

## **Finding the right “pitch”: Entrepreneurial innovation as story-telling**

### **ABSTRACT**

Entrepreneurs seek to create and extend product niches across conceptual and geographic boundaries. However, extant products and advanced prototypes occupy the awareness of venture capitalists and of potential clients. The resulting competition leads to the desideratum of resource transformation which starts with the generation and communication of new representations by the entrepreneur to achieve funding through venture capitalists. Novelty and innovation can thus be understood like improvisation in jazz music, as an extension of continuous change, albeit with self-similar properties. These so-called clusters, chunks or motifs with which the entrepreneur “plays” bricolage are only constrained by the fields’ communication network. The present paper brings together the literature on new venture creation and narrative framing. In the course of outlining and dissolving five common misconceptions, it offers a way for researchers in communication and entrepreneurship studies towards a better understanding of the contest over ideas and the diffusion of innovation.

#### **Keywords:**

Interpretive approaches; identity; knowledge creation

## **Finding the right “pitch”: Entrepreneurial innovation as story-telling**

A large part of the entrepreneurship literature has been motivated by several paradoxes and dichotomies that have given meaning to the concepts of ‘wealth creation’ and ‘societal benefits’. Two core notions in the field are those of ‘innovations’ and of ‘opportunities’ insofar as the generation of the first and the usage of the second may provide paths to attain these inspiring aims. In spite of a long debate on the nature of both of these concepts, no clear consensus has formed about questions such as: How does continuous change interrelate with radical innovation or embeddedness with flexibility? And are market opportunities discovered or created, a result of rational deliberation or of intuition, based on intrinsic quality or on symbolic management?

There is at least one consideration in this turmoil however, that has been practically exempt from debate: that innovation is one of the main attributes that is distinctive for the field of entrepreneurship and that needs to be explained.<sup>1</sup> Many people are inspired by Schumpeter’s (1934) and Popper’s (1959, 1963; also cf. Peters and Waterman 1982) heroic story in which the innovative entrepreneur or researcher as the protagonist is an extraordinary genius. Wealth creation occurs since she is equipped with superior knowledge (Schumpeter 1934), judgment ability (Knight 1921, Penrose 1959, Casson 1982) or alertness to market imperfections (Kirzner 1997). In this paper I try to explain not only how innovation happens, but also how it best can be communicated to venture capitalists. This is achieved by developing parallels in this paper between a process- and relationship-based perspective in the study of organizations on the one hand and a narrative point of view in which several plot threads are interrelated on the other.

Over the following sections, five common communication failures in the entrepreneurship field will be dismantled and suggestions will be offered of how to overcome them by embedding them into a

---

<sup>1</sup> For a legitimization of the field, see the research note of Shane and Venkataraman (2000).

broader narrative. The five anomalies concern the demarcation of a category, the creation-discovery dichotomy, the assumption of one-dimensional change, the ideal of reductionism and the knowing-doing dichotomy. In the course of this critique and outline, diverse topics from sociology, narratology and pragmatism will be integrated. In particular, a focus will be on the building up of dramatic tension in the communication process of an entrepreneur in front of venture capitalists that is related to 'bricolage' as the formation of links and patterns (cf. Baker and Nelson 2006, Harper 1987: 24, Levi-Strauss 1966) and to 'performativity', "(...) that reiterative power of discourse to produce the phenomena that it regulates and constrains." (Butler 2000, also cf. Pickering 1995, Callon 1998).

## CONTINUOUS, HOLISTIC CHANGE REPLACES THE DEMARCATION CRITERION

Characteristic for inductive research as well as for story telling is that one first chooses a starting point, set-up or milieu and then describes how characteristics and events evolve from there. Brown and Eisenhardt (1997) ground their case study in the fast-moving computer industry on the role of continuous change or the related concept of 'exploitation' (cf. March 1991). Their argument is mainly that "[w]hile the punctuated equilibrium model is in the foreground of academic interest, it is in the background of the experience of many firms." citing Sears, Intel, Wal-Mart, 3M, Hewlett-Packard and Gillette as examples. Historically, linear progress has occupied a predominant place in the minds of many business strategists after Japanese firms implemented in the second half of the twentieth century a method of incremental progress called 'kaizen' (Imai 1986) and earned enormous success and after Axelrod's (1984) insights on the tit-for-tat strategy for achieving steadily growing trust, commitment and performance. Reflecting Kuhn's paradox (1970 [1962]) that in order to reach scientific breakthroughs or turning points, focusing work on normal science is the best way to go, Brown et al.

find (1997: 2) that “continuous change is often played out through product innovation as firms change and ultimately even transform through altering their products” as is also shown by Burgelman (1991) and Chakravarthy (1997).

While a fictional text may have twists and a natural partitioning into chapters or the five acts of a drama from exposition over complication, climax and resolution to dénouement, the parallel here is that from afar the dramatic tension follows a continuous arc with no ultimate demarcation, jump or incommensurability. What it does have instead and what can be compared to a breakthrough business model and e. g. the IPO, is a turning point and a climax through which the protagonist emerges changed and with new insights that may be used for multiple, often open ended purposes.

