

Entrepreneurship and Family Business Success Factors*

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How important is entrepreneurship for the success of family businesses? What role does it play in comparison with other business success factors and in relation to them? Could entrepreneurship lead to the reinvention of family businesses? Could it give them a new purpose and lease of life? Could it enable many of them to make a distinct contribution that larger and/or listed companies cannot and create new options for family members as well as for others? To address these and related questions we need to consider the nature of entrepreneurship and business success factors, before raising further questions about a future and more entrepreneurial role for family businesses.

Entrepreneurs and Entrepreneurship

The term entrepreneur is often associated with someone who starts a business involving a significant degree of risk, which might extend to the possibility of incurring a loss in order to create the opportunity of making money and accumulating wealth. One also encounters social entrepreneurs who found enterprises with a social purpose and people who start businesses for lifestyle reasons, or to obtain more control over their lives. For some, entrepreneur is a term of approval, associated with enterprise, breaking free, initiating things and innovation. For others it has negative connotations, suggesting a lack of prudence, not observing conventions or materialism.

Whether or not people approve of entrepreneurs can reflect their political views and whether they see enterprise, competition and capitalism as a positive or negative force. Being entrepreneurial is associated with managing an enterprise in a way that incurs risk in order to make a positive financial return, while entrepreneurship could be regarded as the process involved. Both could involve trying and/or starting new things and the creation of alternatives and/or additional options.

Entrepreneurs ask questions. Could current capabilities be used in better ways, or are additional ones required? Can existing elements be used in a different combination, or are new ones essential? Should different possibilities be tried or new options created? Entrepreneurs also think about customers and contexts. There may be ideas that could be moved from one market or sector to another, but talent is often less portable than people might imagine (Groysberg, 2010). Adaptation and tailoring may be required. Entrepreneurial success can be the exception rather than the rule.

Entrepreneurs can be innovators, creative individuals, such as Chester Carlson who invented the xerographic process, and Sir James Dyson a pioneer of better and bagless vacuum cleaners. Innovation and the creation of new ventures often requires support (Kanter, 1985). Family companies that need renewal or revitalisation could consider how best to encourage internal entrepreneurship and the nature of the relationships they should build with external entrepreneurs.

Entrepreneurship and Established Businesses

Even though they may not themselves be founding entrepreneurs, can others be entrepreneurial in how they set about building an existing business, or generating additional income streams? How relevant are entrepreneurs, entrepreneurship and being entrepreneurial to the boards of established companies or addressing social issues? Are entrepreneurship and being entrepreneurial primarily of

interest to small businesses and early stage enterprises? What about larger, listed and family companies? Could they benefit from attitudes, qualities and attributes associated with entrepreneurs? Are there approaches and strategies that entrepreneurs adopt which might revitalise them? Are there arenas in which entrepreneurship could make a distinct contribution?

When choosing new directors for an established business, should one look for lawyers and accountants, or people who have set up and run businesses, or those with an understanding of how digital technologies can best be used? In certain quarters are entrepreneurs seen as cowboys? Are some boards concerned with controlling them rather than supporting them? Where a change of e-business direction or collaboration is required, can the assumptions, attitudes, and perspectives of current board members and governance arrangements bridge the gap between their past experience and the perspectives of contemporary internet entrepreneurs drawn from a different generation?

To what extent can existing businesses transition from current models that remain stubbornly bureaucratic and are still often run on a top-down command and control basis, to incubators of new enterprises? What do directors and boards need to do to support this process of transformation and reinvention? If those running larger businesses are reluctant to either let go or invest in new ventures, to what extent can entrepreneurs and smaller businesses, many of which are owner-managed and lack an effective board fill the gap in terms of wealth and job creation? Are entrepreneurship and employment inter-related in the sense that without incomes from employment people are unable to become active consumers, while business viability depends upon customers?

