (Barach, Ganitsky, Carson, and Doochin, 1988).

In a study sponsored by the United States government in the 1980s, Pratt and Davis (1985) identified several factors that inhibited entrepreneurial actions by second generation owners:

- Emphasizing continuing a tradition rather than running a business.
- Concentrating on perfecting a product or service instead of diversifying.
- Avoiding loss of control that could result from mergers, acquisitions, and stock sales.
- Maintaining a secretive environment.
- Recruiting less qualified personnel to ensure family member superiority.

Applications of life cycle theories have highlighted sources of conflict between generations (Lansberg, 1988; Peiser and Wooten, 1983). Founders may find themselves reenacting with their offspring struggles they experienced with their own parents when they were young. Children may become impatient with attempts by retiring parents to continue to exercise power both over the business and family members. Not only do the goals of the two generations collide, but they may also be in conflict with the needs of the business resulting from the life-cycle stage of the firm. The recognition and acknowledgement of sources of conflict due to life cycle differences may enable founders to improve communication with successors and develop them for leadership roles (Hoy, 2006).

LESSONS FROM CORPORATE ENTREPRENEURSHIP

The corporate entrepreneurship literature provides some guidance regarding entrepreneurial activities in existing ventures. Although various terms (e.g. corporate venturing or intrapreneurship) have been in vogue with shades of difference in definition, no such distinctions are drawn here. Intrapreneuring, the term from which intrapreneurship was derived, was coined by Gifford Pinchott III (1985). He labeled “Those who take hands-on responsibility for creating innovation of any kind within an organization” (p. ix) as intrapreneurs. Corporate entrepreneurship has been associated with the creation of new ventures within larger organizations, with innovation, strategic renewal and other actions that extend beyond normal business transactions. Not all family businesses are corporations. Nevertheless, this literature addresses existing and mature firms and the entrepreneurial strategies they employ, suggesting a proxy for the maturing family enterprise that may call upon the succeeding generation to reenergize the business.

What are observable entrepreneurial events in an existing business? The most obvious and the most frequently occurring in the literature is the creation of an internal venture, but corporate entrepreneurship encompasses a number of activities besides start-ups. “The large corporation can be as good an arena for practicing entrepreneurship as the growth-oriented start-up. Creating value and advantage, the chief outcome of
entrepreneurial activity, can be achieved by uniquely reshaping physical structure and financing as by delivering unique products and services” (Mitton, 1988, p. 537).

Melin (1986, p. 727) defined an entrepreneurial activity as “…an action that implies fundamental change in existing patterns, first in mental patterns, and then in more tangible patterns, as the external product/market relations of the firm.” Elder and Shimanski (1987) included redirection decisions under corporate venturing, i.e. changing strategic direction after investing substantial amounts of time and money in an original direction that may have resulted in failure.

A few authors have proposed classifications of corporate entrepreneurs and ventures. Kanter (1983) labeled four types of entrepreneurs: system builders, loss cutters, socially conscious pioneers, and sensitive readers of cues about the need for strategy shifts. “These ‘new entrepreneurs’ do not start businesses; they improve them. They push the creation of new products, lead the development of new production technology, or experiment with new, more humanly responsive work patterns” (Kanter, 1983, p. 210). Morris, Kuratko and Covin (2008) listed seven ways in which corporate entrepreneurship may be manifested: traditional R&D, ad hoc venture teams, new venture divisions or groups, champions and the mainstream, acquisitions, outsourcing, and hybrid forms.

Vesper (1984) suggested that a corporate venture is one that satisfies one or any combination of the following three criteria:

- New strategic direction
- Initiative from below
- Autonomous business unit creation

He distinguished corporate ventures from other non-entrepreneurial activity, including ordinary new product development, acquisition, joint venture, venture groups or divisions, and independent spin-offs. Alternatively, MacMillan, Block and Subba Narasimha (1984) included joint ventures and acquisitions in their conceptualization of corporate entrepreneurship.

Ellis and Taylor (1987) proposed four types of corporate venturing (Table 1). They provided strategy and structure criteria that can be used to classify businesses. They further identified driving forces behind intrapreneurial activity: organizational conditions, sponsorship, management profiles, venture processes, and rewards.
Table 1. Creating the Culture that Supports Interpreneurship.

