Perpetuating Entrepreneurship through Dialogue

- A Social Constructionist View -

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Chapter four

Guideline. Our general research question reads: How do young innovative firms make the transition from individual creative initiative to collective and perpetuated entrepreneurship? This implies the preliminary question of how these firms are able to perpetuate the creativity and dynamism associated with their start-up. An answer to this preliminary question is developed by presenting three theoretical notions - 'dilemma', 'texture', and 'potential space' - and illustrating them through case studies. We shall develop three theoretical propositions concerning the question of how organizational processes sustain and perpetuate innovative entrepreneurship, each time centered around a theoretical notion. These three propositions should be seen as abductively derived, theory-oriented hypotheses.

The first proposition (fragment 16), which builds on one of our persuasions as retained from reviewing the flux-metaphor, concerns a basic organizational dilemma between creating and integrating which steers the entrepreneurial process and which can be refined by several subdilemmas. As the notion of 'dilemma' was considered appropriate in interpreting our entrepreneurial case studies, it is therefore suggested as a fundamental conceptualization of entrepreneurial activities and events.

The second proposition (fragment 17) builds further on this dilemma and transforms it into a descriptive organizational conceptualization of the entrepreneurial process in which two major transitions are distinguished: 1) the development of the entrepreneurial motivation towards a social network; 2) the development of the 'gene pool' towards a task domain. Both processes are interwoven through a form of dialogue. A second theoretical notion, 'texture', is introduced to subtly describe the process of dealing with dilemmas as creating organizational texture. We use the term 'texture' to suggest a 'quasi-structural' concept that does not paralyze entrepreneurship, but on the contrary fosters and continues the entrepreneurial creative driving spirit.

Thirdly (fragment 18), the notion of 'potential space' as generated by D. Winnicott, which is used to interpret the case stories, suggests how the perpetuation of collective creativity requires activities which maintain and nurture such a developmental space. Furthermore, the concepts of 'texture' and 'potential space' direct this study towards the notion of 'thiness', which invites us to research the development of small innovative firms as a relational and social phenomenon. This is the focus of chapter five, in which the role of dialogue in social interaction is examined.
Introduction: a Brief Recapitulation

Our general research question remains: in what way do young innovative companies make the transition from an individual creative initiative to a collective enduring entrepreneurship? In order to answer this question, the concrete task is to describe the organizing process inherent in this transformation from an individual into an organizational enterprise. This will require the development of a theoretical proposition that results from combining the interpretive grounded concepts that we drew from the interview material with our point of departure concerning the dilemmatic character of the entrepreneurship process that we arrived at by reviewing the flux metaphor.

A dilemma is seen as an either-or situation where one alternative must be selected over other attractive alternatives (Hampden-Turner, 1981; McLaren, 1982). Some organizational authors have used the notion of dilemma interchangeably with the term 'paradox' and 'duality', while others have tried to distinguish them from each other, on the basis of philosophical contributions. For instance, Quinn and Cameron (1988) define a paradox to be an apparent contradiction or an antinomy. No choice needs to be made since both contradictory elements are accepted and operate simultaneously. The simultaneous character of a paradox is contrasted with dilemma, irony, inconsistency, dialectic, ambivalence or conflict. Evans and Doz (1992) define dualities as opposing forces that must be balanced. They stress that both properties seem contradictory or paradoxical, but are in fact complementary, which is not the case in a dilemma, trade-off, or dialectic. Although theoretically, these distinctions can be made, Quinn and Cameron (1988) remark that the different concepts are synonyms in everyday language, and, for instance, Evans and Doz (1992) seem to alternate between the use of dualities and dilemmas. This suggests a pragmatic approach, using the terms interchangeably in the field of organizations and entrepreneurship. Hampden-Turner (1990) is one of the main propagators of such an approach. His concern is not with a long treatise to define 'pure' dilemmas, but with practical dilemmas. At the same time, I would add that the different

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meanings of these concepts allow authors to stress particular features of importance for them. Paradoxes emphasize the simultaneous presence of contradictory elements, dilemmas accentuate the impossible choice-situation, and dualites stress the complementarity. Duality is the broadest of the three concepts, incorporating both the simultaneity of paradoxes and the impossibility of dilemmas. We have originally chosen the concept of dilemma to interpret and discuss the contradictory nature of the organizing process of entrepreneurship (Bouwen & Steyaert, 1990a), while underscoring the pragmatic view of Hampden-Turner.

The interpretation process used for this study can be summarized in three steps (fragment 13). Firstly, the grounded concepts were developed from the vignette method for each separate case study. In a second step, second-order concepts were generated in which the theoretical notion of 'dilemmas' was applied during the interpretation. In a third step, the second-order concepts of these three cases were compared. Five dilemmas were retained and ultimately reformulated into one general and basic dilemma and into a theoretical proposition. This first proposition concerns a basic organizational dilemma between creating and integrating which steers the entrepreneurial process. Organizing the entrepreneurial process involves learning how to deal with this dilemma. We found all three case confronted with five similar dilemmas. But it is also striking that, in each case, these dilemmas took a particular form and that these forms and their leaders acted differently in these dilemmatic situations. Each of these dilemmas will be defined and discussed with illustrations, with the aim of concretizing this 'diversity-in-resemblance'. These illustrations are fragments from the interviews which document the dilemma in the context of a certain event during the evolution of these firms.

Organizing Entrepreneurship through Five Dilemmas

The organizing of the entrepreneurship process can be concretized in five subdilemmas. Since the dilemmas point to the question of how to get organized, they are termed organizational dilemmas: motivation dilemma, root dilemma, route dilemma, time dilemma and management/non-management dilemma.

Motivation dilemma

The motivation dilemma concerns the meanings formulated by an entrepreneur when deciding to start his own firm. While the entrepreneur is working on the professional foundation of his new firm (i.e. construction of a business plan, collection of financial resources), he is also confronted with questions and doubts on the personal level. The central question is 'Am I going to start or not?'. We call this personal dilemma the motivation dilemma. The entrepreneur is constructing arguments concerning if and how the firm can be started up through talks with professionals, relatives and friends, simultaneously considering the idea of not getting started at all. This general formulation takes many concrete forms. In these three cases we see the different forms this motivation dilemma can take: a strong orientation towards the desired new situation, an alternation between old and new, and a repeated effort to leave behind the old situation. In these three cases we see the different forms this motivation dilemma can take: a strong orientation towards the desired new situation, an alternation between old and new, and a repeated effort to leave behind the old situation.

In the Quartet case, Mr. One was principally concerned by the question of whether, after deciding to start the enterprise, he would become more independent and have a more challenging job. In this motivation dilemma new meanings came into conflict with old values. Mr. One introduced his plans to others, starting with his family and then friends, consciously broadening his test-group. Meanwhile, every week-end he studied the possible technological products he would be dealing with. These and other actions made his new meanings more solid and finally he was very convinced about his new plans. The results of working through this motivation dilemma was a strong personal foundation for the firm and a long term motivation for Mr. One. In a second and a third case the dilemma took other forms and was resolved in different ways. In the Vision case, despite a strong professional foundation, the founder never took a definite option for himself on the personal level. The concrete form of his motivation dilemma was 'starting a new firm versus succeeding his father in the family firm'.

We saw Mr. Two alternating between both alternatives. Even after the start of his own firm, he was still focusing a great deal on the 'family alternative', which resulted in decreased energy for the new high tech firm. This indefinite personal foundation, marked by unstable motivation, made it understandable that he left the new firm after two years and a new leader was confronted with taking over the direction of the high tech organization.

In the Duo case, Mr. Three, linked to a large firm by family ties, was unhappy with the possibilities for creating his own nucleus there. After some rather provocative actions in that firm, he started his new firm, an idea he had always had in the back of his mind. In this case the founder wanted to leave an unsatisfying situation more than he was looking forward to starting a new one. His involvement in the new enterprise was not complete and, soon after the initiation of the firm, he considered two new alternatives to start enterprises with new partners.

