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MULTIPLE FAILURE OR REPEAT ENTREPRENEURSHIP - A CASE STUDY (SUMMARY)

Marius Pretorius

University of Pretoria, marius.pretorius@up.ac.za

Ingrid Le Roux

University of Pretoria

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SUMMARY

MULTIPLE FAILURE OR REPEAT ENTREPRENEURSHIP - A CASE STUDY

Marius Pretorius, University of Pretoria, South Africa

Ingrid Le Roux, University of Pretoria, South Africa

Principal Topic

Current theories of repeat entrepreneurship provide little explanation for the effect of failure as a “trigger event” in creation of successive ventures. Multiple failures offer potentially valuable insights to explore this relationship. New venture creation could potentially be the consequence or cause of failure. The relation also depends on whether the entrepreneur learnt from the preceding failures. Three questions were pursued: Are multiple failures driven by similar preconditions, is multiple failure the trigger or consequence of repeat entrepreneurship behaviour and what “entrepreneurial learning” is required before corrective action.

Method

Seven venture failures experienced by one entrepreneur over 20 years were investigated. Through triangulation of each failed case evaluation, in-depth interview notes and interview transcripts, aspects related to the research questions were identified and related to the origin of the next venture. The processes were mapped to understand sequences (events, effects, relations, causation and timelines) and finally followed by confirmation interviews with the entrepreneur.

Results and Implications

Causes of failure mostly differed between the ventures notwithstanding some salient similarities. No indication could be found that any failures triggered the next opportunity as every time the entrepreneur was already busy with the next venture, rather suggesting the opposite relationship.

Similarities associated with repeat failure included: “Over trusting”, no control mechanism, no industry experience upon entering, entering without any formal evaluation or business plan and strong illusion of control bias.

Finally, no “intelligent failures” were found as the entrepreneur repeated the same mistakes. This suggests that no learning took place at the time but after reflecting, he transformed the experiences to knowledge and immediately acted in his current venture (in distress) suggesting entrepreneurial learning. Finally the transformation mode of the experiences to entrepreneurial knowledge appeared mainly through exploration rather than exploitation as the moderator of the transformation process. The dominant logic of reasoning appeared to be effectuation rather than causation but requires further investigation.

The study paves the way for exploring the mental prototypes of entrepreneurs who experience multiple failures. Failure is beneficial only if learning from it is possible but learning is not automatic and requires reflection at a personal level. Secondly it confirms the principle that every failure has unique preconditions that should be considered for learning.

CONTACT: Marius Pretorius; marius.pretorius@up.ac.za; Department Business Management, UP, 0002, South Africa.