The predominantly longitudinal argument against sharp demarcation can be complemented with a cross-sectional perspective. Pace the *ceteris paribus* assumption, the Austrian economist von Mises (1949: 69) adhered to the conviction that “[t]he economist must never be a specialist. In dealing with any problem he must fix his glance upon the whole system.”

New product categories (Orlikowski and Robey 1991), new niches in population ecology (Hannan and Freeman 1977) and qualitative change thus emerge from a gradual shift and sequential progress (Brown et al. 1997: 31). Just as attempts to make an exhaustive list of criteria or define exactly the starting and ending moment in time or the spatial borders for a specific language or an epoch such as “English” or “the Information Age” are futile, so it is also not feasible to draw a sharp demarcation line around the frame or the boundaries of a product or of an entrepreneurial idea.<sup>2</sup> Therefore, it is our arbitrary choice which two static models to compare. If they are close to each other in our map of the competitive or symbolic environment, this is considered easy because we are used to it. If on the other hand they are far apart they seem incommensurable or qualitatively different, just as expansions may be ad hoc or “lumpy” (Casson 1982: 228) and just as certain events in a narration stand out since they are

---

2 For instance, Pidgin English and certain Creole languages overlap with Standard English and duration estimates of epochs like the Renaissance are to some extent vague or heterogeneous when comparing art, science, music etc. Instead, the digital sharpness of Cartesian rationality is embedded into Hume's empirical, associative and analogy-based learning.

more surprising, more emotionally charged or otherwise exceptional. However, looking more closely, we find that there are simply too many steps in between for us to realize at once that one may have been invented or may have emerged out of the other one such as an ipod out of a jukebox, Spanish out of Latin or a computer out of a mechanical calculating device. In a similar way, contrary to 'what is out there', we perceive continuous light from a stroboscope (Czarniawka and Sevón 1996: 1) or at around twenty pictures or vibrations per second a continuous movement or sound.

The holistic metaphor of a map for an institutionalized representation has been conceived of many times before, as when the economy itself is seen as a network of pathways and nodes which represent households or industries (Leibenstein 1978: 45) or when Wittgenstein (1953) depicts our language as the limit of our world against which we may run and thus extend it but which contains all our thoughts and dreams in an interconnected way. More specifically, this map may be conceived of as spanned up by linear combinations of prototypes (Rosch 1983), metaphors (Lakoff and Johnson 1980) or core competences (Prahalad and Hamel 1990) which together allow us to attach labels to our experience and rank objects by how similar they are concerning a specific attribute. When we conceive of it from a macro perspective, we may relate the map to the notion of 'fitness landscape' (Gavetti and Levinthal 2000). Depending on how close one zooms in on its actors, the relatively homogeneous nodes (also cf. Jepperson and Meyer 1991: 208) may constitute for instance individuals, organizations, populations of organizations, institutions at nested levels, a topic to which I will return later.

One important insight is that just as products, agents or firms are not homogeneous, they also are not equally distributed around the field. Instead clusters or modules exist which are only sparsely connected with the outside. For instance one person, be it a potential customer, an innovative entrepreneur or a fictional character, may belong to a variety of associations or friendship and professional networks in different family resemblances and thus have a portfolio of relatively distinct roles she performs (cf. Goffman 1956, Butler 1990). Switches between them still happen showing their

interconnectedness but we also realize that they are loosely coupled and thus not in “the same playing field” or in what Friedman (2005) called a “flat world”.

As different pathways may lead to equivalent result, such a map does not imply a 1-1-depiction (cf. Goodman 1968), but a multiplicity of languages, discourses, jargons, methodological approaches and fields. However, at the other extreme, it also doesn't imply a relativism of the “anything goes” kind (Feyerabend 1975), since at certain places the map may be denser and thus closer to Geertz’ ideal of thick description (1973). In another publication, Geertz (1980) reminds us that texts, though they may be more or less prototypical of a certain category, belong to blurred and not impermeable genres. While cross-referring between genres is both a feature of inter-textuality (Kristeva 1980) and of translating concepts from one sphere to another (Latour 1987), the map has a simpler interpretation when looking at a plot. In a story it captures for a given moment -i.e. cross-sectionally- the holistic constellation of the *dramatis personae*, i. e. how figures are interrelated, who knows and has sympathies for whom, what is the aim of each of them, where may lie potential sources of conflict and so on.

## EXPANDING FRAMES REPLACE THE CREATION-DISCOVERY DICHOTOMY

A crucial and much discussed controversy in entrepreneurship research concerns the question whether opportunities are discovered or created and enacted (Alvarez and Barney 2007, Sarasvathy 2001, Baker and Nelson 2006: 361, Foss et al. 2008: 77) that is whether the entrepreneur is like a mountain-climber or like a mountain-builder (Alvarez et al. 2007). The more basic questions beneath this formulation is whether to take the stance of an external realist or of a social constructivist, of an objectivist or of a subjectivist (Foss et al. 2008: 74ff, Penrose 1959), of an ontologist or of an epistemologist, of someone focusing on uncertainty or on risk, of someone who believes that the market is a zero-sum-game in

which only arbitrage occurs (cf. Kirzner 1997) or if it may be open allowing for expansion and commensuration.<sup>3</sup> Again, management researchers ought not to stop at the point of claiming like Alvarez and Barney (2007: 19) that “in creation contexts, strategy plays a very different role since current and historical information are (sic) not available or not useful in describing the nature of an opportunity.” Claiming that path dependence in social relations is suspended is not a way of naturalizing innovation but of considering it as an unexplainable singularity that spontaneously emerges out of nowhere (cf. Nagel 1986). However newness does not require ontological incommensurability, but instead the fields' (re-)structuration via either a growing number of nodes or sequenced steps (Brown et al. 1997: 30) so that backward looking we can make sense and realize that the newly gained knowledge builds up “not quite squarely” on anterior stock of knowledge (Kuhn 2000: 227).