Business Success Factors

Certain business success factors have been identified for key corporate activities. They highlight what the most successful businesses in the top quartile of achievement do differently from those in the bottom quartile of achievement (Coulson-Thomas, 2007a & b). The use of the data bases underlying the relevant investigations for benchmarking purposes suggests these critical success factors apply to a range of business sectors from manufacturing to services and to companies of different sizes. The ability to develop and utilize competencies, or abilities to do things is especially important (GroËnhaug and Nordhaug, 1992). Doing things, and especially doing new things or similar things in different contexts, is particularly relevant to changing the status quo.

The winning companies; winning people research programme examined practices in areas that are critical to corporate success such as competitive bidding, building customer relationships, pricing, purchasing and creating and exploiting know-how (Coulson-Thomas, 2007a & b, 2012a & b, 2013 b, c & d). The methodology employed was to rank each participant's attainments in relation to outcomes achieved from the most to the least successful, using appropriate criteria for assessing performance. The approaches of high and low achievers, for example, those in the top and bottom quartiles of accomplishment, were then compared to isolate critical success factors that explain why some are often much more successful than others while their offerings and other factors are similar.

The surveys were undertaken in association with the University of Luton and the Centre for Competitiveness of what is now the University of Bedfordshire, and relevant professional and/or representative bodies. For example, the study of purchasing (FitzGerald, 2000) involved The European Institute of Purchasing Management, while the examination of pricing (Coulson-Thomas, 2002) was done in collaboration with the Chartered Institute of Marketing. Over 20 research reports have been published. In total, over 4,000 organisations from smaller firms to major corporations

have participated in the research programme. Some 2,000 of these have contributed to particular exercises to identify critical success factors for key business development activities. As mentioned above, the findings are remarkably consistent across sectors, corporate nationalities and different sizes of organisation (Coulson-Thomas, 2007b). The databases are refreshed with the results of bespoke benchmarking and the findings do not appear to be changing significantly over time.

Identifying Critical Success Factors

In order to identify critical success factors for key corporate activities that impact directly upon the bottom line, separate studies were undertaken of competitive bidding (Kennedy and O'Connor, 1997), key account management (Hurcomb, 1998), corporate learning (Coulson-Thomas, 1999a), purchasing (Fitzgerald, 2000), managing intellectual capital (Perrin, 2000), and pricing (Coulson-Thomas, 2002a). They all involved surveys of those performing the activities concerned.

Because of its importance, the area of winning business was re-visited (Coulson-Thomas et al, 2003), and separate studies were undertaken of winning business in particular commercial sectors: construction (Kennedy, 1999b), engineering and manufacturing (Kennedy, 2000a), and IT and telecoms (Kennedy, 2000b); and seven professions: management consultancy (James, 1999b), advertising (James, 1999a), the legal profession (Hally, 2000), PR and marketing consultancy (James, 2000b), accountancy (James, 2000a), engineering consultancy (Harris, 2000), and IT and telecoms consultancy (James, 2001). A further report on the top twenty skills for bidding for business was also produced (Kennedy, 1999a and 2003), along with a loose leaf contract manager's toolkit of 30 tools (Bartram, 1999 and 2003).

The studies of professions reveal the importance of repeat business, referrals and networking. Links and networks of relationships, whether internal or external are especially important in business building and the growth of organisations (Hidalgo, 2011). Some families network internally to the exclusion of other relationships. They seek security in the familiar. Entrepreneurship can involve opening up to a wider range of relationships, and some family members may be more alert to this than others and better able to do it. Rifts can occur, for example with younger family members whose horizons have been broadened by their education and/or overseas travel.

The reports arising from the winning companies; winning people investigations set out the identified critical success factors. The use of the research databases for bespoke benchmarking with the corporate data of particular companies and professional firms highlights the areas in which they are most behind their more successful competitors and hence most need to improve.

