

# 9

## Success and Long-Run Character of Ventures

Entrepreneurial influence is no doubt strongest at the birth of a venture and may decline thereafter. For example, in his case study of the founding of a medical school, Kimberly notes that although knowledge of the entrepreneur and his values and objectives is essential for an understanding of an organization, the importance of the person at the top diminishes in explaining organization outcomes as that organization matures.<sup>1</sup>

Drucker's review of the histories of Harvard and Columbia universities is also relevant:

[Charles W.] Eliot, at Harvard (1869-1909) saw the purpose of the university as that of educating a leadership group with a distinct "style." His Harvard was to be a "national" institution rather than the parochial preserve of the "proper Bostonian" that Harvard College had been. . . . [Nicholas] Butler, at Columbia (1902-1945) . . . saw the function of the university as the systematic application of rational thought and analysis to the basic problems of a modern society. . . . These founders' definitions did not outlive them. Even during the lifetime of Eliot and Butler, for instance, their institutions escaped their control and began to diffuse objectives and to confuse priorities. . . . Yet the imprint of the founders has still not been totally erased. It is hardly an accident that the New Deal picked faculty members primarily from Columbia and Chicago to be high level advisors and policymakers . . . [while] the Kennedy Administration [which] came in with an underlying belief in the "style" of an "elite," . . . naturally turned to Harvard.<sup>2</sup>

Organizations do continue to reflect their entrepreneurs, while those entrepreneurs are in charge and to a degree thereafter as well. Thus it is justified to view entrepreneurs not merely as ephemeral or transient agents in an organization's life but as fundamentally influential actors who set the tone of activity for substantial periods of time. It is also useful to examine the nature of long-term entrepreneurial influence in more detail—to ask if different brands of entrepreneurship (types of entrepreneurs) affect long-run organization and sector activity in different ways and in different degrees of intensity. If so, the entrepreneurial screening processes can be expected to differently influence the long-run stability and dependability of organizations in alternative sectors.

The long-run success of an enterprise and the degree to which it continues to reflect its original intent appears to be directly related to the length of time that the entrepreneur remains committed to it. Consider the extreme example of American dance

companies.

The Jose Limon Dance Company was formed in 1946. . . . Limon's death (in 1972) left the company in a unique position in the history of American dance. Never before had a major American dance company, ballet or modern, continued beyond the death of its founder and principal choreographer. The Limon company is the first to do so.<sup>3</sup>

Cornuelle observes for nonprofits in general that "The know-how often stays at its points of origin. Look at Saul Alinsky's conquest of America's worst slum, at Henry Viscardi's success in putting the handicapped to work, at Cleo Blackbrin's work in rebuilding slums, at the Meningers' work in mental health, at Millard Robert's work in education. These operations rarely reach far beyond what these gifted and strong-willed men can do themselves."<sup>4</sup>

In cases observed by the author, entrepreneurial influence diminished and ventures all seem to have suffered from the inability of the primary entrepreneurs to nurture them on a full-time or long-run basis. In most other cases, however, where entrepreneurs were able to concentrate their attentions on their ventures over a substantial period, the enterprises struggled much less and remained truer to original purposes. In a few cases, success was attributable to the stable guidance of the entrepreneur coupled with the commitment of hand-picked administrators to assume control and to carry on the original intent beyond the continued involvement of the entrepreneur.

The connection between entrepreneurial commitment and long-run outcome prompts the question: Are different varieties of entrepreneur more or less likely to give long-term attention to their ventures or to establish conditions under which they will be competently administered and remain true to original purpose? The answer is yes—the entrepreneurial types may be characterized according to their degrees of long-run commitment for a given venture. This venture-specific notion must be distinguished from general commitment to enterprising, however. Some kinds of entrepreneurs, although loosely dedicated to a given venture over the long term, are heavily committed to enterprising itself. Thus there are really two extremes:

1. Entrepreneurs who tend to be committed over the long run to particular ventures (long-term venturers).
2. Entrepreneurs who tend to be loosely committed to particular ventures but dedicated to enterprising as an ongoing activity (short-term venturers).