Seeking inference to the best explanation and thus following abductive reasoning (cf. Peirce 2000 [1940], chapter 11), I suggest an analogy to overcome this antinomy and show how the two crucial notions in strategy research, namely the creation and the capturing of value can be unified in a single model without demarcation. The analogy is related to Hawking's (1988) likening the expanding universe to a the gradual blowing up of nested air balloons to show how the distances between each and every *pair of points* may be growing. Here the matter is more general as the nested balloons do not (need to) have the same center. So when considering the cognitive maps of individuals as bordering one onto another such as territories, performative attempts to shift one's border farther may lead on the one hand to counter-performativity from the neighbor, yet on the other hand as the total sum of the cake may expand just as the universe does, the interaction may also increase the total amount of welfare, such as when both individuals learn from the exchange or experience self-transcendence.<sup>4</sup>

---

3 According to Kirzner (1976: 121) the main task of the entrepreneur is the adjustment of price via alertness to disequilibrium. Superior foresight is what allows them to arbitrage opportunity away, a process that is not clearly understood.

4 Two additional insights we get at this point are first, that in fields that allow multiple explanations such as Management,

It is in these win-win-situations that performativity and counter-performativity do not equal each other in absolute magnitude and that the ideal of balance that is propagated in much of the strategy literature is misconceived. For instance, it is commonly thought to be optimal to reach a balance between newness and legitimacy, innovation and norm adherence, creativity and redundancy, qualitative and quantitative change. However people who think that way ignore that the two forces may be asymmetrical. According to the argument from embeddedness or semi-structure (Brown et al. 1997: 29), firms should mix strong and weak ties (cf. Uzzi 1997, Baker et al. 2006: 360), order or coordination and flexibility. Lounsbury and Glynn (2001) therefore postulate a meso-level between system and individual in order to keep a balance between competitive advantage from newness and legitimacy from norm adherence, between intrinsic quality and symbolic management (cf. Zott and Huy 2007, McMullen and Shepherd 2006: 132). A similar point can be made about mixing Aristotelian *mimesis* as redundancy and translation (Latour 1987). More specifically, metaphors require understanding of the old term and a parallel between both terms in a crucial family resemblance, while irony requires that a literal sense was established before being deconstructed and while the illocutionary force of speech acts is intrically mixed with a locutionary one (Austin 1962, Searle 1969).<sup>5</sup>

Whereas a sensible way to argue that both sides are required has just been shown, the problem with this linguistic description is that it assumes incommensurable units of both magnitudes, meaning that they go in different directions. This problem can be circumvented by getting back to the network metaphor from above which implies that an exact balance of forces is equivalent to standstill. In contrast, the linear progress described above implies that there is a non-vanishing overweight of either centrifugal or centripetal forces in order to get any change at all. In this regard, it helps again to embed

---

*ex ante* there is no such thing as “the” research frontier, and second that progress may consist either in extensions of the map or in better connectedness with other parts which in turn may be a result of higher local (or intra-paradigmatic) density or of better integration at various nested levels of analysis.

5 As an analogy, irony is to literal sense as a parasite is to its’ host (cf. Rorty 1989). Concerning the balance between two poles, it may be noted that semiotics and studies of information-processing deal with the so-called signal-to-noise ratio.

the static logic into dialectics, in which a thesis (such as the fact of someone having an identical twin) provokes an antithesis (a misunderstanding), a conflict or possibility for 'arbitrage' that resolves in a synthesis. The parallel is that while in a story, thesis and antithesis also have opposite signs, they do not occur at the same moment which would result in instantaneous mutual extinction but with a certain time lag that creates dialectical tension.

The phase of expansion correlates with the increase of tension which is the main point of a plot while the win-win situation has its analogy in the dissolution of the initial conflict which culminates in the learning of the characters and at a different level of the reader via Aristotelian *catharsis*.

#### NESTED LEVELS REPLACE ONE-DIMENSIONAL CHANGE

As we have seen above, the balance (Brown et al. 1997: 1f) between newness and redundancy, innovation and norms, qualitative and quantitative change or lack thereof can be naturalized in the form of continuously evolving relations or patterns between the nodes of a network. In that way incremental and sequential (ibidem: 31) progress differs from larger changes solely in the distance and area of the nodes affected. Like with a interpolation polynomial or a bridge, with each node or pier added as support, a certain constellation becomes more and more stable or crystallized and vice versa. While the focus in this paper is on evolution, there is a common misconception related to change processes. When Brown et al. (1997: 2) quote Michael Dell as saying that “[in their business] everything is changing” and when Weick and Quinn (1999: 381, italics added) claim “Our review suggests both that change starts with failures to adapt and that *change never starts because it never stops*”, the authors commit an error that in mathematics is known from Brouwer's fixed point theorem and that has a heritage going back to Archimedes who claimed “Give me a place to stand on, and I will move the Earth.”