To illustrate the nature of identified critical success factors, the following head the list of top level critical success factors identified by the studies of competitive bidding (Kennedy and O'Connor, 1997 and Coulson-Thomas et al, 2003), when these are ranked in order of the gap between top and bottom quartile respondents considering them to be important: understanding the value/benefits customers expect to gain from your products/services, understanding the cost of ownership issues that impact customers' decisions about your product/service, establishing the superiority of your products or services over those of competitors, understanding the factors the customer considers when purchasing your product or service, developing person-to-person relationships with potential customers, and understanding the business environment in which your customer operates. The list continues, but in just this top six the importance of understanding is clear. The third factor in the list concerning superiority could be re-phrased in terms of understanding differentiators.

Subsequent Investigation

The winning companies; winning people investigation seeks to identify critical success factors for key corporate activities and what the highest performers do differently from their less successful peers, and assess the performance implications of incorporating their superior approaches into processes and support tools (Coulson-Thomas, 2007a & b, 2012a & b, 2013d). In the studies undertaken clear differences of approach emerge between those in the top quartile and those who are in the bottom quartile of attainment. The findings suggest there are quicker, more affordable and less disruptive ways (such as performance support) of implementing business development and other policies and strategies, building high performance organisations and simultaneously achieving multiple outcomes that benefit people, organisations and the environment (Coulson-Thomas, 2012a & b, 2013b-d). The cost per person of performance support depends upon the number of users, rather than whether or not a company is listed or a family business.

The gaps in achievement which appear independent of other possible explanations ranging from the qualifications of people to the quality of corporate offerings, have been noticeable in over 100 consultancy and support assignments undertaken to share the findings of the research studies in ways that help organisations to significantly enhance their performance. Dramatic improvements have been quickly obtained as a result of adopting more successful approaches in areas of relative deficiency when these are pointed out. Sometimes this has meant ignoring advice from other quarters, and in almost all cases it has involved focus on a relatively small number of areas and activities. Other programmes and general corporate wide initiatives have not been required.

As already mentioned, critical success factors have been identified for various activities. Many of the corporate initiatives encountered in organisations visited by the author do not relate to these critical success factors, and the value of these programmes and/or projects is unclear. Some of them appear counter-productive. Family businesses like others sometimes perpetuate myths concerning the reasons for their success. Close family ties and loyalties can increase the risk of what Janis (1972) called “groupthink”. During the investigations some companies were observed to be working hard to equip their people with approaches which the research suggests will reduce their chances of success and alienate, for example ‘hard selling’ rather than helping people to buy.

Succession, Participation and Entrepreneurship

If the identified critical success factors and general lessons such as focus and concentration on differentiators, critical success factors and sources of competitive advantage *prima facie* could apply to all companies, are there particular areas that could be issues for family businesses or might be different within family businesses? Succession is an issue for many companies and boards (Coulson-Thomas, 2016). In relation to family companies, there may be additional and complicating factors in that family members are not always required to satisfy the selection and appointment criteria that apply to others. They may also have fast and/or direct routes into senior management and board positions that are not available to others. Might more family members have wanted to take advantage of them in the past, when building a business and brand might have taken longer to achieve than today, and there were also often significant barriers to entry?

Today in some fields one does not always need an equivalent level of resources to start up and growth can be rapid. For example, e-businesses can be operated from home and can sometimes be

quickly scaled up. At the time Rogers (1983) undertook his study of the diffusion of innovations, new offerings often took longer to be adopted than might be the case since widespread use of the internet and social networking. More family members may now be attracted by the idea of building their own business in an area that interests them and without becoming involved in family politics.

Inter-generational issues can arise within families. While older generations might stress a sense of duty to a family name and business and the importance of keeping traditions alive, younger generations might put a higher value upon personal freedom and having more control over one's life. They might not want to be a piece on another party's chess board and may want to strike out on their own. A younger generation might not always be so willing to defer to the views and wishes of parents and grandparents. Independently of differing views on strategy and priorities this can lead to divisions and tensions within families and accusations of disloyalty.

The increasing life spans of people in developing countries is creating new options for how people can use the significantly larger number of active and healthy years they may have in comparison with older family members (Gratton and Scott, 2016). Fewer people may wish to devote the whole of a longer working life to a family company, when they see the wide range of lifestyles and changes of direction being experienced by their contemporaries as they undertake their journey through life and their interests evolve. Some people might wish to dip in and out of family company roles at different points in their life.

