

Conjoint start-ups: a practice perspective on new venture creation

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Principal Topic

This study reports on an attempt to establish a new process of new venture creation: conjoint start-ups. The literature on entrepreneurship usually distinguishes between novice and habitual entrepreneurs (e.g: Westhead, Ucbasaran & Wright, 2005). Novice entrepreneurs have no prior start-up experience, whilst habitual entrepreneurs have established clusters of new ventures. Research distinguishes between serial entrepreneurs, who typically launch unrelated ventures, and portfolio entrepreneurs who start related ventures. These broad entrepreneurial trajectories mirror the corporate strategies of related and unrelated diversification (Porter, 1980). Traditionally, habitual entrepreneurs have been known to establish clusters of ventures in sequence, one business at a time. The phenomenon of conjoint start-ups differs from the above types in two respects: - first, conjoint start-ups form a cluster of related ventures launched simultaneously, not in sequence; - second, the cluster is initiated by several entrepreneurs working collaboratively, rather than by one person. Therefore conjoint start-ups are expected to have traits in common with corporate collaborative ventures (alliances, networks and consortia). The process of launching conjoint start-ups exhibits two differences of note compared to a typical, single firm, process of new venture creation. The first one is related to governance: in order to institutionalize the cooperation between the businesses, governance structure and processes must be established. In our case study, all entrepreneurs have agreed to take minority stakes in each other's firm and to market their services under the same umbrella brand. This led to lengthy negotiations about governance and intellectual property, and the drafting of a charter for the cluster of conjoint start-ups, covering shareholders' agreements, intellectual property, joint marketing and referral business, and key contingencies. The second difference with a traditional new venture creation process is the need to establish a community of practice across the clustered ventures: in order to effect cooperation, the clustered ventures must establish shared practices. In our case study, the entrepreneurs have had to develop shared processes, tools, and language specific to their cluster.

Methodology/Key Propositions

The research was conducted using a combination of methodologies, a longitudinal case study analysis comprising three embedded cases (Yin, 1994), and action research through participant observation (Reason & Bradbury, 2001). The longitudinal design stems from the need to observe the process as it unfolds. The case approach is called for by the originality and innovative nature of the entrepreneurial process of conjoint start-ups. Structuring the research through embedded cases -the three start-ups- part of a larger single case -the cluster- allowed to capture the richness and multiple dimensions of the process observed. Finally, although the entrepreneurs had not foreseen all the issues and contingencies they would have to resolve from the outset, they were aware of the novelty of their approach and felt that feedback from an outside observer would be beneficial: this warranted to adopt an action research perspective. The researcher thus observed all key meetings between the entrepreneurs over a period of 9 months, with an average fortnightly frequency. In addition, face-to-face interviews were regularly conducted with all four entrepreneurs in order to gather their personal perspectives and document the embedded cases. The data gathered was analysed using qualitative techniques following the recommendations of Miles & Huberman (1984). The study is an opportunity to introduce the practice perspective (Whittington, 2003) to entrepreneurship research. In recent years, practice research has gained currency in strategic management -a field traditionally close to entrepreneurship- as it enables to capture simultaneously design and process dimensions, and individual and group perspectives (Jarzabkowski, 2004). These characteristics make it particularly apposite for this study, as entrepreneurship

research has always featured a strong interest for action, but still lacks an integrated theoretical framework (Ma & Tan, 2006).

Results and Implications

The launch of conjoint start-ups reported in this study is the outcome of the thinking and experience of a seasoned entrepreneur: reflecting that one of the major obstacles new ventures have to overcome is the constitution of a customer base, he hypothesized that launching at the same time several related businesses who could share commercial leads and channel towards each other referral business would greatly enhance the chances of survival of the businesses. The opportunity of testing this new way to form a cluster of entrepreneurial businesses arose in early 2006, when he came across three novice entrepreneurs who were independently seeking assistance in launching their own business. The results are only preliminary and tentative as the new ventures are still young enterprises, created only a few months ago. With regards to the governance and practice issues associated with the launch of their conjoint ventures, it is significant to note that the need to resolve governance issues had been identified by the entrepreneurs from the outset, whilst the practice issues only surfaced later. Although all entrepreneurs did engage with various communities in the normal course of their professional activity and networking, they always thought about their business creation in terms of an individual and independent endeavour. The need to establish a community specific to this cluster of new ventures is thus a distinctive organizational innovation which defines conjoint start-ups as a new type of entrepreneurial process. The study highlights the process of conjoint start-ups, identifies its benefits and pitfalls. It also previews the emergence of a new activity: that of the entrepreneurial match-maker, who identifies compatible venture ideas and entrepreneurs to create a cluster, and facilitates the collaborative processes and the creation of shared practices. The research provides two contributions: the first is oriented towards entrepreneurs and highlights a promising new process of new venture creation, the second contribution is towards the construction of an integrated theoretical framework for entrepreneurship research (Shane & Venkataraman, 2000) with the introduction of the practice perspective.

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