If we fix the level of analysis, it won't happen that everything changes even though it may seem so for a while, for instance when expanding into a culturally distant market or when analyzing documents about a market from several decades ago. Other examples of seemingly chaotic change include Durkheim's (1893) anomie or the circumstances a baby moves in after birth, situations in which for the focal actor at first nothing seems to make sense and is understood until certain relations in the new context or language start to crystallize. In that way, at some moment a level will appear at which one finds out what is (to a much stronger degree) invariant though not in the Archimedean sense as the next higher level will again appear chaotic at first, until again a higher nested level is reached with stability and iteratively so forth. By analogy, if dynamic capabilities (Teece, Pisano and Shuen 1997) constitute a meta-resource insofar as they provide the pattern to building resources themselves which in turn are crucial for competitive advantage (Wernerfelt 1984, Barney 1991) then one may as well go a level further and ask for a meta-meta-resource nested within it in order to build dynamic capabilities and iteratively so forth<sup>6</sup>.

This view reflects Lyotard's (1979) suspicion of an ultimate meta-narrative and the rhizome structure of Deleuze and Guattari (1980) which allows for multiple narratives. The parallel to a novel or short story is that they usually also have a coherent narrator whose voice is invariant, whereas the protagonist evolves over the course of the plot. Nested levels are reflected in the model of narrative communication by Genette (1980, cf. figure 1). In this model, he distinguishes the level of action between characters from the level of fictional mediation and discourse between narrator and addressee(s) and from the level of ideal communication between implied author and implied reader and from the level of non-fictional communication between author and reader.<sup>7</sup>

---

6 A similar point can be made about assuming tactics as nested inside (and thus constrained by) the business model which is nested inside the strategy.

7 In his micro-sociological monograph "Frame analysis", Goffman (1974) extensively describes nested frames in the news, in conversations and in other endeavors.

-----  
Insert Figure 1 about here  
-----

This model also has clear implications for the entrepreneur and her impression management, insofar as her encounter with important stakeholders such as a venture capitalist takes place in the outermost frame, while her presentation is her narration which she may adapt for the respective addressees, and in the presentation itself, the product and its competitors play the role of characters and then the main question remaining is: Who will be the protagonist when the audience has listened to both her presentation and that of other entrepreneurs? Or in other words: Which nodes in the network are the most shining ones?

#### BRICOLAGE AS RESOURCE COMBINATORICS REPLACES REDUCTIONISM

While the constituent parts or semantics of our thinking reflect combinations of the meaning of prototypes or metaphors, from a static point of view product portfolios and bricolage may be regarded as linear combinations of given resources (also cf. Baker and Nelson 2006: 361, Schumpeter 1934: 77). We encounter the paradox of whether Plato's claim is true, that in a certain way innovation does not exist since everything can be understood as being transmutations of what was there before and the “ex nihilo” view of creation from the headline of Baker and Nelson’s paper who also (2006: 362) claim: “Because bricolage often draws on degraded, fallow, and otherwise undeveloped resources to construct

new combinations, it represents a form of value creation that does not depend on the Schumpeterian assumption that assets are withdrawn from one activity for application in another.” However their view is not naïve in that they do assume that (Baker et al. 2006: 357): “[S]omething from nothing is in many ways simply an extreme version of more from less.” While this sounds like the “rule for riches” that Barney (2001: 50) deems to be contradiction in terms, it at the same time resembles the network externalities or power laws that occur when initial diffusion accelerates further diffusion in a positive feedback cycle thus leading to an s-shaped curve analogous to a narratives' arc of tension.

From the 'ex-nihilo' view emerges the one-dimensional growth view as a more advanced step in comparison with neoclassical analytical approaches that take atomism and functionalism for granted and that thus cannot cope with Stinchcombe's (1965) liability of newness or smallness that is mitigated by networks (Zimmerman and Zeitz 2002: 419). Yet an even more refined understanding can be reached when taking into account that we do not only need to split things or thoughts up in an analytic process but may also synthesize those parts that resulted from the first step *in a non-linear way*. Then one may attain higher level phenomena with emergent properties such as entrepreneurial or organizational culture (Schein 1985). In that way the same material thing may look very different after being processed over several stages in various family resemblances or dimensions and thus satisfy differently coloured consumer needs. We can visualize this newness as the emergence of new linear combinations resulting from the inductive realization of former collinearity, framing or embeddedness. In that way a formerly not perceivable dimension may show up so that one may be able to jump out of the flatlander perspective.<sup>8</sup> Self-fulfilling prophecies work in the opposite way as in the example of mediaeval ships staying close to the coasts because of fear to fall down (Ryall 2003, also cf. Ferraro et al. 2005). The process of expanding a product beyond one's current niche, the current and as we have seen above to some degree vague boundaries of one's clientele in a further dimension may be compared