The existence of a family business and the income stream it might afford to family members might enable them to experience a range of activity, career and lifestyle options. A family business could become a valued enabler rather than a straight-jacket from which some might wish to escape. However, some individuals may wish to establish a new enterprise to reflect a personal interest or found a particular lifestyle business, perhaps as a means of changing direction or adopting a different way of working (Coulson-Thomas, 1999b). The agreement of other family members might be required to achieve the same result through a family business and this might not be forthcoming.

Governance and Entrepreneurship

Care needs to be taken to ensure that corporate governance arrangements do not inhibit or stifle entrepreneurship (Aylward, 2005). Questions may need to be asked. In relation to governance, board behaviours and legal and regulatory requirements, is there too much emphasis upon compliance at the expense of building businesses and encouraging enterprise? Does the focus of legislators and regulators appear to be mainly upon introducing or applying penalties for non-compliance, as opposed to incentives for innovation, enterprise and wealth creation? Is the emphasis sometimes upon reporting the past rather than creating the future?

From time to time and as contexts, situations and circumstances change, it is not unreasonable to expect governance arrangements to be reviewed (Carter and Lorsch, 2004). We need to make sure that in their search for security and greater predictability, directors and others concerned with governance do not put down so many anchors in the form of structures and standards that more enterprising spirits are held back. The emphasis may need to shift from compliance, standards and control to establishing the conditions in which enterprise and entrepreneurship can thrive.

Governance arrangements vary by jurisdiction (Mallin, 2004). Some provisions of Companies Acts and the requirements of governance codes usually relate to companies of a certain type, for example

a public company listed on certain exchanges, or companies above a certain threshold of size. These provisions may or may not specifically apply to particular family companies, but there could also be areas of voluntary codes that the directors of a family business might wish to adopt.

Looking ahead a few years, what might the governance of family businesses look like? How might a wider circle of family members be kept up to date with developments? What should be shared with them or withheld from them? How will they cope with a desire to retain an equity stake and associated income stream and an acceptable degree of control when within the family there are insufficient qualified and interested candidates for board positions? As already mentioned, the question of succession is often more acute in the case of a successful family business.

Third and fourth generation family members since a founder may take wealth and the lifestyle and activity options a family business brings for granted, and they may have little desire to engage with the process of wealth creation. Governance options could include a handover to an external cadre of experienced directors while voting influence and/or control is achieved through a family trust that holds a proportion of a company's equity and whose representative directors can express the collective interests of the family. In this model, any disagreements between family members can emerge and be addressed within the framework of the trust rather than in company board meetings.

Vision and Purpose

A search for purpose is something that appears an intrinsic element of the human condition (Frankl, 1959). Individuals often seek a purpose in life and a challenge for directors and boards is to ensure the purpose of a company is one they can relate to and engages them, so that individual and corporate purpose are compatible if not aligned. Hence some leaders seek to turn their organisations into a cause that motivates others. Sadly, according to recent research many leaders play no role in fostering a sense of meaningfulness at work, but they do have the capacity to destroy it (Bailey and Madden, 2016). Should family members act as the conscience of a family business and periodically revisit its vision and purpose and how these are communicated and shared? Where a controlling equity stake is split among a number of family members, such a review can be particularly beneficial in situations such as when shares pass from generation to another.

The vision and purpose of an organisation should have meaning not just for its owners and people, but for others as well. Ideally, the significance of what people do should be understood in a wider social context of life experiences and the meaning of life (Bailey and Madden, 2016). While some aspects of most jobs contain routine elements that do not inspire, leaders need to ensure that people are not disconnected from their values and support mechanisms or asked to go against their better judgements. Are purpose, meaning and values also becoming more important for customers and younger people? Should more thought be given to them in relation to these groups?