<table>
<thead>
<tr>
<th>Setting the Stage</th>
<th>Identifying and Managing Barriers to Change</th>
<th>Specific Interventions</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic exploration</td>
<td>Absence of growth vision</td>
<td>Specialization</td>
<td>Profitability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diversification</td>
<td>Growth</td>
</tr>
<tr>
<td>Organizational change and development</td>
<td>Distance from customers, employees, operations, and the competition</td>
<td>Entrepreneurial approximations</td>
<td>Family harmony</td>
</tr>
<tr>
<td>Financial restructuring</td>
<td>Nervous money and short-term focus</td>
<td>Task and business teams</td>
<td></td>
</tr>
<tr>
<td>Family system change</td>
<td>Large overheads and perception of high social (image) risk</td>
<td>Information systems</td>
<td></td>
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<tr>
<td></td>
<td>Obsession with data and logic</td>
<td>Family venture capital company</td>
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<td></td>
<td>Inappropriate boundaries between management, owners, and the interpreneur</td>
<td>Ownership equity structures</td>
<td></td>
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<td></td>
<td></td>
<td>Human resource policies and practices</td>
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</table>


Models for developing intrapreneurs focus on the internal culture of the organization. Key variables are structure, reward systems and mentors. An assumption of corporate entrepreneurship is that the internal environment can facilitate or constrain entrepreneurial behavior. An elaboration of constraints may be found in Morris (1998). McGrath and MacMillan (2000) presented a set of questions for executives, which can be viewed as a checklist for promoting entrepreneurial initiatives within a larger organization. Examples of the questions include, “Am I visibly allocating disproportionate resources to entrepreneurial initiatives?”, “Am I consciously orchestrating an entrepreneurial development process?”, “For each specific initiative, especially new business ventures, might we need internal path clearing?” (pp. 334-335). Pinchot (1985) had a similar list of questions directed toward the intrapreneur, such as, “Do you think about new business ideas while driving to work or taking a shower?”, “Do you get into trouble from time to time for doing things that exceed your authority?”, “Would you be willing to give up some salary in exchange for the chance to try out your business idea if the rewards for success were adequate?” (p. 31).

Most models do not ignore the role of the individual as intrapreneur. They look at some of the same characteristics as are found in the family business literature, although omitting the effects of family on the individual. Morris, Kuratko and Covin (2008) showed the personal characteristics, personal environment, and personal goals as motivating factors on the decision of a manager to behave entrepreneurially.
FROM INTRAPRENEUR TO INTERPRENEUR

Many models are available in the family business literature that proposes causal variables for effective management and ownership succession (e.g. Lambrecht and Donckels, 2006). Few, however, explicitly emphasize preparing the successor to be an entrepreneurial leader. Building on Drucker’s assertion that he knew of “...no business that continued to remain entrepreneurial beyond the founder’s departure unless the founder has built into the organization the policies and practices of entrepreneurial management” (1985, p. 170), Poza (1988) developed a framework for supporting ‘interpreneurship.’ He defined interpreneurship as organizing and supporting “…a revitalization of the business just prior to or during the time of the next generation” (p. 340). The components of Poza’s framework are reproduced in Table 2. This study investigates changes in strategy, organization, business finances, and the family that he argued set the stage and established the policies and practices for interpreneurship.

Table 2. Venture Types - Postulated Distinctions.

<table>
<thead>
<tr>
<th>VENTURE TYPE</th>
<th>STRATEGY</th>
<th>STRUCTURE</th>
<th>PROCESS</th>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>Unrelated venture</td>
<td>Independent unit</td>
<td>Assembling and configuring of novel resources</td>
<td>Unique very high</td>
</tr>
<tr>
<td>Business</td>
<td>Mostly related</td>
<td>Semi-autonomous unit</td>
<td>Resources held in diverse corporate locations</td>
<td>High</td>
</tr>
<tr>
<td>Product/Market</td>
<td>Closely related new product, new market</td>
<td>Added to existing structure</td>
<td>Remarshalling or sharing facilities within the business</td>
<td>Moderate</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Integral</td>
<td>Unaltered structure (Inside business)</td>
<td>Modifying existing operations</td>
<td>Low</td>
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</table>