---

8 Adner and Levinthal (2008) borrow this example from Abbott (1884) and enlarge upon it in the context of the exploitation- exploration dichotomy. The process described here is the inverse process of a projection in which information gets lost.

to the differentiation process in science, work, languages and species with gradually decreasing compatibility until the forms become crystallized in their new niche so that there is practically no mutual understanding or overlap left meaning that the costs of mixing are on average far higher than the profits from heterogeneity. In particular the last of these four examples for evolutionary tree structures may not be particularly accurate, as cultural evolution and its leading to emergent properties does have a higher-level aspect of intentionality (cf. Katz and Gartner 1988: 431). This aspect may be called improvising (Weick 1998) around a main theme or “playing around” (Baker et al. 2006: 359) for bricolage by making use of organizational slack (cf. Casson 1982: 227). As concerns the classical dichotomy of whether the entrepreneur is reacting to change or initiating it, we may regard it as an iterative feedback cycle of co-evolution that oscillates between random, emergent action (Mintzberg and Waters 1985) and more deliberate decision making as assumed by the neo-classical school.

A narrative, non-reductionistic depiction of networks of nodes between which legitimacy flows has another consequence, namely that pace Casson (1982: 21) status like authority cannot be simply bought using the income generated by entrepreneurial activity since status is just as narrative ability and in contrast to money a differentiated, multi-faceted good.

## COMMENSURATION REPLACES THE KNOWING-DOING DICHOTOMY

Casson (1982: 19) contrasts the paradigmatic group interested in economic theory, functionalism and atomism with the diachronic group characterized by its focus on economic history and interrelatedness and an indicative approach. This distinction reflects the structuralist distinction between 'langue' and 'parole' of de Saussure (1977 [1916]), between the synchronic system of a language and its instantiation over time. In a Cartesian streak that also inspired Taylor's (1911) division

into managing and working<sup>9</sup>, McMullen et al. (2006: 133) oppose two conceptualizations of uncertainty by splitting between the entrepreneur's decision and her action as entrepreneurs are assumed to differ either in knowledge or in motivation, attitude and risk propensity. In an analogous two-step procedure, Zimmermann and Zeitz (2002: 427) differentiate between existence and survival by suggesting a threshold model. The problem is similar to the one mentioned by Casson (1982: 23) according to which entrepreneurs or managers need to decide whether to use contingency planning only for the current period or more or less far into the future. At this point the question directly comes up, with which criteria to decide *how long is the present*, in particular if one's firm is interconnected and depends on suppliers who most likely don't act at the same moments nor in the same time intervals, which is also the main problem with the strategic option of tit-for-tat (Axelrod 1984).<sup>10</sup> That the knowing-doing gap (cf. Pfeffer and Sutton 1999) as a potential for arbitrage dissolves in the iterative and potentially nested commensuration achieved by successful entrepreneurs is not a brand new argument as we see in a story told by Kirzner (1999: 13, italics in the original, also cf. Zott and Huy 2007: 88f):

The seer who can imagine how the world *might* be improved by a radical innovation but who lacks the needed boldness and initiative (to shoulder the risks which he would have to assume in order actually to introduce this innovation to reality in a world fraught with uncertainties) – has in fact not yet *really* discovered an available, attractive, opportunity for innovation. If he has not seen that opportunity in so shining a light that it drives him to its implementation in spite of the jeering scepticism of others, and in spite of the possibility of its ultimate failure – then he has *not* really 'seen' that opportunity.

What we realize here is a convergence of multiple voices into one that strategists may term alignment and that reflects the stream-of-consciousness in James Joyce's novels. It also has certain parallels to the notions of "flow" (Csikszentmihályi 1996), "enactment" (Weick 1995), "effectual reasoning" (Sarasvathy 2001, Lindblom 1959) and "performativity" (Callon 1998) in which the means-ends

---

9 Drucker (1954) argues that with the emergence of the category of professional workers, this dichotomy has turned into a trichotomy.

10 Above that, contingency planning is only one side of the coin, the other being imagination, i.e. shaping the future (Casson 1982: 30).

dualism collapses. In the present context, this is equivalent to the collapse of the difference between entrepreneur/narrator on the one hand, and venture capitalist on the other one. Thus, communication may be understood as a process that oscillates between realism and intentionality or between choices and consequences *embedded in a nested social context* that accompanies the entrepreneur through various stages from vision to result. Crucial to this building up of a sense of direction and of momentum is sequential investment, milestones and links in time (Guehler 2007: 249, Brown et al. 1997: 30) that are all related to creating a chain between the nodes of the net metaphor described above. This chain creation corresponds to the role of plotting, dialogue and character development in narrative texts.