The form this motivation dilemma can take has strong implications for how the starter continues to be involved with his new firm: in particular, the stability or instability of involvement and the dimension of long-term versus short-term perspectives figure prominently.
This dilemma is linked not only to the start-up stage of the firm: it continues to appear in later stages. For instance, in the Quart case, after a couple of years the entrepreneur reconsidered his total identification with his own creation. The inducement came from other problems: giving some definite direction to the firm (see route dilemma) and balancing time for the firm and time for his private life (see time dilemma). Typical for the initial years is that every waking moment is devoted to the new organization. ‘Day and night’ is the motto of the beginning entrepreneur and his or her colleagues. No one really dares to look too far ahead. The first years offer little security: there is little point speculating about how the organization will look in a few years or if it will even exist. Against this background of insecurity, the main task is to keep up the intensity. The difficulties which this entrepreneur encountered obliged him to reconsider his relationship with the organization: ‘Am I going to keep on working so hard or am I going to change my involvement?’ This led to a personal crisis, in which he questioned and re-examined his own entrepreneurship. He was wary of discussing this with his colleagues: “I was at a very low point. At the time, I became very closed. I kept it to myself, not even telling to my wife about it. Actually, I had conversations with myself. [...] Then at a certain moment, I went to my wife and explained everything to her, including all my misgivings. We talked about it a number of times. I can certainly say that I looked at my situation and role in the company differently from that moment.”

Root dilemma

The root dilemma touches upon the origins of the firm and of the entrepreneur. These origins refer to the critical assets from which the enterprise is created. In our cases the roots were different each time: a mature market (the Quart case), academic input (the Vision case), and long industrial experience (the Duo case). Each root formed the potential of the enterprise: these strengths were used as stepping stones during the further growth process. The use of such roots reinforces the one-sidedness of the firm’s capacity. As new perspectives and strengths have to be brought into the firm, they can be in opposition with the firm’s roots. This constitutes the dilemmatic character of the root strengths. For our three cases this injection of other perspectives took the following forms: the use and development of inside professionalism instead of the use of market opportunities (Quart), the use of commercial criteria instead of academic logic (Vision), and the discovery of other experiences and approaches to replace the industrial work-experience gained in one and the same large firm (Duo).

We shall illustrate this dilemma in terms of the Vision case. There the origin was rooted in a research project started at the university. The goal was to commercialize this project, which implies a commercial rather than an academic approach. Figure 1 illustrates how these roots turned up every time an important step was taken.

For instance, when distribution and production became important, there was tension between the academic and the commercial logic. Figure 1 is only a part of the whole evolution of this firm. I shall use the beginning phases of this case-description to illustrate the root dilemma. (1) The first developments at university were realized using a technological logic. (2) All efforts were oriented towards developing high standard technical solutions, when this project was brought onto the market, parts of software were distributed to technical clients without any application software. (3) Marketing, however, introduced another type of client for whom application software had to be written. (4) Consequently, engineers made their developments according to the specifications of these clients. (5) In production, one could observe a similar development from a pure academic logic towards one which takes into account feasibility and the practical aspects of the production process itself.

Academic logic can be seen for this firm as the ‘gene pool’ on which further developments are based. Although this origin is the motor for development, it has to be supplemented by complementary logics in each phase of further development.
Route dilemma

In the route dilemma, the choice-problem is formulated as being between broadening and stabilizing. During the creation phase, one sees an acceptance of divergence: all noted opportunities are considered, many possibilities stay open and no idea is too crazy. People are working and reacting across a very wide range. This range cannot be broadened indefinitely: choices have to be made, responsibilities arranged, only some things can be retained. This moment of stabilization is experienced after the firm has been some years "en route". In the Quartet case the dilemma is between 'reacting to the outside or trying to control the inside', in the Vision case between 'keeping open the possibilities for development or focusing on one or two technological areas', and in the Duo case the dilemma is between 'working together in an informal and playful way or formalizing and professionalizing the work process'.

In the figure below, this dilemma is described for the Quartet case. This dilemma can be illustrated for individual actions of the entrepreneur, of the team, and of for the organization as a collective.

Figure 16.2 The route dilemma in the Quartet case

<table>
<thead>
<tr>
<th>INDIVIDUAL</th>
<th>planning:</th>
<th>team planning versus long-term planning</th>
<th>step direction with exclusive sales responsibility versus general direction with a middle-management</th>
</tr>
</thead>
<tbody>
<tr>
<td>being a salesman versus being involved in management</td>
<td>motivating: standing between the people versus standing behind the people</td>
<td>coaching: no training versus through training</td>
<td>selling: serving thecustomer versus following the organizational plan</td>
</tr>
<tr>
<td>TEAM</td>
<td>issue working: base collaboration versus leading through coordination</td>
<td>direction team at the interface of the market versus direction team in the center of the organization</td>
<td></td>
</tr>
<tr>
<td>growth has to be manageable</td>
<td>working: emphasize on innovation versus finishing current projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORGANIZATION</td>
<td>recruiting: reality versus according to an objective</td>
<td>flexible organizational structure versus concentrate directed towards development of specialists</td>
<td></td>
</tr>
<tr>
<td>market driven versus market oriented expansion</td>
<td>informing: all information available versus selected information available</td>
<td>marketing: during sales versus independent of sales</td>
<td></td>
</tr>
</tbody>
</table>

For instance, the entrepreneur had to choose between 'being a salesman' or 'becoming a manager'. Each alternative of this dilemma asks for very different actions on the part of the entrepreneur and his team, each demands a different way of going about planning, motivating and training. In 'being a salesman', the entrepreneur continues to be averse to planning, to working among his people, and to using no formal training for newcomers. In 'becoming a manager', he must plan for the long-term, work 'behind his people' by learning to stimulate them indirectly, and use training programs. Both alternatives were also available to the management team: one group wanted to continue the strong growth of the previous two years while one person in the team preferred to grow only when the consequences were foreseeable, and within the skill-range of the current managers. The same dilemma between broadening and narrowing can be illustrated on the level of the organization, where growth took place according to the market rather than following marketing plans. Dealing with such route dilemmas means considering options for the future.

Time dilemma

Dealing with time was a very important issue in the early development of these firms. The awareness of entrepreneurs for the time dimension poses several questions: were they oriented towards the past, the present, or the future? Did they know their own history? How far did they look into the future? The time dilemma considered here refers to the short-term versus long-term orientation of the entrepreneur. During the first years of a new firm an enormous number of day-to-day issues have to be settled. This makes people used to reacting in the here-and-now and dealing with outside demands. Complementary to this reactive mode, after a few years they have to develop a proactive orientation by building a vision and elaborating concrete goals. This transition constitutes another dilemma for the entrepreneur. In the Quartet firm, this dilemma was mainly a problem for the management team. They were absorbed by day-to-day problems without looking for a long-term direction. In the Vision case, the problem was with the engineers: they had to be buffered from the clients to preserve time for fundamental product developments. In the Duo firm it was a problem for both the engineers and the management team. We will now illustrate this dilemma further for this last case. The entrepreneur waited about three years before bringing in sales people. His engineers had to contact clients because he wanted them to be client oriented. Since his engineers were always improving their developments, they never obtained a finished product. Clients were always told by the engineers they still wanted to change something thus delaying the project a further two or three months. As a result, the entrepreneur decided to install a sales unit with the aim to protect the engineers against endless developments. For the management team the
The dilemma was hindering its development. When the entrepreneur started weekly management meetings most team members were absent. It took them several months to learn to give priority to a management meeting and to stay away for a while from 'urgent' matters. The time dilemma seems to be very self-evident, but it is very difficult to handle. The short-term reactive mode is strongly engraved in the action pattern of a young firm; responding to opportunities has constituted the strength of the start. Now they have to learn to structure the future.