While the nature of entrepreneurship has been described as disruptive and discontinuous, Poza made the interesting contention that successful interpreneurship is planned, orderly, almost evolutionary. He described strategic change as a natural progression from founder to inheritor, with the succeeding generation maintaining a sensitivity to their parents as they map a future course of action. Organizational changes are reflected in structural approaches designed to institutionalize growth, encouraging autonomy among units in order to compete successfully within their environments. Financial restructuring relates to ownership transition and sets the stage for new ventures. Family cultures can facilitate or constrain interpreneurship.
Of particular concern are leadership patterns. García-Álvarz and López-Sintas (2006) proposed a socialization matrix indicating means by which different types of family business founders could convey their leadership values to the second generation. The family business literature stresses the need for individuation by the successor, establishing an identity distinct from the family. A parallel but somewhat different characteristic in the corporate entrepreneurship is individualism, encapsulating self-orientation, self-sufficiency, and self-control. Individualism is manifested by pursuing goals that may not be consistent with those of colleagues or by deriving pride from one’s own accomplishments (Morris, Kuratko and Covin, 2008).

Poza argued that identifiable barriers exist within family firms that are obstacles to interpreneurship:

- absence of a growth vision,
- distance from customers, employees, operations, and the competition,
- nervous money and short-term focus,
- large overheads, perception of high social (image) risk, and
- inappropriate boundaries between management, owners and interpreneur.

In comparison, Morris, Kuratko and Covin (2008) listed the following limitations of the corporate entrepreneur:

- lack of political savvy: learning to work the system,
- lack of time: crisis management,
- lack of incentive to innovate: beyond tokenism,
- lack of financial credibility: inability to project believable numbers,
- lack of people skills: autocracy rules,
- lack of legitimacy: untested concept and untested entrepreneur,
- lack of ‘seed’ capital: the problem of early resources,
- lack of open ownership: protecting turf,
- lack of a sponsor: someone to watch over you,
- lack of energy and shared enthusiasm: the inertia problem,
- lack of personal renewal: the issue of reinforced denial,
- lack of urgency: fear as good and bad, and
- lack of appropriate timing: the resource shift dilemma.

The second list is far more exhaustive than the first, immediately calling attention to the fact that the interpreneur not only has obstacles related to being in business with family members, but also has to overcome barriers inherent in organizations generically.

What are some remedies for overcoming obstacles? Morris, Kuratko and Covin propose that intrapreneurs 1) build social capital through sharing information, creating opportunities for others, and building networks; 2) gain legitimacy by endorsing the work of others and achieving small successes of their own; 3) develop political skills; and 4) acquire resources through borrowing, begging, scavenging, and amplifying. Poza’s suggestions directed specifically at family businesses are shown in Table 3. He leaned more toward indirect approaches via creating an interpreneurial culture in the organization, but he also acknowledged the necessity of becoming an effective
politician within the company. According to Poza, the interpreneur can transform the family business into a professional organization without losing its familiness.

**Table 3. Creating an Interpreneur Culture.**

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
</tr>
<tr>
<td>Knowledge of product and manufacturing process technology</td>
<td>Specialization</td>
</tr>
<tr>
<td>Knowledge of market</td>
<td></td>
</tr>
<tr>
<td>Overcoming absence of growth vision</td>
<td>Diversification</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial approximations</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
</tr>
<tr>
<td>Role differentiation and separation between family and business and between owners and managers</td>
<td>Task and business teams</td>
</tr>
<tr>
<td>Focused structures</td>
<td></td>
</tr>
<tr>
<td>Communication and problem solving</td>
<td>Reward systems</td>
</tr>
<tr>
<td>Overcoming distance from Customers and employees</td>
<td></td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td></td>
</tr>
<tr>
<td>Creating an information-rich decision-making environment</td>
<td>Information systems</td>
</tr>
<tr>
<td>Funding of new ventures</td>
<td></td>
</tr>
<tr>
<td>Overcoming obsession with data and the &quot;nervous money&quot; syndrome</td>
<td>Family venture capital company</td>
</tr>
<tr>
<td><strong>Family structures</strong></td>
<td></td>
</tr>
<tr>
<td>Equity structures that support &quot;focused&quot; organization structure and a distinction between active and inactive owners</td>
<td>Ownership equity</td>
</tr>
<tr>
<td>Commitment and sense of ownership by nonfamily employees</td>
<td></td>
</tr>
<tr>
<td>Overcoming inappropriate roles and boundaries between founder, family, and business</td>
<td>Human resource policies and practices</td>
</tr>
<tr>
<td>Overcoming perception of high social risk</td>
<td></td>
</tr>
</tbody>
</table>