#### THE EMERGING TRIAD: ENTREPRENEURSHIP, STORY-TELLING AND PERFORMATIVITY

From an entrepreneurial perspective we may distinguish between the gathering of momentum or performativity over the course of having an idea, talking to stakeholders (including but not limited to venture capitalists) and developing one's business which reflects Schumpeter's three qualities of entrepreneurs, the desire to build a private kingdom, the need for achievement and the joy of creation (Casson 1982: 224). From a story telling perspective, we may perceive the structural part as the tension and the temporal part as the moment or stage at which the story is currently unfolding or with McCloskey's (1994: 62, cf. Czarniawska and Joerges 1996: 21) diagram, the former as the metaphor -or the displacement in space and time- and the latter as the sequentially organized story. From a relational perspective the term "momentum" is also closely linked to the development of legitimacy, alliances and trust via exchanges (Katz et al. 1988: 432, cf. Axelrod 1984). A crucial means to commensurating various convictions both of the entrepreneur herself and of her network and thus increasing

commitment is provided by business models (Zott and Amit 2007), text books and formulas as synchronic prototypes (cf. Drucker 1985: 28, Callon 1998, MacKenzie and Millo 2003) that are embedded into material devices (Latour 1987). In that way, Schumpeter's entrepreneurs become agents of performativity as “[they] do not merely adjust markets, they make them and they destroy them. They are not just the mechanism, or the agents, through which the market system operates, they are the very creators of the system itself.” (Casson 1982: 230).

At times, a new, not yet realized network constellation or product design may emerge as a pattern from bricolage and just show up instantly before vanishing again. Since it is a mental representation or a social construction in the first place, this vanishing however does not mean that it is not there anymore, since the only thing that disappeared were the connections between the nodes as when chemist Kekulé (1890) saw a snake seizing its own tail and thus in a dream discovered the ring structure of Benzene. This new chunk is likely to reappear for reasons of hysteresis and once crystallized it may become a new piece with which to bricolage. As the chunks, in-groups or alliances are likely to grow over time by signalling legitimate partners from earlier stages (Zott et al. 2007: 92), the narrative itself oscillates between forming a closed, self-contained frame (cf. Czarniawska's notion of “emplotment” 2004: chapter 2) and being an open paradigm that may in this process incorporate additional characters and side plots, become more complex and further gain momentum. Managerial sense-making and entrepreneurial story-telling imply the construction of larger chains of meaning that require the embedding of actors, events and local episodes or stories into a narrative (McCloskey 1985) which may be associated with a trajectory in the “field of signification” spanned up by metaphors (cf. Serres 1982). If the pitch of the entrepreneur in front of the venture capitalist is to be a success, s/he would rather make the latter part of her story and thus implement Lyotard's adage (1979) that there is no outside of [con-]text.

## REFERENCES

- Abbott, Edwin A. 1884. *Flatland: A Romance of Many Dimensions*. London: Seely and Co.
- Adner, Ron and Daniel. Levinthal. 2008. Doing versus seeing. Acts of exploitation and perceptions of exploration. *Strategic Entrepreneurship Journal* 2: 43-52.
- Alvarez, Sharon A. and Jay Barney. 2007. Discovery and creation: Alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal* 1: 11-26.
- Austin, John L. 1962. *How to Do Things with Words*. Oxford: Clarendon.
- Axelrod, Robert. 1984. *The Evolution of Cooperation*. New York: Basic Books.
- Baker, Ted and Reed E. Nelson. 2005. Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly* 50: 329-366.
- Barney, Jay B. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management* 17 (1): 99-120.
- Barney, Jay B. 2001. Is the resource-based “view” a useful perspective for strategic management research? Yes. *Academy of Management Review* 26: 41-56.
- Brown, Shona and Kathleen Eisenhardt. 1997. The art of continuous change. *Administrative Science Quarterly* 42: 1-34.
- Burgelman, Robert A. 1991. Intraorganizational ecology of strategy making and organizational adaptation: Theory and field research. *Organization Science* 2: 239-262.
- Butler, Judith. 1990. *Gender Trouble: Feminism and the Subversion of Identity*. New York/London: Routledge.
- Butler, Judith 2000. Critically Queer. Pp. 108-118 in *Identity: A Reader*, edited by Paul Du Gay, Jessica Evans and Peter Redmann. London: Sage Publications.
- Callon, Michel. 1998. *The Laws of the Markets*. London: Blackwell Publishers.
- Casson, Mark. 1982. *The Entrepreneur*. Totawa, NJ: Barnes and Noble.
- Chakravarthy, Bala. 1997. A new strategy framework for coping with turbulence. *Sloan Management Review*, Winter: 69-82.
- Csikszentmihályi, Mihály. 1996. *Creativity: Flow and the Psychology of Discovery and Invention*. New York: Harper Perennial.
- Czarniawska, Barbara. 2004. *Narratives in Social Science Research*. London: Sage.