Management/non-management dilemma

The final dilemma concerns the relation between management and non-management. A gap between both parties seems to be unavoidable. The actions and attitudes of the leading team are often in sharp contrast with the distant or more focused attitude of the other organizational members. Mostly this dilemma coincides with the gap between those present during the start and those who came later. The concrete shape of this dilemma is different for the three cases. In the Quarter case this dilemma was at the information level: information from the management team did not reach people throughout the enterprise, while the entrepreneur himself experienced a lack of information about what was happening in his own firm. When in the Vision firm, one had decided to build a management team, a problem of authority arose: people could not accept a differentiation in responsibility. They were used to an 'open' situation: everyone knew everything and everyone could react to every daily problem. Suddenly, only some people were supposed to comment and to think about the global situation of the firm. In the Duo case, the contrast concerned the commitment to the organization and was principally situated between the enthusiasm of the early group of engineers and more recent organizational members of production and the commercial department. The gap was thus less concerned with the formal border between persons with managerial and those without managerial responsibility. In particular, people who were not doing engineering or R&D work were 'surprised' by the privileges of the engineers who seemed to enter and leave the firm at all possible hours of the day and the night. The engineers' actions were linked to the entrepreneurial meanings which were centered around 'a culture of play'. According to the entrepreneurs, both engineers, and their co-workers, 'they come here at work to play', while every one of them was following their own technical interests. They tried to work in 'a playful atmosphere' and create an action repertoire of their own: "working together until the job is done, for days at a time, and then eventually coming up with something together", "engineers who begin or end their work at all hours of the day (or night)" and "working sometimes with an easy informality and sometimes under heavy pressure from the technical entrepreneur". The production team, a very small group, approached things very differently, with more attention to planning and arrange-

ments. Each of the groups had trouble figuring out what the other was up to. The commercial group also had difficulty with this manner of working when they were trying to round off projects successfully for presentation to their clients.

After some years of growth, differentiation and formal roles have to be brought into the firm. This creates a gap between persons with and without formal responsibilities. While organizing a management team, the firm can 'lose' the ones who end up 'outside' the team and for whom also an organizational role has to be worked out.

Towards a Basic Organizational Dilemma

The organizing of a young innovative firm can be understood from the analysis of the basic choice-problems we called dilemmas. The five dilemmas (motivation dilemma, root dilemma, route dilemma, time dilemma, and management/non-management dilemma) are illustrated from the case story of three young technological firms. These five dilemmas can be interpreted as the basic tension between creating and integrating. The creating side refers to the entrepreneurs as champions of initiative and creativity by starting new businesses, while the integrating side concerns the fact that they often realize only afterwards that they have also created a social system which has to be integrated. Creating a business and organizing a firm seem to involve two different logics. Creating is an act of personal and original construction of the social reality. It is breaking away from 'things-as-usual' or breaking through the frustrations of a crisis moment. Creativity is the combined outcome of craftsmanship, involvement with tenacity, and the generating of alternatives through variation. It is essentially a diverging activity, in which personal involvement and originality are critical. What it means to an entrepreneur to start a new firm can be described as the same combined outcome of three characteristics: skillful action, strong motivation, and flexibility. The outcome is often a highly personal combination of the elements given through the initial search process. The construction of a firm as a new reality asks for a personal foundation and is at once a personal and social effort. The excitement is in the new unique creation.

When the young firm starts growing, it needs further organizing, without losing contact with the momentum of the start. The social construction becomes more difficult and complex. For most entrepreneurs this is a less exciting and a more difficult task. When the number of employees is increasing, the personal construction has to be shared and extended to a social construction owned or accepted by a larger group. An integrating logic has to be added in a complimentary fashion to the creating logic or principle already in existence. We call this transition
a dilemma situation since the entrepreneur and the other actors have to make a choice between
staying in the initiating mode or moving into the organizing mode. They are familiar with the
first mode but encounter its limits and they are unfamiliar and sometimes incompetent to cope
fruitfully with the organization the initiators have developed. They are confronted with two
alternatives which both seem to have negative consequences: thus the dilemma.

As we have seen, a basic dilemma can be interpreted out of these five dilemmas, characterized
by a creative and integrative side. Both sides can be identified in each of these five dilemmas.
In the motivation dilemma the creating mode refers to the excitement and fears for the
entrepreneur to start his firm, while the integrative mode is the continuing and stable involve-
ment and interest in the new enterprise. Creating and integrating in the root dilemma refers to
the tension between the use of the background and assets of the entrepreneur and his enterprise
on the one side, and the integration of other logics and potentials on the other side. The route
dilemma alternates between generating opportunities and possibilities on the one hand and mak-
ing choices and giving a definitive direction to the firm's activities and goals on the other. The
creative aspect of the time dilemma is characterized by being absorbed with short-term problems
and by reacting in the here-and-now. The integrative aspect of this dilemma implies the con-
struction of a vision and a strategy for the future. Finally, in the management/non-management
dilemma the informal cooperation of organizational members during the creating mode shifts to
the more formal collaboration in the integrating mode, in which some people receive formal
responsibilities, and organizational roles for the non-management actors have to be developed.

After some years of growth, an assessment of the firm's situation can be necessary and often
useful to continue that growth. Although the organizing process of young firms is for a large
part something unique, several general situations – called dilemmas – could be identified.
These dilemmas evoke important questions that can help the entrepreneur and his collabora-
tors to read their own situation and that of their firm (Morgan, 1986): why am I an entrepre-
nateur and how will I continue my personal involvement (motivation dilemma)? What are our
entrepreneurial strengths and what other potentials do we need to bring inside the firm (root
dilemma)? How many opportunities are we generating before we give our firm a more de-
finite direction (route dilemma)? How can we escape the short-term orientation in favor of a
long-term vision and strategy (time dilemma)? How can we integrate people that come into
the firm later and prevent a gap between the sense of excitement and ownership of the man-
agement and the non-management levels (management/non-management dilemma)?
The dilemmas and questions here mentioned can serve as a point of departure in meetings
where entrepreneurial actors engage in conversations where they make sense about their actual
condition and new options to be explored.

It is the aim of our research project to offer entrepreneurial actors the possibility to under-
stand their own situation more in depth or in a new way, in order to generate new action pos-
sibilities. The hypothetical proposition we derived here is that entrepreneurial actors are
always alternating between divergence and convergence: between creating and integrating,
in order to keep their firm dynamic and yet controllable at the same time. In addition, the
idea can be broached that with the aim to stay innovative and entrepreneurial, an organizing
process is needed that pulls the entrepreneurial actors and organizational members towards
innovative actions. The question is how this idea of 'organizational pull' can be further devel-
oped to describe this innovation quality of the whole entrepreneurial organization which
enables young firms to achieve regularity in their functioning, but also to maintain flexibility
for ideas and new activities. Therefore, the dilemmatic and paradoxical nature of 'organizing
entrepreneurship' will be further explored, trying to gain a closer and thicker understanding of
the relationship between 'entrepreneurising' and 'organising'. It should be remembered that the
need for a process language (fragment 4) is necessary, as traditional ways of naming and framing
'organization' are not satisfactory for giving insight into how organizational processes sustain
and/or hinder entrepreneurship. In fragment 17, the notion of 'organizational texture' will be
introduced as an attempt to introduce an innovative and process-like language of entrepreneurial
organizing. Before this, the creating/integrating dilemma will be further legitimized through
an empirical case illustration and through related research efforts.

Further Legitimizing of the Creating/Integrating Dilemma

Describing the initial years and evolution of these three high tech firms in dilemmatic
terms was further explored through a comparison with similar research contexts of Flemish,
Swedish, and French innovative firms. This can be interpreted as a further legitimation of our
first proposition, which is that organizing the entrepreneurial process in these collective search
contexts is characterized by a basic dilemma between 'creating and integrating'.

Empirical legitimation: three case comparisons

The Coat case

In analyzing and interpreting the data from the Coat firm, in the context of a
research/intervention case (see chapter six, fragment 25), the organizational dilemmas were
useful in clarifying and understanding the organizing task of this Flemish high tech.
Motivation dilemma. As the Coat case emerged from an R&D project of a large Belgian firm, the motivation dilemma was less an issue of one or two persons, than it was the choice of different actors of that large firm to engage in an entrepreneurial endeavor. For the actual entrepreneur, the choice was self-evident, but it took more than five years to develop their technological basis and know-how into a feasible project. In particular, the experience of the large firm with other rather unsuccessful spin-off activities and diversifications, made some people rather reluctant to consent. With the arrival of a new head of the department of R&D, the necessary space and support was granted. At the same time, the entrepreneur tried to use the resources from the large firm as he attempted to gain confidence that it would allow the project to proceed; he also tried to distance the enterprise from the firm, since it was considered necessary for the project to be different from (some of) the practices of the large firm if it wanted to succeed. The process whereby the entrepreneur constructs a personal foundation is closely linked to his or her working context, which he or she wants to leave, and simultaneously wants partly to take along into the new context being developed; at the same time, permission to leave has to be asked for.