Vision and mission statements should offer more than a few generalities about being the best. Boards need to ensure that the people of an organisation and those who deal with it know what they are about. There should be clarity of purpose. It should guide decisions and drive operations. Many family companies operate in a particular sector, niche or location. In the event of growth through diversification, more thought may need to be given to a shared purpose and common set of shared values that can embrace a greater variety of operations.

A Big Innovation Centre (2016) interim report suggests that while “purpose is key to corporate and

economic success” and “great companies are enabled by the pursuit of clearly defined visionary corporate purposes which set out how the company will better peoples’ lives”, the inadequate organisation of UK companies “around clear corporate purposes that unite all stakeholders in common goals and values” is potentially costing in excess of £130 billion a year. The report also suggests that a focus upon short-term profit maximisation is resulting in inadequate investment in know-how, research and development and skills. The ability to articulate and communicate a compelling vision and mission or purpose that engages and differentiates is a useful quality for entrepreneurs to have. It can also be relevant when a change of direction is sought or required.

Responsible and Responsive Entrepreneurship

The suggestion that businesses may have social responsibilities is not a new one (Bowen, 1953). Ratan Tata associated responsible business ethics, values and conduct with the group of companies that bears his family name. Do the leaders of family owned businesses have more scope for putting such a stamp upon an enterprise and ensuring its continuity than CEOs and directors of listed companies with a more diverse and shifting ownership? Could greater freedom from short-term considerations give them more opportunity to differentiate, build a distinctive brand and reputation, offer continuity, be socially responsible and address issues such as sustainability?

For some businesses, are new support mechanisms required to encourage more responsible conduct? How does one ensure that creative, innovative and entrepreneurial initiatives and responses are responsible, reflect corporate values and are not purely opportunistic? Long-established family businesses need to ensure that lessons drawn from the experiences and track records of directors and executives are relevant to contemporary and future challenges and opportunities that may arise in very different market and technological environments. Existing business models and forms of organisation may not be appropriate for what is to come. New models of operation and new approaches and strategies may be required to address emerging issues.

Finding new jobs to replace those displaced by a range of developments from further automation, greater use of robotics and artificial intelligence, and the wider use of drones, 3D printing and other technologies is a challenge for many economies, whether the demographic profile is for an ageing population or more young people looking for work (Ford, 2015, Kaplan, 2015). New strategies and an understanding of new opportunities to work with certain technologies to complement, enhance or augment human capabilities are required (Davenport & Kirby, 2015). In mature economies it is not unusual for a high proportion of new jobs to be created by small and entrepreneurial businesses, while larger businesses shed labour. Will this continue to be the case? Will more new businesses be largely digital enterprises? How many of these will create new activities, roles or jobs?

In relation to future employment, entrepreneurship could be both a cause of problems and a route to possible solutions. India needs to offer some ten million new jobs each year for entrants to its work force. As agrarian, retail and distribution revolutions occur, who will support those displaced? Where will tomorrow's jobs come from? Will it be large companies that are focused upon improving existing operations and replacing people with technology in order to speed up responses and remain competitive? Will public sector infrastructure and public works programmes on a scale to absorb large numbers of young people be affordable? In an era of automation, technological advance and e-government, how many people will be required to deliver public services? Could family companies that are in a position to think longer-term make a distinctive contribution?

The democratisation of means of expression and routes to entrepreneurship is eroding the relative influence of those who have held traditional positions of power and been able to control the activities of others, whether in a command and control corporate bureaucracy or an authoritarian regime. Is this resulting in a reaction against what are perceived as self-interested and protective elites and establishments, whether corporate boards or unaccountable bureaucrats (Hilton, 2015)? Are we witnessing a lack of trust in corporate and other leaders? In an era of insecurity and uncertainty, when future developments are difficult to predict and prescriptions raise as many questions as answers, why should people, whether shareholders or electors have confidence in them? Against this background, how are those running family controlled businesses perceived? Might distrust of “big business” and other elites create opportunities for family businesses?