- Czarniawka, Barbara and Guje Sevón (eds.). 1996. *Translating organizational change*. New York: de Gruyter.
- Czarniawska, Barbara and Bernward Joerges. 1996. Travels of Ideas. Pp. 13-48 in *Translating organizational change*, edited by Barbara Czarniawka and Guje Sevón. New York: de Gruyter, 13-48.
- Deleuze, Gilles and Félix. Guattari. 2004 [1980]. *A Thousand Plateaus*. Trans. Brian Massumi. London and New York: Continuum.
- de Saussure, Ferdinand. 1977 [1916]. *Course in General Linguistics*. Trans. W. Baskin, Glasgow: Fontana/Collins.
- Drucker, Peter. 1954. *The Practice of Management*. New York: Harper and Row.
- Drucker, Peter. 1985. *Innovation and Entrepreneurship*. New York: Harper and Row.
- Durkheim, Émile. 1933 [1893]. *The Division of Labour in Society*. Glencoe, IL: Free Press.
- Ferraro, Fabrizio, Jeffrey Pfeffer and Robert Sutton. 2005. Economics language and assumptions: How theories can become self-fulfilling. *Academy of Management Review* 30 (1): 8-24.
- Feyerabend, Paul. 1975. *Against Method: Outline of an Anarchistic Theory of Knowledge*. London: Verso.
- Foss, Nicolai J., Peter G. Klein and Yasemin Y. Kor. 2008. Entrepreneurship, subjectivism and the resource-based view: Towards a new synthesis. *Strategic Entrepreneurship Journal* 2: 73-94.
- Friedman, Thomas L. 2005. *The World is Flat*. New York: Farrar, Straus and Giroux.
- Gavetti, Giovanni and Daniel Levinthal. 2000. Looking Forward and Looking Backward: Cognitive and Experiential Search. *Administrative Science Quarterly* 45: 113-137.
- Geertz, Clifford. 1973. *The Interpretation of Cultures*. New York: Basic.
- Geertz, Clifford. 1980. Blurred genres: The refiguration of social thought. *American Scholar* 29(2): 165-179.
- Genette, Gérard. 1980. *Narrative Discourse: An Essay in Method*. Ithaca: Cornell University Press
- Goffman, Erving. 1956. *The Presentation of Self in Everyday Life*. New York: Doubleday.
- Goffman, Erving. 1974. *Frame Analysis: An essay on the organization of experience*. Cambridge: Harvard University Press.
- Goodman, Nelson. 1968. *Languages of Art: An Approach to a Theory of Symbols*. Indianapolis: Bobbs-Merrill.

- Guehler, Işın. 2007. Throwing good money after bad? Political and institutional influences on sequential decision making in the venture capital industry. *Administrative Science Quarterly* 52: 248-285.
- Hannan, Michael T. and John Freeman. 1977. The population ecology of organizations. *American Journal of Sociology* 82: 929-964.
- Harper, Douglas. 1987. *Working Knowledge: Skill and Community in a Small Shop*. Chicago: University of Chicago Press.
- Hawking, Stephen. 1988. *A Brief History of Time*. New York: Bantam.
- Imai, Masaaki. 1986. *Kaizen: The Key to Japan's Competitive Success*. Columbus: McGraw-Hill.
- Jepperson, Ronald L. and John W. Meyer. 1991. The Public Order and the Construction of Formal Organization. Pp. 204-231 in *The New Institutionalism in Organizational Analysis*, edited by Walter W. Powell and Paul J. DiMaggio. Chicago: University of Chicago Press: 204-231.
- Katz, Jerome and William Gartner. 1988. Properties of emerging organizations. *Academy of Management Review* 13: 429-441.
- Kekulé, Friedrich A. 1890. Benzolfest: Rede. *Berichte der Deutschen Chemischen Gesellschaft* 23: 1302–1311.
- Kirzner, Israel. 1997. Entrepreneurial discovery and the competitive market process: An Austrian approach. *Journal of Economic Literature* 35: 60-85.
- Kirzner, Israel. 1999. Creativity and/or alertness: A reconsideration of the Schumpeterian entrepreneur. *Review of Austrian Economics* 11: 5-17.
- Knight, Frank. 1921. *Risk, Uncertainty and Profits*. Boston: Houghton Mifflin.
- Kristeva, Julia. 1980. *Desire in Language: A Semiotic Approach to Literature and Art*. New York: Columbia University Press.
- Kuhn, Thomas S. 1970 [1962]. *The Structure of Scientific Revolutions*. Chicago: University of Chicago Press.
- Kuhn, Thomas S. 2000. *The Road Since Structure. Philosophical Essays, 1970-1993, with an Autobiographical Interview*, edited by James Conant and John Haugeland, Chicago: University of Chicago Press.
- Lakoff, George and Mark Johnson 1980. *Metaphors We Live By*. Chicago: University of Chicago Press.
- Latour, Bruno. 1987. *Science in Action: How to Follow Scientists and Engineers Through Society*. Milton Keynes: Open University Press.