Root dilemma. The technological roots of the firm went back partly to the core competencies of the parent company and partly to a technology project of an university where the entrepreneur had been a researcher for several years. However, the further development and realization of their technological know-how was dependent on the development of complementary competencies, as their technological development was heavily dependent on a simultaneous production. This required the construction of complex and highly specific machines which were also very expensive. In this firm, all machines had a name and most people referred to the age of the machine: part of the history of Coat could thus be retraced by the sequence of the different machines, which implied new production possibilities and new technological developments. One could say that technological development and production go here hand-in-hand. In the Coat firm, it was decided to develop and construct these machines within the company, as this would lead to less dependence on other firms and more control of and insight into their (emerging) technology. As a consequence, complementary competencies were developed almost from the start of the firm. This meant that core and complementary competencies were not out of balance but could develop through their mutual progression.

Route dilemma. As a consequence of the close link between ’development’ and ’production’, integrative activities soon became integrated into the course of the organizing process. The firm became structured through gaining a production system and allocating more formal responsibilities. This process of stabilizing was further strengthened by the clear and central position of the entrepreneur who controlled the different projects, activities and collaborators.

Time dilemma. The time dimension plays a crucial role in trying to control the development of the young firm. In the Coat case, the day-to-day activities were centered around the production of its main product, as a result of a contract with one client firm. This contract formed the main business activity, and the organizing process was for a large part focused on managing this contract effectively, as their short term survival depended on it. As a consequence of this dominant project, there was a slowing in the more than fifteen other feasible projects and applications of their technological core knowledge which were still needed for development and research. This slowing implied that the long-term survival of the firm was becoming compromised. Organizing the process of these other projects would require a different approach, which then could undermine the efficiency of the production process for their principal client. In the Coat case, the time issue was becoming a burden, as ’time means something very different for everybody here’. At the same time, the entrepreneur himself realized that this issue could be the junction through which the organizing process of the firm would be able to be reconsidered.

Management/non-management dilemma. Cooperation during the first years of the Coat firm was enacted informally: everybody did everything, and when necessary, extra and weekend hours were done ’with pleasure’. The need to define responsibilities and to allocate managerial tasks entails a risk of losing the informal and open atmosphere. In becoming a more formal organization, professionals were attracted from outside the firm, and leap-frogged past some of the collaborators from ’the first hour’. The fact that these ’outsiders’ installed more formal and planned production systems (in shifts) was seen as further undermining the atmosphere of the first days.
Nevertheless, the company tried to live a bit like a 'family'. For instance, during a residential seminar on the strategic position of the firm, the different organizational members – except for the production workers who did not participate – were joined by their families and children for the evening programs and a special seaside excursion during the work sessions. The whole company also visited one of the client firms in a neighboring country. However, a small incident during that trip illustrated the sensitivity concerning the relationship between persons with a managerial and a non-managerial status. As two of the production workers had taken a 'side trip' during a stop and arrived too late, the bus left without them; this was interpreted by their co-workers as a lack of tolerance by the management.

**Between creating and integrating.** Through these five dilemmas, the ‘problems’ with regard to the organizing process can be adequately outlined and summarized. The dilemma between creating and integrating seemed to be helpful to point clearly at the central organizing task of this firm. Through the dilemma(s), the first five years of existence could be understood in depth. Integrative activities were crucial in the development of the creative activities. Still, the entrepreneur 'felt' that if the creative potential was to be perpetuated and the long term development guaranteed, the tension between creating and integrating needed to be re-balanced. The dilemma was particularly crucial for this entrepreneur, who wanted to shorten the time to market. It meant that he focused on long term developmental projects, in order to ‘finish’ them earlier, which simultaneously suppressed the short term production capacity. However, the other dilemmas were also seen to be important for reviewing the tension between creating and integrating. On a personal level, the motivation dilemma was central to the marketing director, who became the general manager of another firm, which would be affiliated with the Coat firm. This implies that at the same time, the marketing function needed to be revitalized. Another issue concerned the establishment of a second factory in the United States, which led to the firm’s rewriting of its own start. This called for a double expansion, which necessarily demanded a review of the balance between creating and integrating. Both the time and motivation dilemmas were linked to the root dilemma, which was still the basic dilemma of this firm: through which applications will we be able to develop our core technology and competencies, which form the basis both of our identity in the market and of the organizational identity which is simultaneously emerging, and which becomes the context in which this technology can be further nurtured? At this point in the story of Coat, the research group was contacted to see how this tension between creating and integrating could be handled. The story of this research intervention will be told in fragment 25, where we will use this case illustration to document the tension between research and intervention and to illustrate in specific the possibilities of our conceptual and methodological approach.

**Comparing with a Swedish research case**

Brynting (1991), in a longitudinal grounded study of a small Swedish firm, with growing potential in the of bandage and first-aid kit market, arrives at the idea of a ‘basic dualism’ in his conclusions: “We have found two fundamentally different types of organizing processes; one that is spontaneous, non-analytical, and sometimes surprising. […] The other type of organizing process is planned and analytical” (p. 155).

He arrives at a basic dilemma between the third-order categories of ‘spontaneity’ and ‘systematic planning’, as a result of interpreting more concrete categories as overarching categories. These categories are further adopted and refined in a second case study of a firm, active in the furnishing and decorating market, and which is comparable to our cases in terms of age, manner of starting up (through the partnership of two entrepreneurs), rhythm of growth, and innovative expansion (although not through high technology R & D). The researcher finds the history of this firm to be full of examples of ambivalence between the willingness to grow and the temptation to harvest. The category of spontaneity was elaborated using A-categories such as Generate Coincidence, Personal Organization, Have Fun, To Deviate, Diversification, ‘Choose’ Opportunity, and Free Rider, while the category of systematic planning is concentrated around first order categories, such as, among others, Generate Coincidence. Each Man A Cost, Liquid Capital, Secret Dealings, Sustained Organization, Withdrawal, Networking, Recruiting, and Free Rider. The dilemmas between ‘spontaneity and systematic planning’ and between ‘creating and integrating’, as interpreted from two different studies, come close to each other, although they do not completely overlap: the dilemma from Brynting's study comes closest to the route dilemma, but it is at the same time broader than this concept. Furthermore, Brynting heavily stresses the tension between spontaneity and systematicity in the organizing process, which can be seen as a valuable complement to our conception of entrepreneurial sensemaking processes. Finally, Brynting (1991), in discussing the partially published results of this study (Bouwen & Steyaert, 1990a) notes that the creating/integrating dilemma in the sensemaking process of the entrepreneurial creation shares many characteristics with a ‘Piagetian framework’; ‘integrating’ refers to the assimilation process through which experiences are incorporated into existing schemata (in our conception: meaning configurations); ‘creating’ refers to the

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2 On three occasions, both authors, Brynting and Steyaert, were able to compare and discuss interpretations of their case studies.

2 Brynting speaks of A, B and C categories, which refer respectively to our first, second and third order concepts.
a dissolution of the new venture in its environment. In the Vision case, we saw that the operational enclosing was realized through the installation of a commercial meaning set next to its academic logic which was then largely reduced. In the case of the French high tech firm, the operational enclosing concerning the subcontractors consisted of more control and specification. In both cases, the operational enclosing process led to a reframing of the relationships: in the Vision case, its internal relationships were reframed in a more formal and consensus-oriented way, while the French firm reframed its relationships with one of its subcontractors and established a new relational pattern with the other.

As in the above case comparison, the link can be made to Piaget's cognitive perspective (1964), which implies a dynamic interaction between assimilation and accommodation processes. Through assimilation processes, children integrate new objects, problems, and facts into the cognitive structures they have previously elaborated, while accommodation processes imply building up a new cognitive structure in order to understand a new phenomenon. The idea of equilibrium between assimilation and accommodation places emphasis on the dynamic oscillation between closing and opening which enables the formation of creative actions. However, approaching sustained innovativeness in purely cognitive terms, as in the Piagetian idea of equilibrium between closing and opening, is not sufficient. From a social constructionist perspective, such a purely cognitive conception of the development process can be criticized: development needs also to be depicted in relational terms as the ability to settle and maintain creative relationships between key actors and organizations. This will be the focus of chapter five.