**CASES OF INTERPRENEURIAL SUCCESSION**

Working from Poza’s model for creating a culture supportive of interpreneurship, a questionnaire was designed to capture business and personal experiences associated with stage-setting activities. Procedures outlined by Hair, Babin, Money and Samouel, (2003) were followed in designing the questionnaire.
To test the applicability and comprehensiveness of Poza’s model, structured, in-depth interviews were conducted with five second-generation chief executive officers, who, following their succession transitions, led their firms in an entrepreneurial activity as defined by Ellis and Taylor (1987) and Morris, Kuratko and Covin (2008). The five CEOs were selected by a judgment or purposive sampling procedure, a non-probability technique applicable to studies in which sample members are chosen for a particular purpose (Hair, et al., 2003). Specifically, this study required respondents who qualified as successors to family business founders, whose companies had passed through events that met criteria for being entrepreneurial, and were companies that were measurably larger than when the founder was CEO. Measures for growth were sales, profits and assets.

Interviews were conducted by a doctoral student trained and supervised by the author. Each interview lasted approximately two hours. Information resulting from in-depth interviews was evaluated to determine the links between stage setting, barrier management, interventions and outcomes.

Brief descriptions of each firm are given below along with the nature of each transition and the company’s match with the Ellis and Taylor (1987) and the Morris, Kuratko and Covin (2008) classification schemes.

**Company A**: Wholesale fuel distributor. The founder owned a chain of petrol stations. The chain passed to his wife upon his death. Following the widow’s retirement, half of the stations were leased by the daughter of the founding couple. She leveraged the retail outlets into a wholesale distribution outlet. The CEO converted the family firm into an independent, but related, enterprise. She subsequently acquired part-ownership of two other less-related ventures. Applying the Ellis and Taylor framework, she initiated a business entrepreneurial venture, then extended into a corporate venture. Drawing from Morris, Kuratko and Covin, the CEO began in the champion and the mainstream category, then followed with acquisitions.

**Company B**: General contractor. The father launched and grew a residential construction company. Upon his retirement, management and ownership were passed along to the oldest son. The son moved to create four new divisions within the firm: commercial construction, joint ventures, rental property, and investment properties. The new divisions were structured to be semi-autonomous from the original company, and were headed both by siblings of the CEO and by non-family managers. This case fell into the new venture division or group classification (Morris, Kuratko and Covin) and business entrepreneurial venture (Ellis and Taylor).

**Company C**: Music and film sales and rental company. A husband and wife opened a record store and expanded it to the largest retail chain of its kind in their region of the country. As they approached retirement, they transferred executive authority and eventually ownership to their daughters. The CEO continued the store expansion, combining the growth with a change-over in product lines as technology impacted the industry. This case was an example of product/market extension and a hybrid approach of new product introduction and division expansion.

**Company D**: Manufacturer of storage systems. Upon the untimely and unexpected death of the founder, the widow became the sole owner. When she died, the business
was inherited by her daughter. The daughter expanded the company from a regional to a national and then international market. She also added product lines and restructured internal operations. Similar to Company C, this is a case of a hybrid form and a new market expansion.