- Leibenstein, Harvey. 1978. *General X-Efficiency Theory and Economic Development*. New York: Oxford University Press.
- Levi-Strauss, Claude. 1966. *The Savage Mind*. Chicago: University of Chicago Press.
- Lindblom, Charles E. 1959. The science of muddling through. *Public Administration Review* 19: 79-88.
- Lounsbury, Michael and Mary A. Glynn. 2001. Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. *Strategic Management Journal* 22: 545-564.
- Lyotard, Jean-Francois. 1979. *The Postmodern Condition: A Report on Knowledge*. Minnesota: University of Minnesota Press.
- MacKenzie, Donald and Yuval Millo. 2003. Constructing a market, performing theory: The historical sociology of a financial derivatives exchange. *American Journal of Sociology* 109 (1): 107-145.
- March, James G. 1991. Exploration and exploitation in organizational learning. *Organization Science* 2 (1): 71-87.
- McCloskey, D. N. 1985. *The Rhetoric of Economics*. Madison: University of Wisconsin Press.
- McCloskey, D. N. 1994. *Knowledge and Persuasion in Economics*. Cambridge: Cambridge University Press.
- McMullen, J. S. and D. A. Shepherd. 2006. Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. *Academy of Management Review* 31: 132-152.
- Mintzberg, Henry and James A. Waters. 1985. Of strategies, deliberate and emergent. *Strategic Management Journal* 6: 257-272.
- Mintzberg, Henry. 1991. *The Rise and Fall of Strategic Planning*. New York: Free Press.
- Nagel, Thomas. 1986. *The View From Nowhere*. Oxford: Oxford University Press.
- Orlikowski, Wanda J. and Daniel Robey. 1991. Information Technology and the Structuring of Organizations. *Information Systems Research* 2 (2): 143-169.
- Peirce, Charles. S. 2000 [1940]. *Philosophical Writings of Peirce*, edited by Justus Buchler, first published as *The Philosophy of Peirce: Selected Writings*, New York: Dover, reprinted in New York: Routledge.
- Penrose, Edith T. 1959. *The Theory of the Growth of the Firm*. New York: John Wiley.
- Peters, Tom and Robert Waterman 1982. *In Search of Excellence: Lessons from American's best-run companies*. New York: Warner Books.
- Pfeffer, Jeffrey and Robert I. Sutton. 1999. *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action*. Cambridge: Harvard Business School Press.

- Pickering, Andrew. 1995. *The Mangle of Practice: Time, Agency, and Science*. Chicago: University of Chicago Press.
- Popper, Karl. 1959. *The Logic of Scientific Discovery*. New York: Harper and Row.
- Popper, Karl. 1963. *Conjectures and Refutations*. London: Routledge and Keagan Paul.
- Prahalad, C. K. and Gary Hamel. 1990. The core competence of the corporation. *Harvard Business Review* (May-June): 71-83.
- Rorty, Richard. 1989. *Contingency, Irony, and Solidarity*. Cambridge: Cambridge University Press.
- Rosch, Eleanor. 1983. Prototype Classification and Logical Classification: The Two Systems. In *New Trends in Conceptual Representation: Challenges to Piaget's Theory?* Edited by E. K. Scholnick. Lawrence Erlbaum Associates: Hillsdale: 73-86.
- Ryall, Michael D. 2003. Subjective rationality, self-confirming equilibrium, and corporate strategy. *Management Science* 49 (7): 936-949.
- Sarasvathy, Saras D. 2001. Causation and effectuation: Towards a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review* 26: 243-263.
- Schein, Edgar H. 1985. *Organizational Culture and Leadership*. San Francisco, CA: Jossey-Bass.
- Schumpeter, Joseph 1934. *The Theory of Economic Development*. Oxford: Oxford University Press.
- Searle, John R. 1969. *Speech Acts. An Essay in the Philosophy of Language*. Cambridge: Cambridge University Press.
- Serres, Michel. 1982. *Hermes: Literature, Science and Philosophy*. Baltimore: Johns Hopkins University Press.
- Shane, Scott and Sankaran Venkataraman. 2000. The promise of entrepreneurship as a field of research. *Academy of Management Review* 25: 217-226.
- Stinchcombe, Arthur L. 1965. Social structure and organizations. Pp. 142-193 in *Handbook of Organizations*, edited by J. G. March. Chicago: Rand McNally.
- Taylor, Frederick W. 1911. *Principles of Scientific Management*. New York and London, Harper & brothers.
- Teece, David J., Gary Pisano and Amy Shuen. 1997. Dynamic capabilities and strategic management. *Strategic Management Journal* 18 (7): 509-533.
- Uzzi, Brian. 1997. Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness. *Administrative Science Quarterly* 42 (1): 35-67.

von Mises, Ludwig. 1949. *Human Action: A Treatise on Economics* (4<sup>th</sup> revised edition). San Francisco: Fox and Wilkes.

Weick, Karl E. 1995. *Sense-making in organizations*. Thousand Oaks, CA: Sage.

Weick, Karl E. 1998. Improvisation as a mindset for organizational analysis. *Organization Science* 9: 543-555.

Weick, Karl E. and Robert E. Quinn. 1999. Organizational change and development. *Annual Review of Psychology* 50: 361-386.

Wernerfelt, Birger. 1984. A Resource-Based View of the Firm. *Strategic Management Journal* 5 (2): 171-180.

Wittgenstein, Ludwig. 1953. *Philosophical Investigations*. Blackwell Publishing.

Zimmermann, Monica A. and Gerald J. Zeitz. 2002. Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Review* 27: 414-431.

Zott, Christoph and Raphael Amit. 2007. Business model design and the performance of entrepreneurial firms. *Organization Science* 18: 181-199.

Zott, Christoph and Quy N. Huy. 2007. How entrepreneurs use symbolic management to acquire resources. *Administrative Science Quarterly* 52: 70-105.

**FIGURE 1**

**Example of three nested levels of communication**