Entrepreneurship Helps and Hinders

Arrogance can be the cause of alienation and distrust. In order to respond to trends and developments, one needs to be aware of them and open to alternatives, possibilities and new ideas. Within some families that control businesses there is healthy debate, while in others dominant personalities rule the roost. Is the risk of failure to seize opportunities and respond to challenges greatest when people are at their most confident and appear unchallenged, as others defer to them and go along for the ride on account of their apparent past success? In some cases those who appear supremely self-confident to the point of being dictatorial may be right for the moment, but there are occasions when hubris can lead to the downfall of people and organisations (Nixon, 2016). Debate and challenge in discussion among owners and within a boardroom can be especially important.

Traditionally, directors have had to balance innovation and risk-taking with prudent control. Most new offerings fail, so steps need to be taken to ensure responsible entrepreneurship. The challenge is to ensure the prevention of downsides does not preclude upside gains. To what extent do boards need to be entrepreneurial? What can directors and boards do to help ensure that people in the companies they are responsible for are entrepreneurial? Are there open routes through which fresh ideas and proposals for new ventures can be raised? Importantly, in relation to risk-taking a controlling family can decide to adopt a risk appetite that is more conducive of entrepreneurship than one which would be acceptable to external institutional investors and fund managers.

What about those who advise boards and help with the implementation of policies and strategies? Certain professions have remained resistant to the notion of becoming “new professionals” who are more in tune with contemporary requirements and better able to adapt (Coulson-Thomas, 1988). Are experts and professionals a hindrance or a help? Do they follow fashion or think for themselves? Their preferred or recommended ways of doing things may work, but do they also discourage and inhibit the search for better alternatives?

Diverse and fluid networks of relationships that organically evolve and adapt can be more conducive of entrepreneurship, development and international expansion than a rigid and tightly controlled organisational machine (Coulson-Thomas, 1992). To what extent can many existing businesses transition from current models, that remain stubbornly bureaucratic and are still often run on a top-down command and control basis, to incubators of new enterprises? Many directors and boards need to consider steps to support this process of transformation and reinvention. Family and entrepreneurial businesses should ensure flexibility and momentum is maintained as they grow and if operational control is passed to successor generations or to a cadre of professional managers.

Can sheer scale inhibit individual creativity and expression? Smaller entities that utilize talent as and when required can be more flexible than larger entities that retain large establishments of people that have to be regularly updated (Cappelli, 2008). However, the practices they adopt need to relate to their capacity and requirements. For example, outsourcing involves risks and a small firm that contracts out activities might find that transaction costs are more of an issue than would be the case with a larger entity (Earl, 1996; Carmel and Nicholson, 2005). A large company mindset might not be appropriate for the management of a new venture that is required to be self-financing.

Boards need to consider what value a company's central capabilities can and should add in relation to proposals for new ventures and income streams. Should the creation of smaller units to progress particular ideas be encouraged? Should each of these be allowed more freedom in terms of how they operate? Should central departments be specifically required to provide enterprise support to new ventures? Will this require new capabilities or contracted in support? Should employees be offered an equity stake in businesses they are building? What would the implications be for staff who are not involved with new enterprises? Increasingly, more family companies that encourage internal enterprise may resemble portfolios of innovation-based entrepreneurial ventures.

Entrepreneurship and Family Businesses

One advantage that many family controlled companies have is relative freedom from external pressure to deliver short-term performance improvements or pursue a particular path. They may be able to look beyond the next quarter's results, think longer-term and achieve greater consistency. They can also adopt approaches that match their time horizons and avoid those that are incompatible. For example, when taking infrastructure decisions too much attention is often given to short-term design and build costs as opposed to lifetime costs (Stravoravdis, 2016). Cumulative benefits may take time to achieve. Compared with fund managers, members of a controlling family may be more likely to consider the implications of their decisions for children and grandchildren.

Directors and managers may need to adjust their approaches to cope with a wider range of aspirations, perspectives and contributions as more dependent employees become entrepreneurial partners. With family companies, new governance structures may be required to reconcile family control with the desire of new venture teams for equity participation. In some fields one does not always need large resources to start up and growth can be rapid. Potential entrepreneurs who feel spurned or under-valued may be able to operate an e-businesses from home and quickly scale it up.