Each entrepreneurial character may be classified along the spectrum from 1 to 2, clustering at the extremes (see Figure 9-1).

Long-term venturers include independents, believers, conservers, architects,

Short-Term venturers				Long-term venturers
Income seekers	Poets	Searchers	Controllers	Believers
Players	Professionals			Conservers
				Independents
				Architects

**Figure 9-1.** Classification of Entrepreneurs by Degree of Long-Term Commitment to Ventures

and, possibly, controllers. Independents are essentially one-time venturers who, having established their autonomous enclaves, will simply act to maintain them into the indefinite future. Conservers are of a similar nature; having come to the rescue of a cherished institution, the conserver will also continue to exert his efforts and retain responsibility for maintaining it on an even keel. Controllers resemble independents but are somewhat less reliable in terms of long-term commitment. The controller will be tempted to move from one venture to a larger one until he arrives at one that tests his limits, sense of security, and viability of central control. At that point he resembles the independent, seeking largely to maintain that enterprise in balance.

Believers and architects tend to create venture frameworks within which they can *continue* to innovate and build according to a consistent structure or idea. The believer, for example, will establish an agency or program centered on a singular idea or mission, but may continue to expand or elaborate on this theme with further ventures. The success of the mission is of paramount importance to the believer, and all his efforts go into maintaining its viability and elaborating on it.

The architect is especially committed to continual elaboration of his enterprise, but this requires maintenance of the structural foundations as well. Although the architect will be substantially more flexible than the believer in adjusting the rationale for ventures to suit changes in the environment, he will remain committed to a given venture as long as it maintains the potential for growth and experimentation. The pride with which the architect can trace his impact to the venture's roots is a fundamental source of his satisfaction.

The long-term commitment to a venture's initial rationale or mission, compared with its economic well-being, provides a contrast not only between the believer and the architect, but also among other types as well. In particular, the independent and the controller will strive to maintain economic viability, showing flexibility of mission

where necessary. To the contrary, conservers may resemble believers somewhat in their commitment to original purpose; conservers are strongly concerned about the maintenance of both mission and economic stability.

Short-term venturers include income seekers, players, and, to a lesser degree, poets and professionals. Income seekers and players are essentially opportunists, willing to abandon one venture for another if better opportunities arise to increase their personal wealth or power. Hence their commitments to a given venture, its integrity of purpose or its long-term economic well-being, will be precarious. So long as alternative opportunities do not call, income-seeking and power-seeking players will stress the economic growth of their enterprises, following whatever path the environment makes most lucrative (in the case of income seekers) or most socially noteworthy (in the case of players). If attractive alternative opportunities for venture arise, however, these entrepreneurial types will be quickest to move on. The income seekers will leave first. The player, as a public-oriented personality, depends heavily on keeping his reputation unblemished. He will therefore take some pains to avoid abrupt abandonment of an enterprise whose failure may be blamed on him. The player will work to establish a credible transitional arrangement that would absolve him of any culpability should the venture founder after he leaves.

The poet and the professional are short-term venturers in the sense that their attention spans for a given enterprise depend on the venture's level of intellectual or emotional novelty or freshness. The professional is intent on working at the frontier of current disciplinary thought and knowledge generation. His ventures tend to have an experimental or demonstration quality to them, especially in industries governed by scientific disciplines. Such ventures are kept relatively small and controlled, studied intently, described at professional conferences, and written up in the literature. Given the changing currents of disciplinary thinking, however, a particular venture is unlikely to command professional attention for very long. New schools of thought or innovative ideas gradually but continually emerge, requiring the professional to move on to new forms of experimentation within a relatively short time.