Conclusion:
the dilemmatic nature of innovative entrepreneurship and ‘organizing forms’

A surprising proposition?

It can be said that understanding innovative entrepreneurship requires one to take its dilemmatic nature into account. This proposition should not be seen as a surprise, as we explained that there is a tendency to draw more and more on dilemmas, paradoxes, and dualities in the social meetings in the entrepreneurship field (see fragment 4), and even more in organization studies (see fragment 3). It can even be claimed that essential to the human condition is to see ‘the world in two’. Dilemmas, paradoxes and dualities are then not exclusive entrepreneurial and organizational phenomena, but are characteristic of life, always wrestling with the ‘to be or not to be’ question: man and woman, good and evil, black and white, poor and rich, concrete and abstract, day and night, love and hate, life and death, Eros and Thanatos. As dualities run through human identity (Koestler, 1981), it cannot be of any sur-

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4 The comparison of the interview data resulted in a conference paper (Steyaert & de La Ville, 1993).
prise that dualistic thinking is present in philosophy and in literature, and after all, in science.

Dilemmas, paradoxes, and dualities have been present in philosophy since its beginning. This dualistic concern is illustrated by the liar-paradox, the work of Heraclitus (see fragment 3) and Zeno of Elea in the fifth and fourth centuries BC., and the double-faced God Janus in the world of mythology and religion. However, western philosophy has been rather reluctant to use paradoxical thinking in comparison to eastern philosophy. In classical China, yin and yang are conceived as the primordial opposites grounding all changes. These two archetypal poles of nature are represented by dark and bright, by female and male, by below and above. Yin is the quiet, contemplative stillness, the complex and intuitive mind, while Yang is the strong and creative action, the clear and rational intellect. Thus, ‘thinking in two’ and reflecting on dilemmas, paradoxes, and dualities, have roots in eastern and western philosophy.

The fundamental duality of human existence is often implicitly and many times explicitly expressed in literature, whether in the form of poems, novels, or plays. Consider for example the following quotation out from Eliot’s Four Quartets where the dance metaphor is used to express the paradoxical character of movement: “At the still point of the turning world. Neither flesh nor fleshiness; Neither from nor towards; at the still point, there the dance is, / but neither arrest nor movement. And do not call it fixity. Where past and future are gathered. Neither movement from nor towards, / Neither ascent nor decline. Except for the point, the still point,/ There would be no dance, and there is only the dance.” In the novel by the Austrian writer Robert Musil Die Verwümungen des Zöglings Törless’ Töless, an adolescent, oscillates like a pendulum between the world of order and rational clarity symbolized by the boarding school located in the far-off country-side, and the other world of chaos and darkness, as he lives the distractions and ambushes of his dawning sexuality. Töless wants to escape this duality, but even more, he wants to connect both worlds and be able to switch from one universe to the other. In essence, he favors a dualistic perspective of life, as he says “I see things under a double point of view, all things, even thoughts.” Nobody, however, has formulated the dilemmatic character of the human condition better than the baroque Hamlet, who, philosophizing and intellectualizing on the emotions of an oedipal story, wrestling with the border between reality and dream, between good and evil, walking on the precarious boundary between reason and madness, terrified and appalled by his own words and swords, whispers “to be or not to be.”

Since dualistic thinking is reflected in baroque and contemporary poetry, fiction and drama, it could not remain absent within science. Although thinking in tensions and paradoxes contradicts the scientific logic of causality and determinism, it can signify a major breakthrough in searching for new pathways. This is for example the case in physics, political science and therapy. New developments in physics such as relativity theory, quantum mechanics and chaos theory, are compatible with the principles of Eastern mysticism and Taoism (Capra, 1988). Political theory in the nineteenth century was largely influenced by the thoughts of Marx and Engels in which society and its change is conceptualized in a dialectical way. In the field of psychotherapy, the dualistic and paradoxical awareness has been present in the work of Otto Rank (fear of life and fear of death) and Sigmund Freud (Eros and Thanatos), as well as in the contributions of Alfred Adler, Victor Frankl, and Carl Jung (Smith & Berg, 1987).

Still, a surprising proposition

While the above account of the dilemmatic essence of life, however minimal and fragmented its illustration, may convincingly enough show how organizational and entrepreneurial scholars are directed towards studies in dilemmatic terms (as documented respectively in fragments 3 and 4), I should like to formulate two reservations and nuances which make this proposition even more surprising and less commonplace. A first reservation is that the study of dilemmas (paradoxes and dualities as well), at least in organization studies, has led to the rise of (the quantity of) dilemmas (Steyaert & Janssens, under revision). The danger, which applies to the entrepreneurship field as well, is that one stresses one-sidedly the content of these dilemmas and that they are ’taken’ out of the ongoing process. Dilemmas become then ’refined realities which need to be resolved’, as illustrated by a great deal of research into strategies (Steyaert & Janssens, under revision) on how to deal with dilemmas. I have some reservations against the tendency to see dilemmas as isolated from their context and the ongoing interactions in the firms. The nuance I would suggest involves embedding dilemmatic descriptions in their social contexts. The dilemmas that were used to describe the entrepreneurial process are to be seen as interpretive schemes (Bryttin, 1991), covered by the vocabularies of the actors (and the researcher), and enacted in the daily conversations (and interviews and reports). In order to maintain a process approach to dilemmas, dilemmas need to be inscribed in a discursive view.

A second nuance I would like to address concerns the question of how to deal with dilemmas. Instead of looking for ’strategies’ (Steyaert & Janssens, under revision; cf. also fragment 17), we suggest exploring if and how dilemmas can be linked to ’organizing’ forms. This means that instead of focusing on the two poles of a dilemma, we try to describe ‘forms’ which can ‘fill in’ the in-between space. These forms can be seen as transitory states, and as a consequence, dilemmas can be conceived of as gates of transition. A hint in that direction can be found in the work of Stuart Kauffman, as found in a book by Bergquist (1995). Kauffman distinguishes three states by means of which one can describe different systems, including, it is

5 Translated: The experiences of the young Töless. Musil is also author of The Man without Qualities.
hoped, organizations. His intention is to arrive at a new concept of chaos and order. He uses the analogy of water and the stream as a means of grasping these three states. A first state is extremely organized and structured. This can be compared to the solid state of water when it is frozen. A second state is highly chaotic and unorganized, to be compared with the gaseous state of water in the form of steam. The third state is the transition between order and chaos, comparable with the fluid state of water in liquid form. According to Bergquist, this distinction between 'solid, gaseous, and fluid' can be an interesting point of departure for understanding the irreversible character of numerous organization processes. I am here particularly interested in the tripartite division itself, and significance of the third state. This idea prompts us to look for a 'third state' that can help in understanding the often confusing and incoherent phenomena of organizations. They resemble: "turbulent rivers, avalanches, shifting weather patterns, and other conditions that move between order and chaos" (p. 9). Liquid states contain chaotic elements as well as elements of stability, and are characterized by edges and shifting boundaries, filled with a potential for creating.

Both nuances – the need for a discursive approach to dilemmas, and the need to link the in-between space to organizing forms – are traces which will be followed respectively in chapter five and fragments 16 and 17.

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**Fragment Seventeen**

**Construing an Organizational Texture: Weft and Warp**

**Introduction: a Brief Recapitulation**

In fragment 16, the entrepreneurial process was described through the organizational dilemma posed by creating and integrating, refined by several subdilemmas. As a conclusion, a search for 'organizing forms' was suggested, which could help us to understand how entrepreneurial firms deal with this basic dilemma and how this dilemma is intertwined with the development of the young firm’s identity. In this fragment, we shall follow this suggestion. This implies that we try to describe the development of the young innovative firm through an organizing form which can take into account the dilemmatic process of creating and integrating. In order to address this task, a second proposition will be developed which will be presented as an 'interpretive chart'. These synthetic charts have been developed by combining several sub-charts – so-called meaning configurations – as they were construed in the relationships between interpretive grounded concepts, and by subsequently comparing these synthetic charts of the three cases. In short, the interpreting process, of which the interpretive charts are the outcome, consisted of three steps: (1) construing meaning configurations based on the connections between grounded concepts focused on a certain theme, event, or person within each case; (2) writing a synthetic chart for each case as an attempt to construct an overall organizational configuration of the organization; and (3) comparing these three synthetic charts, which allows us to suggest a hypothetical and theoretical proposition, written in the form of a theoretical chart as an interpretive organizational conceptualization of the entrepreneurial process.

