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ENTREPRENEUR AS ENDREPRENEUR: PLANNERS, IMPROVISERS, AND REAL OPTIONS (SUMMARY)

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SUMMARY

ENTREPRENEUR AS ENDREPRENEUR: PLANNERS, IMPROVISERS, AND REAL OPTIONS

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Principal Topic

Many entrepreneurs start firms without giving much thought to exit (DeTienne, 2008). What happens on the journey to exit is much less understood than the road leading to venture creation. Exit is a path generally left to the entrepreneur to navigate, and as a topic has been more suited to practice than theory. Until recently lacking its own domain, entrepreneurial exit research has relied on extension of theories that may not apply in smaller business settings. This paper builds on the momentum of research that establishes entrepreneurial exit as a key domain.

A model of “endpreneurship” is developed acknowledging that the exit process spans the life of the company. It integrates an iterative component to consider the prepare-act-learn component of improvisation and that business valuation can be impacted. The model is informed by interdisciplinary work involving retirement and financial literacy. This research would begin to recast decisions as exit behaviors: decisions such as relocation, equity structure, and corporate structure could become a real option, valued for the contribution each makes or detracts, toward options available at exit. The paper ends with implications for direction in this area, and opens areas of discussion for entrepreneurs and those who finance, educate, and advise them.

Method

The model builds on research on planned behavior, improvisation, financial literacy, and entrepreneurial exit. The model is built using elements from each and also considers recent pedagogical advances where entrepreneurship is considered a method. The contribution is conceptual but is triggered by a survey of 753 small business owners conducted by the NFIB in 2005. There was evidence of intention to retire leading to exit actions but also evidence of heuristics regarding timing of exit.

Results and Implications

The paper has two main contributions. First it adds to the domain of entrepreneurial exit and it questions the application of big business concepts like “exit strategies” toward entrepreneurial exit, suggesting an iterative model of intention and triggers.

Second, the model stresses the subjectivity of business exit and introduces the concepts of entrepreneurial baggage and iterative improvisation, which occur along the life of the entrepreneur and the business. Implications are presented and discussed in terms of propositions for future research and application.

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