Company E: Manufacturer of flexible packaging materials. This was another transition precipitated by an unexpected death of the founder. In this case, the son first continued two major projects that had been initiated by his father. The son then turned his sights toward implementing manufacturing efficiencies, streamlining product lines and market segments, and improving quality and service. Under his leadership, the firm achieved record-breaking sales. This case fits Ellis and Taylor’s efficiency venture type, and the champions and the mainstream category of Morris, Kuratko and Covin’s manifestations.

IMPlications FOR POZA’S MODEL AND BEYOND

Poza’s culture framework was designed as a strategy for venture owners to plan and organize for the succeeding generation to assume entrepreneurial orientations as the succeeding leaders of their firms. Five CEOs who qualified as entrepreneurial successors were interviewed to determine how well Poza’s model described actual interpreneurial cases. Interview responses were analyzed using the lenses of the four model components for setting the stage for interpreneurship.

Strategic Exploration

None of the five companies was characterized by an absence of a growth vision on the part of the founder. Although each successor built his/her business to new heights, all interviewees described their respective parents as visionary with growth orientations. Only the CEOs of companies C and E reported actions by their fathers that could be labeled as strategic planning, but all five engaged in strategic redirection of their firms.

The founder of Company C brought all four of his children into the business at various times, but only the youngest daughter remained from the moment she joined the firm. Her older sister left for a time, but was welcomed back to the company at a later date. The founder assigned the daughters various responsibilities, and determined the time and method of transition. He worked closely with the daughters to ensure the continuity of his growth strategy. Acting as a top management team, the three family members decided that the firm had to grow rapidly in order to compete effectively with national chains that were entering their market. To fund the growth, the owners took the company public. Their chain continued to specialize as a retailer, but the daughters, with the advice and support of their father, redefined the company from being a record store business to becoming an “entertainment business.”

After years of observing his father’s strategic planning activities and results, the CEO of Company E continued the practice. The founder had laid out a plan for the son to rotate through various management assignments, gaining specialized experience. The son was forced early into the top leadership role of the firm, however, when his father died.
Despite the lack of founder strategic planning in the other three cases, all three, as well as Companies C and E, achieved higher profit levels following the ascension of the interpreneurs. It is consistent with the family business literature that the founders had not prepared formal transition plans prior to their deaths, something that occurred in three of the five cases. None of the CEOs interviewed described extensive experience in strategic exploration prior to becoming the top executives, except in the case of Company C. But all exhibited the skill after having moved into the top position, suggesting that other causal factors may have been at work.

Organizational Change and Development

Poza observed that, “Changes in strategy are often accompanied by changes in structure and vice versa” (1988, p. 356). Changes in the organizations in each case studied were more overt following the transition rather than in preparation for or during the transition. Typical changes involved the formalization of organizational policies, leading to greater role specification and differentiation. This was most noticeable in Companies B and E. In both cases, the sons had earned MBAs from the Harvard Business School and returned to their respective firms with orientations toward policy formulation and implementation.

There was no indication given in any of the interviews that the companies faced the barrier of distance from customers, employees, operations, and competition either prior to or following the transitions. Nor were any entrepreneurial approximations reported by the interviewees regarding their pre-transition experiences in the companies, although there were examples of task and business team participation. Family harmony was not identified as a problem before or after the succession occurred in any way that could be construed as unusual.

Financial Restructuring

Poza argued that, “Financial reorganization is perhaps the approach most often used to set the stage for new ventures in the family business” (1988, pp. 356-357). Although only one venture founder initiated financial restructuring preparatory to the transition, four of the firms adopted various forms of restructuring in order to implement the entrepreneurial strategies of the interpreneurs.

The founder of Company C began the process that led to an initial public offering for his retail chain before transferring management authority to his daughters. Four CEOs described various forms of financial restructuring during or subsequent to the leadership transition. The CEO of Company A used the productive assets of her parents’ firm to launch her own venture. In Company B, working from his Harvard class notes, the son wrote a change of ownership agreement that allowed him to purchase controlling interest two years after he was named president of the firm. The founder of Company C transferred stock to his daughters as part of a larger estate settlement plan. Subsequent to the transition the father and daughters collaborated on the completion of the IPO. Company E CEO copied a pattern established by his father and financed his expansions through increased debt.