The poet also has a relatively short attention span and a chronic need to explore new avenues of experience. Rather than key himself to the currents of disciplinary activity (like the professional), however, the poet is more of a free spirit, driven internally to move away from ventures that have reached a plateau of initial success and preferring to undertake some new experience. Of all entrepreneurial types, the poet is most likely to disdain the managerial role, preferring to coax, catalyze, and cajole others to contribute to and manage the new enterprise. If ventures require the poet to manage for a while, that responsibility will be assumed only reluctantly until a managerial team can be put into place. Professionals will also behave this way, to a more limited

extent, preferring to establish, oversee, contemplate, evaluate, and publicize ventures rather than directly administer them. As a result, programs and agencies established by poets or professionals will tend to lose their initial flavor after a while. Such ventures will either founder after their entrepreneurs move on or they will shed their innovative, experimental tone as more conventional management assumes long-term responsibility.

Finally, the searcher is the least predictable of entrepreneurial types in terms of his long-term commitment to venture. Two conflicting effects exist in his case. On the one hand, a searcher may undergo long periods of exploration and restlessness during which he may dabble in a number of ventures. Like the poet, a searcher in this phase cannot be depended on for long-term leadership and ventures that he establishes face an uncertain future. On the other hand, a searcher will grasp tenaciously to his venture, once having found his true calling. At this point, the searcher begins to resemble the believer or independent and may be counted on to provide long-term commitment.

In summary:

1. Sectors that attract (through screening) entrepreneurs of the believer, independent, controller, conserver, or architect varieties are likely to exhibit long-term behavior consistent with original entrepreneurial motivations. This behavior will consist of:

Agencies exhibiting long-term, relatively rigid mission orientations (believers).

Small to moderately sized (or decentralized) groups of stable, insulated agencies (independents and controllers).

Conservative, old-line, stable agencies (conserver).

Growing, expansive, dynamic agencies with multiple programs adaptive to the current economic environment (architects).

2. Sectors that attract income seekers, players, poets, and professionals will exhibit more dynamic short-run behavior but less consistency and stability over the long run than sectors that attract other types.

Sectors that attract income seekers and players will be faster to respond to economic opportunities, but also faster to modify and abandon ventures as the external structure of opportunities changes. Hence agencies in sectors with these types of entrepreneurs are likely to undergo substantial fluctuations of both nominal purpose and economic well-being.

Sectors that attract professionals and poets will be fast to shape and develop

new ideas and translate them into working programs. However, such sectors are not likely to exhibit very long-term commitments to such programs, but rather will move slowly from one set of ideas to another over time.

Real sectors will, of course, tend to attract varying mixes of entrepreneurial motivations according to the industry- and sector-structure variables discussed in chapters 6 and 7. Thus correlation of long-run entrepreneurial continuity with nonprofit-organization and sector behavior is a complex task.

Those entrepreneurial types with the strongest tendencies toward long-term consistent venture commitment—the believers and conservers—will gravitate to the nonprofit sector, whereas those with the strongest transient tendencies—the income seekers and power seekers—will tend to concentrate outside the nonprofit sector. This overall pattern is by no means rigid, however. Aside from the variations across industries in these nominal screening patterns, the relatively short-run-oriented poets and professionals also tend to inhabit the nonprofit sector more than other sectors. Still, the analysis here of long-run entrepreneurial commitments is roughly consistent and even enlightening of the observation that nonprofit sectors lean toward the more stable and trustworthy varieties of category 1 behavior, while foregoing some degree of the dynamism and unreliability of category 2. This observation is considered more fully in the next chapter, where venture-commitment considerations are integrated with other aspects of entrepreneurial behavior to derive a more general outlook on nonprofit-sector performance.

## Notes

1. John R. Kimberly, "Issues in the Creation of Organizations: Initiation, Innovation and Institutionalization," *Academy of Management Journal*, December 1979.

2. Peter F. Drucker, "Managing the Public Service Institution," *The Public Interest* (Fall 1973).

3. "Centerpiece," Program Notes, Jose Limon Dance Company Program (Fine Arts Center, State University of New York at Stony Brook, September 27, 1980).

4. Richard C. Cornuelle, *Reclaiming the American Dream* (Westminster Md.: Random House, 1964).