In the entrepreneurial process, two developmental processes are distinguished: (1) the development of the entrepreneurial motivation towards a social network and (2) the development of the core competence towards a task domain. Both processes are interwoven with the interactions of the actors involved. The notion of 'texture' is used to describe this process of interweaving: creating organizational texture is then a way to deal with the dilemmatic nature of the entrepreneurial process.

The proposition of interweaving these two developmental processes will be illustrated for the Quartet case using different fragments of the story and different grounded concepts. This proposition will then further be documented, albeit in a shorter form, for the Vision case.

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*State* is perhaps a misleading label, leading in this case to something of a contradiction in terms.

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This fragment is partly based on the article, *Construing Organizational Texture in Young Entrepreneurial Firms* by R. Bouwen & C. Seylaert (1998) in the *Journal of Management Studies, 27, 6*, 637-654.
The Quartet Case: 'And Then There Were Four'

The development of the Quartet firm during its first eight years of existence will be described by presenting two closely related processes: the development of the entrepreneurial motivation towards a social network, and the development of the core competency towards a task domain. Both processes will be illustrated using parts of the story of Quartet's evolution. All these events had to do with the questions 'who is involved?' and 'what business are we in?'. The entrepreneur and co-workers experimented with a variety of ways to deal with those issues. Several ways of coordination and internal communication were tested. Thus the historical development was shaped simultaneously by these 'who' and 'what' questions, and were answered in connection with a third 'how' question. Throughout these two themes, particular patterns of interactions emerged, which point to this third question. We will discuss these three main themes in the order mentioned above. For each theme I shall provide the description of an organizational vignette, a schematic presentation of the main concepts, and a conceptual discussion.

From entrepreneurial motivation to social network

The transfer of the entrepreneurial motivation to a social network is a social construction process which concerns the very raison d'être of the enterprise. The entrepreneur, being the person who takes the initiative, starts from a personal foundation, embedded in a broader context that the entrepreneur is enacting through seeking social support for his or her ideas. This individual construction is extended to a social construction when other people are included, first indirectly and then as active co-workers. One can observe a social network emerging, which is an expression of the involvement or motivation of both the entrepreneur and his co-workers. In the Quartet case, the main theme for this social construction process can be formulated as follows: the enthusiasm of the entrepreneur was put to the test by the difficulty of constructing a cohesive quartet that could involve everyone in the continuation of the adventure. The following is a short organizational vignette, a fragment out of the organizational story of the Quartet case, based on and summarizing the different interviews:

1979. The starting point of the firm is with Mr. Yevenoff, an industrial engineer, who was employed for nearly two years with his second employer in the medical equipment sector. He observes the introduction of personal computers into client firms. He reads professional journals and documents and buys a PC for his personal use. He works every weekend on his PC, while interest in his present work (technical repairs and service), which he no longer sees as fitting his previous training, sharply decreases. His job is no longer exciting. Yevenoff plays with the idea of starting to sell PCs. He shares this idea with his former schoolmates and friends, Stevens and Philier. They also observe with excitement the introduction of PCs into their firms' sales departments. Informal contacts and discussions are intensified. In a regular Friday evening meeting, Yevenoff states his decision to start a new company. Stevens calls him later to guarantee financial support. Then the decision is made that the three friends will each contribute an equal share. Yevenoff will resign and start as entrepreneur of his own firm.

For Yevenoff, it was important 'to be excited about a job' and, at the same time, he experienced a 'strong dislike for the small world of a job in a large firm'. Both meanings that Yevenoff made of his own situation acted as motivational forces and created within Yevenoff a tension between staying in the current situation and leaving the large organization to do something on his own. While struggling with this dilemma, he stayed in continuous discussion with his relatives and especially his former school friends. We saw him engaging in a lot of activities that underscored this intention to make a new start. He engaged in an study activity on his own, which was close to his original interest and further away from the current activities of his job in the larger firm. He carefully floated his intentions in his immediate social environment (his relatives and friends). He looked for people to whom he could go with all his questions about starting a business (friends and possible share-holders). He engaged in creative thinking with his friends and gradually turned his attention to the practical problems of starting a business. All these activities enhanced the value of starting on his own and decreased the motivational value of remaining in his current situation. As a consequence, the decision to start was gradually made easier, and the initial, vague ideas were clarified through conversations, which led to an enacted context and a pre-start network.

The initial entrepreneurial motivation, which was the original raison d'être of the young firm, had immediate implications for its further development. The entrepreneur's personal input in founding the company was closely related to the support of friends (financial support, testing of ideas, encouragement and even co-workship), which was gradually extended. Throughout the further development of the firm, the raison d'être, or the motivational basis, was shared more widely by the actors involved. These actors interrelated in a specific network, creating what is here called the 'organizational motivation'. 
The development from entrepreneurial motivation to social network in the Quartet case

<table>
<thead>
<tr>
<th>The Entrepreneur</th>
<th>His Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phases</td>
<td></td>
</tr>
<tr>
<td>0. personal motivation</td>
<td>support of friends</td>
</tr>
<tr>
<td>1. satisfaction and endorsement of having started this success</td>
<td>building a core team and the experienced enthusiasm of first collaborators</td>
</tr>
<tr>
<td>2. patience and 'goodwill'</td>
<td>as gap emerged between incoherent management team and the fast growing group of collaborators who had to be motivated</td>
</tr>
<tr>
<td>3. irritation and demotivation</td>
<td>an administrator leading a 'formalized' organization</td>
</tr>
<tr>
<td>4. return to original excitement in a familiar role: recognition and personal reward</td>
<td>involvement in the broader organization / attempt to find a culture of its own</td>
</tr>
</tbody>
</table>

In the above figure, I list the critical tensions between the entrepreneurial motivation (left-hand column) and interactions with the immediate social network (right-hand column). In phase 0 we see, as described above, a strong interaction between the construction of the personal motivation of the entrepreneur and the reactions of his friends. This can be seen as the 'ground' pattern of interaction between two poles, the entrepreneur and the network. These patterns of interaction were shaped differently throughout the following phases. In phase 1 the entrepreneur experienced a kind of enchantment. His enthusiasm about starting his own firm was reinforced by the enthusiasm of his friends, as one after another they joined the enterprise. However, this corporate strength among friends was also a serious weakness. Yvenoff was a good sales person, Marken an accountant, and Stevens a technical specialist: all three had different technical/professional perspectives. This immediately challenged the dominant logic (see further for the tension between opportunistic and bounding logic) of the highly market-oriented young firm, as enacted by the entrepreneur. Their initial enthusiasm was accompanied by great diversity, which created incoherence in the management team. At the same time the number of non-management personnel increased rapidly to twenty persons. However, it was not so simple to include these new co-workers in the already existing network. They experienced problems with involvement in the organization. They perceived the management team to be quarrelling; they felt cut off from what they believed were the key issues. Yvenoff had a hard time, but reacted with a lot of patience and 'goodwill'. It was as if the transfer of the raison d'être of the firm to his colleagues and other newcomers was critical for the firm's survival during phase 2. Yvenoff was struggling to maintain the founding image of his firm—the network cohesion was under much strain.

A difficult decision was made. Someone had to become the internal coordinator to safeguard the organizational network. Yvenoff did not like to abandon direct contact with clients and did not feel very much attracted to the role of internal coordinator. As a result, Marken took on this role, going about the job his own way, more as an administrator and internal controller. He handled practical organizational and coordination problems but failed to address the motivation and morale of people in the network. The entrepreneur was very unhappy during this period, often becoming irritable and sometimes considering leaving 'the whole thing'; at the same time, this would have implied that he had 'abandoned his child'. Phase 3 was a crisis for the entrepreneurial organization. The entrepreneur was engaged mostly in sales, which was his strength. However, since another coordinator was taking the central role, he felt remote from the heart of the company, left out.

