

6-10-2017

## FROM HUMBLE BEGINNINGS: HOW BRICOLEUR FOUNDERS IMPACT VENTURE CAPITAL FINANCING AND IPO PERFORMANCE (INTERACTIVE PAPER)

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### Recommended Citation

Creek, Steven A. and Warnick, Benjamin J. (2017) "FROM HUMBLE BEGINNINGS: HOW BRICOLEUR FOUNDERS IMPACT VENTURE CAPITAL FINANCING AND IPO PERFORMANCE (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 37 : Iss. 16 , Article 13.

Available at: <https://digitalknowledge.babson.edu/fer/vol37/iss16/13>

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## ≈ INTERACTIVE PAPER ≈

**FROM HUMBLE BEGINNINGS: HOW BRICOLEUR FOUNDERS  
IMPACT VENTURE CAPITAL FINANCING AND IPO PERFORMANCE**

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**Principal Topic**

The importance of the transition from initial entrepreneurial management to more bureaucratic modes of leadership has long been examined in scholarly literature (e.g., Gray & Ariss, 1985; Sexton & Bowman, 1986; Smith & Miner, 1983). As new ventures age, many founders are replaced by more experienced CEOs (Boeker & Karichalil, 2002). Building on the premise that a startup's value can be diminished by founders who control too many business decisions as the venture grows (Wasserman, 2016), we investigate how the process of bricolage influences this phenomenon. Since bricoleurs typically take advantage of local knowledge and local resources such as material, labor, and skills (Desa & Basu, 2013), we posit that their leadership capabilities are likely to diminish as the venture grows. Specifically, we offer a signaling explanation for why investors might offer higher IPO valuations to ventures that have replaced their bricoleur founders.

**Method**

Our dataset includes 209 founders from newly public firms listed on CrunchBase.com, which provides information on IPO valuations and venture capital funding. We rely upon content analysis to identify the degree to which these founders engaged in bricolage (Desa, 2012). This process involves the examination of founder descriptions wherein coders assign ratings based on three dimensions of bricolage: materials, labor, and skills. Our content analysis includes data from early-stage press releases, interviews, and biographies from Bloomberg.com to provide more robust results and eliminate common method bias.

**Results and Implications**

Data collection for our study is still in progress. However, preliminary analysis suggests that while bricoleur founders are more likely to remain as CEO, they receive lower IPO valuations than companies who have hired outsider CEOs. The emerging literature on bricolage demonstrates that bricoleurs rely on local strengths (Desa & Basu, 2013), work around institutional norms (Fisher, 2012) and improvise (Baker, Miner, & Eesley, 2003) during the founding process. Our study extends the scope of research on entrepreneurial bricolage beyond the initial founding stage and examines the potential limitations of bricoleur-led ventures. We contribute to practice in helping entrepreneurs understand the extent to which their continued leadership may help or hinder a new venture.

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