Some members of families that control businesses may be attracted by the prospect of building their own enterprises in areas that interest them and without becoming involved in family politics. While older generations might stress a sense of duty to a family business, their descendents may put a higher value on personal freedom and having more control over one's life. Increasing life spans as people in developing countries live longer are creating new options for how people can use a significantly larger number of active and healthy years (Gratton and Scott, 2016). Fewer people may wish to devote the whole of a longer working life to a family company when they see their contemporaries changing direction as their interests evolve. Some might wish to dip in and out of family company roles at different points in their life. Collaboration with others, entrepreneurship and joint ventures can be useful ways of learning about new possibilities (Inkpen, 2000).

The existence of associated income streams might enable family members to experience a range of options if a family company can become a valued enabler of new possibilities, rather than a

straight-jacket from which some might wish to escape. Certain individuals may wish to establish a new enterprise to reflect a personal interest or preferred lifestyle, perhaps as a means of changing tack or adopting a different way of working. The agreement of other family members might be required to achieve the same result through a family business and this might not be forthcoming.

Entrepreneurship and Reinvention

There is sometimes a growing disconnect between existing family business capabilities and practices and the shifting aspirations, requirements and preferences of family members. A family discussion and multiple changes might be required. The challenge could be to find new routes to different destinations rather than a better way of getting to an existing one. Entrepreneurship is particularly relevant if the creation of new options and choices is sought (Coulson-Thomas, 2001)

Without entrepreneurship some existing family companies may find it difficult to reinvent themselves to meet new challenges and opportunities. In addition to opportunities for knowledge entrepreneurship, within a family business there may be many areas of know-how that are not fully exploited (Perrin, 2000; Coulson-Thomas, 2003). Perhaps these need to be liberated (Snowden, 2000). Without social entrepreneurship it might be difficult to transform public services to more flexible models. Sometimes the ingredients are available, but the right recipe is missing. A bonfire may even be built. Entrepreneurship can be the match or spark that is needed to light it. Many existing organisations need to find new ways of embracing entrepreneurship, whether encouraging and supporting internal intrapreneurs or collaborating with external entrepreneurs.

Many family owners, directors and boards should acknowledge their limitations, open up and recognize the importance of co-creation. Some boards are obstacles to progress and a source of delay as others wait for them to take decisions. New routes for raising and handling suggestions from outside a family and/or management team may be required, along with greater freedom for staff in terms of how, when, where and with whom they work to achieve shared objectives (Coulson-Thomas, 1997). Freedom, liberation, creativity and innovation rarely spontaneously occur. A board may need to systematically work at providing the culture, framework and context in which different groups feel sufficiently liberated to become more ambitious and creative (Desmond, 2009). The emphasis may have to shift from compliance, standards and control to establishing the conditions in which enterprise and entrepreneurship can thrive.

Like entrepreneurs, effective directors make things happen (Harvey-Jones, 1988). They can call for new ideas and better ways of achieving certain outcomes. Rather than itself deciding, a board might break a creativity logjam its own practices have built by ensuring that processes are in place for the objective and informed screening and evaluation of submitted ideas and the determination of the best way of taking them forward, whether internally or externally, and the commercial arrangements that should apply. Organisations that are transparent and fair are more likely to secure the trust of existing and potential entrepreneurs. They may also find it easier to attract entrepreneurs and retain an interest in entrepreneurial ventures. Entrepreneurship should not be viewed as a governance problem. It can be a source of creative and profitable solutions.

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Abstract

Entrepreneurship is one of a number of factors that could account for the success of a family business. There are critical success factors that are important for the success of most businesses regardless of their size and ownership. Understanding the nature of both entrepreneurship and business success factors can help one to assess the extent to which family businesses might be able to make a distinct contribution that larger and/or listed companies would find more difficult, and whether, if governance issues are addressed, entrepreneurship could lead to reinvention, give family companies a new purpose and create additional opportunities for family members.

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