During the next phase 4, it became clear that the new administrator was not going to succeed. However, Yvenoff was more than keen to take over the coordinator role. He wanted some personal reward for having started this firm. He also wanted a taste of the co-worker recognition he had already experienced in the early years. He hoped to recreate the original atmosphere. He decided to rely more on his middle management for direct supervision of personnel and to use newly hired staff people for special services such as hiring and training of personnel. He now had a central leadership/directorial role in the social network of the organization he had started. The challenge was now to achieve the involvement of all parties and create a more stable organizational culture. From this analysis, it becomes clear how strongly the personal motivation of the entrepreneur in direct interaction with the involvement of others is the foundation for an organizational network that develops over time between entrepreneur and co-workers. The motivational basis of the firm is broadened towards a specific social network. This network partly forms the texture that comes out of this development. The way this developmental process takes place as well as the specific appearance of the texture are especially determined by the quality of the processes of dialogue that are carried out among the different organizational members involved. These processes will be described after dealing with the development of the task domain.

From the 'gene pool' to the construction of a task domain

Concurrent with the development of the social network is the simultaneous development of a task domain. As was noted earlier (see fragment 16, see also fragment 18), the term
'gene pool' is a metaphor for the original competencies of the first members of the organization. Those competencies act as the 'genes' for the development of the task domain. They include the original strength of the entrepreneur and are at the very core of the organizational identity. In Quartet, the original competence was partly technical and mainly service oriented. Reacting quickly to the demands and wishes of clients constituted the original strength of the firm, which we can interpret as a dominant, 'opportunist' logic. Thinking in marketing and service terms and reacting to all opportunities for growth and expansion were the major operating modes of this young firm.

Yet this logic created serious internal organizational problems. There was a growing need for setting limits and establishing priorities - a 'bounding' logic; this sort of logic was especially stressed by two management persons. This point may be illustrated by considering Yvenoff when he had taken on the role of central coordinator for the first time. He was doing so as a reaction to the first of a number of 'misunderstandings' between the four members of the management team on the one hand and between the management team and the non-management level on the other hand. These misunderstandings were caused by the very rapid expansion of the firm, as the vignette from the story illustrates.

Mr. Yvenoff, as coordinator, works at a new site where one of their subsidiaries (specializing in research and software development) is located. He observes that the leading person of this subsidiary, who works rather independently due to a lack of time on the part of the Quartet members, is doing things which don’t meet the approval of the management quartet. This person is replaced. Yvenoff promptly tackles 'those things that suddenly go wrong'. A chance to start trading with an African country is preserved. A lot of energy goes into developing an accountancy software program. A third site is opened and administration, technical services, and marketing are moved. Members of the management quartet consider opening a new commercial activity, and they buy a bankrupt business. As a result of all these new activities, new employees are necessary.

Yvenoff, not satisfied with the selection procedures of an external consulting group, conducts the selection himself using almost 80% of his time at certain periods. Philfer is the only person left at the original site. He sees a lot of problems, but gets no reaction from Yvenoff, Stevens, or Marken who are too busy working at the third site. Stevens, who takes everything that the others will not or cannot do, feels as though he is functioning as a funnel. Newly hired people do not get any attention or supervision. Philfer, more and more frustrated by this situation (and stuck in his commercial and management role) decides to leave the management team and reigns as a shareholder.

In figure 17.2 the opposing logics acting in the firm are summarized. In the 'opportunist logic', several meanings governing the young firm in the early days can be distinguished. These meanings led to a related set of actions, which again reinforced the prevailing meanings. Under the pressure of growth (more people, several sites), new meanings emerged that were in strong contrast to the existing ones - a 'bounding logic'. This logic expresses the necessity for managing the boundaries of the new organization, of selecting from possibilities, of setting limits and of acting professionally as a manager. These meanings demand co-ordination and limiting actions. Yvenoff, in first performing the role of coordinator, was trying to build in the bounding logic, but his heart was with opportunistic actions. Later, he let Marken take the co-ordinating role. A continuous tension between both logics was experienced. The 'gene pool' of the original assets of the young firm concerned the orientation to sales and the client. All opportunities had to be grasped. Precisely for this reason, the firm flourished in the early years.

**Figure 17.2 Opportunistic versus complementary logic in the Quartet Case**

- **MEANINGS**
  - exciting and independent work
  - being a salesman, in the field
  - a group of friends
  - everybody knows everything
  - need for strong growth
  - to sacrifice for the firm (in planning, problems etc.)
  - being a manager, away from the action
  - being professional
  - selected information and protected communication
  - growth has to be manageable

- **TENSION**

- **NEED TO SELECT IS EXPERIENCED : THERE IS CONTINUOUS SHIFING FROM ONE LOGIC TO ANOTHER**

- **ACTIONS**
  - horizontal expansion (expansion in breadth)
  - opportunity seeking and strong market-orientation
  - complementary leadership
  - little planning
  - vertical expansion (expansion in depth)
  - controlling the inside
  - one identified co-ordinator
  - structure based on specialization

- **Key**
  - + Positive
  - - Negative
The new logic had to complement the original gene pool, not supplant it or be a substitute for it. This was the challenge which the organization was confronted. The entrepreneur saw the necessity for adding a new logic, but his skills and enthusiasm were invested in the opportunistic logic. The management team tried to incorporate the bounding logic, but had a hard time achieving this. There was continuous shifting from one logic to another without a firm choice being made. The firm was being driven by enacted circumstances: new subsidiaries and new market demands. Although there was an awareness that the bounding logic had to be strengthened, the entrepreneurs kept following actions and impulses implied by the opportunistic logic. It is extremely difficult to make a choice and stick to it with a view to complementing the dominant logic. At the time of the study the task domain of the organization had not yet stabilized. Depending on the opportunities offered, the interest and skills of the management team members, and the temporary successes, the task domain of the firm was continuously being shaped and reshaped.

Organizational texture: weft and warp

We have described two constituent processes in the development of the Quartet firm. One concerns the development of the social network which emerged from the involvement of the founders and particularly from the motivation of the initial entrepreneur. The second, the development of a task domain, resulted from the interaction between the competencies of first members and tensions between the initial logic and the emerging new complementary logics.

Both processes took place at the same time. They were connected by the interactions of the different actors involved. The actors in this situation continuously negotiated their levels of participation, their positions, and their perspectives with each other. This process of negotiation could be explicit or implicit and took the form of an ongoing dialogue. In calling the first developmental process 'weft' and the second 'warp', the dialogue can be called, metaphorically, a process of weaving which led to a particular organizational texture, a configuration of how the organizing process was enacted by actors, 'interwoven', connecting both developmental processes in a holistic organizing process.

In figure 17.3, this ongoing dialogue is illustrated by several concrete actions. They were carried out by the parties involved to enact the weaving of both developmental processes. We can speak of 'musical chairs' as the central feature of the ongoing dialogue in the Quartet case. This description reflects the fact that the key people stayed only for a short time in the general coordinator role, taking turns with one another. Alternating roles appeared to meet key actors' desires for 'fair effort'. This strategy, used to further the social construction of the network, can be labeled 'alternating'. It was as if they took turns, to guarantee that there was a just distribution of input into the management of the enterprise. It was an acknowledgment of
diversity. At the same time, however, there was a sense of underlying turbulence and tension as to how the roles ultimately would be fixed. 'Alternating' and 'shifting' were two concrete forms of the general mechanism of 'musical chairs'. Social roles and task domains, seen as chairs, were constantly exchanged. It seemed important for everyone to have a chair. It was left to the pressures of external events to set the pace for taking a chair; sometimes a chair was 'left open', so to speak. Furthermore, avoidance of conflict was very characteristic of the personal relationship between Yvenoff and Markken. For example, they had different ideas about how to deal with newcomers, but there was little evidence that they confronted each other with these differences. Phillips, too, remained in the firm at a lower level while still expressing his own opinion.