None of the interviews uncovered any examples of nervous money or short-term focus as barriers to entrepreneurial development.
Family System Change

Although Poza’s barriers to family system change were not found to be present in these five cases, statements were made by the CEOs that reinforced his intervention recommendations. In all cases, new equity structures were developed to ease the transfers of ownership. Some CEOs reported stress occurring in sibling relationships (The CEO of Company C was an exception, being an only child.), but each perceived himself or herself as the obvious and legitimate heir-apparent in the business. There were no reports of irreparable damage to family relationships.

Most of the CEOs implemented or continued human resource policies and practices. These sometimes appeared to go hand-in-hand with the growth of the respective ventures. The CEOs of Companies A, C, D, and E specifically expressed concern over the treatment of their employees and the values they wanted reflected within their organizations.

Common characteristics were observed among the five cases analyzed in terms of developing interpreneurs:

1. Commitment from the senior generation.
2. A flexible organization structure.
3. Autonomy for the successor.
4. Evidence of competent and talented successors.
5. Incentives and rewards.
6. Appropriate controls.

From childhood through entry into the family firms, the interpreneurs in the case studies were prepared for leadership roles through actions of the senior generation. This is not the first study to suggest that early childhood experiences add to the preparation for family business leadership (c.f. Longenecker and Schoen, 1978). Barach et al. (1988) observed that performing low-level tasks while still in childhood or adolescence facilitated learning through trial and error, when errors were less costly and not unexpected by non-family employees of the firm.

These cases also provide evidence in support of normative recommendations in the literature for life-cycle solutions to leadership and organizational development. For example, Peisner and Wooten (1983) proposed three actions to resolve life-cycle conflicts. First, they encouraged senior managers to give the next generation experience through project rather than functional management. The objective is to break the successors loose from narrow perspectives of the company. Second, they favored forthright recognition of the emotional aspect of family members working together, followed by applying rational processes to daily relationships. Third, they called for participation in strategic planning, including determining the implications of the strategies for family involvement in the business.

Specifically, the business founders willingly shared their knowledge of their enterprises, shared decision making authority, and shared power in the management of the firms. Trevinyo-Rodríguez and Tápies (2006) explained that knowledge sharing is different in family businesses from non-family businesses. Tacit knowledge may be
passed from generation to generation via traditions and values. Specific advantages held by family firms result from sharing goals and investing trust in one another.

In the process of sharing, the successors did not abuse the privileges they were given, instead demonstrating attitudes that valued the contributions of their seniors. On the other side of the equation, the senior generation did not fall prey to life cycle conflicts. They recognized that their heirs had different goals and approaches to venture management than they did.

**CONCLUSIONS**

The small sample size prohibits any generalizations to larger populations. Nevertheless, the responses from these five CEOs make it possible to obtain and evaluate information on the variables that Poza proposed in his normative model. Data availability and applicability suggest that the framework warrants further research. Preliminary indications raise questions regarding the explanatory power of the model. Its application to practical use needs to be studied.

Minimal or no transition planning was reported in four of the five cases. This casts doubt on Poza’s contention that interpreneurship is unlikely to occur without careful preparation. Alternatively, the preparation may be far more subtle than the framework suggests. The owner of Company B was emphatic that his entrepreneurial success could be traced to his upbringing, particularly to early responsibilities that his parents imposed on him. This sentiment was echoed by others. The CEO of Company C highlighted observing her father’s behavior as an entrepreneur throughout her childhood and the effect that had on her own ambitions. Poza’s model may require refinement to capture the various influences family have on interpreneurship at a much earlier stage of life.

A few additional, tentative conclusions were derived from the five interviews:

- Although the responses of the CEOs indicated a lack of transition planning by the founding generation, none had developed a plan for third generation succession.
- The second generation owners managed to grow their ventures in both revenue and profitability despite evidencing some of Pratt and Davis’ inhibitory factors: valuing tradition, exhibiting secretive behavior, and seeking to maintain control.
- The current owners described themselves as applying organizational skills more often associated with effective administrative management than with interentrepreneurial behavior, yet their outcomes fit the criteria for corporate entrepreneurship.
REFERENCES