The particular actions through which the task domain was constructed and through which the tension between the entrepreneurial motivation and the social network was dealt with, we have called 'shifting'. Diversification, new subsidiaries, and new services were continuously considered; choices were continuously shifted. There was a continuous search for the 'right thing' to do, but long-term choices were difficult to make. The 'shifting' actions inherent in allowing different views to be expressed helped the organization to deal with the tension between opportunistic and bounding logics. This was frustrating for the entrepreneur, but it did allow people with diverse ideas and capabilities to be integrated into the firm. The strategies of selecting and shifting actions further reinforced the motivation of the various coordinators, and allowed for the involvement of a variety of people.

Conclusion

The above interpretive chart is an attempt to describe and make intelligible the process of constructing organizational texture in Quartet, connecting and summarizing generated grounded concepts and meaning configurations. This analysis suggests that entrepreneurs should strive to understand their own motivations and meanings since they are strongly linked, not only to their own (further) involvement, but also to the involvement of their co-workers. The entrepreneur, initially as inspiration, linked people and laid down the initial logic underpinning a process of dealing with dilemmas, tensions, and differences. The competencies of the entrepreneur, and their context as initially enacted before starting, formed the gene pool. This original strength established a dominant logic which soon had to be complemented by new logics and new ways of doing things. These two processes - social networking and task creation - were intimately interwoven, producing a particular texture for the enterprise, and that texture reflected the ways in which actors dialogue. The weaving metaphor reveals organizational dialogue as a process which relates the development of the social network (the weft) to the development of the task domain (the warp). Weaving in the Quartet case reflected the 'musical chairs' mechanism, characterized by 'shifting' and 'alternating'. In the Quartet case, there was a certain stereotyping of the dialogue, since shifting and alternating came up again and again.

In short, alternating and shifting are the main features of dealing with the tensions which are inscribed in both developmental processes. The interactions and conversations of the different team members are a way simultaneously to preserve the entrepreneurial motivation and a dynamic social network and to balance between the opportunistic and boundary logics. The development of Quartet from a pre-start configuration enacted by the entrepreneur towards an organizational identity required a subtle process, called textual organizing, which wove tasks and roles as the firm was daily writing new events. This process of textual organizing has been described for the first ten years of Quartet, from 1979 to 1988. At the time that we finished this part of the study, Quartet had developed from an initiative of a couple of friends to a highly-regarded firm of some fifty persons, through a transformation process of what we have called 'perpetuated collective creativity'. At that time, the organizational identity that had emerged was not seen as stabilized or firm, as the company was still in-the-making. The texture metaphor is appropriate to point to the idea that the organizing forms they enacted were rather ephemeral: it was continuous meaning creation and action enacted from a repertoire of contradictory meanings and actions. Especially with regard to the retention question (see fragment 9), it should be remarked that for Quartet, it was difficult to retain a particular configuration. One could say, so to speak, that this firm, even after ten years, was still 'young' and emerging, considering its textual organizing process. Especially with regard to time (see time dilemma, fragment 16), it was difficult to build in a long-term perspective, as the market in which they were active (and its related technology) was unstable and difficult to predict, with a lot of surprises demanding fast action. This means that the firm was loaded by short-term actions and daily worries, threatening the creative potential of the firm which got less and less attention. The question we can ask is if the social process we have been describing can in some respect qualify the perpetuation of the creativity and innovation of this firm. This story is thus not finished, but should be continued. The sequel of this story will be told in chapter five (fragment 22), albeit in a different way, as I shall include the theoretical developments on social processes as part of the interpretations of the follow up interviews we conducted in Quartet. Would the story still be 'And then there were four'?
A Further Illustration of Textural Organizing: the World According to Vision

Textural organizing will be further clarified by illustrating this process for the Vision case. ‘Vision’ is a Flemish high tech firm started up in 1982 as a spin-off of a scientific research project on electronic vision technology to be integrated into the automation of production machines. Its market is international, as it has enlarged successively from Europe to the United States to Asia, occupying a highly specialized niche only aspired to by a couple of other firms. Over the years, it tried to evolve from a financial structure, based on venture capital, towards a more independent position symbolized recently by a management buy-out. In general, its development could be characterized as prudent but steady growth. After ten years, the handful of collaborators evolved to a staff group of 45 persons.

In order to illustrate textural organizing at Vision, two steps will be taken. Firstly, a part of this story will be elaborated; and secondly, we shall discuss an interpretive chart which documents the weaving process of the development of a social network and a task domain.

A major event in the case story: a new entrepreneur

The story begins with a major event during the first years of the development of this young high tech: the entrance on the scene of the initial entrepreneur who transmitted the university project to the commercial market as a feasible and profitable enterprise, and then left the firm, at which time a new entrepreneur, previously managing innovation projects in a large Belgian company with a similar technological environment. This change of general manager started a major transition within the firm, leading to fundamental changes in the ongoing conversations and visions of the (future of the) firm. Why did he come in after two years?

When the firm was started in 1982, the entrepreneur, a civil engineer in education, had been looking around for five years in the United States and Europe for promising research projects which had simultaneously technological, financial, and commercial potential. After a failure in biotechnology, he placed his belief in the chances of a technological project in a Belgian university. With the venture capital he raised, the firm became operational with two researchers from the university project and a marketeer, “one of my school friends I could convince.” But researchers and marketeer had hard days together: “These researchers wanted to score academic points instead of thinking in terms of gains and losses”, as the entrepreneur put it. The marketeer added: “I tried to handle them with kid gloves while I let things simmer here and I satisfied clients temporarily.” However, the entrepreneur was often not present in the firm, as he was involved in a venture capital organization as well as in his father’s family business: he “could not yet say no to all these activities.” This is how the marketeer interpreted the situation at that time: “There were many problems we needed to discuss, not only these tensions but also decisions on projects. […] There was just no conversation possible, even not physically.” The question of what applications they would choose became urgent, “as we were still developing Rolls Royce, while the market only needed bicycles.” The entrepreneur realized that he “as a founder became a threat to the company.”

As a result, he asked a headhunting company to find a new general leader. When this person came in, his intention was to go gradually and prudently: “For the first five months, I went around, listening and looking.” One of his collaborators said: “He walks around a lot here. I see this as a positive thing. He asks everybody ‘how are things going?’, and everything can then be said.” For the entrepreneur, it became clear that the firm needed a focus: “I found out that there were too many projects here, not one or two but twenty or more, which we had to take care of. […] We needed to go in one direction from then on.” A management team of five persons was installed together with the marketeer, two research managers, the production manager, and the new entrepreneur. The idea was “to bring sales and technical functions together” as well as “basic and application software.” Everybody reported on how they were organizing their group of engineers and collaborators as well as the topics they wanted to discuss. A lot of energy was spent in aligning different technological parts, in phasing research tasks, in finding technological and commercial criteria for selecting offers, and in setting up a commercial strategy and a sales network. As a principle for this meeting and as a way to support the focus they chose, the entrepreneur intended “to aim for acceptability for every decision taken and to discuss until consensus is reached.” One of the members of this team interpreted their teamwork as follows: “There I really have the feeling that we are making progress.”

Once the course had been set, the design of the structure in which the technological research and software development could be realized, and the design of the commercial network was able to become more an issue for continuous reconsideration and refinement, and thus for permanent negotiation and mutual consultation within the terms they had established. Although they attracted some important clients, the commercial success was less than expected, and would only be reached when a second niche was opened in the nineties, while on the financial level, two major crises had to be overcome.

The firm then moved to a new building they constructed themselves, symbolizing a newfound security about its future and equilibrium concerning the outlook of its own identity. However, at the beginning of the nineties, a new and important episode in the story of the firm centered around the development of a second application of their technological...
know-how in electronic vision systems, and the opening of a second important niche. This led to new strategic decisions, financial restructuring, and important changes in the management team, and necessitated a re-aligning of visions and redefining of relations. This second part in the development of Vision will be told in fragment 22.

An interpretive chart of the development of Vision
The concepts stemming from the interview texts concerning the first development period of Vision, can be used to construct an interpretive chart which gives a texture to the story as told above. The evolution of Vision from an initial pre-start configuration towards an emerging identity can be described by two intermingled developmental processes - from entrepreneurial motivation towards innovation culture, and from the 'gene pool' to the construction of a task domain. The initial situation of Vision was highly influenced by the choices of the initial entrepreneur about whether or not to start a business and with what kind of specialization. The personal choice of the entrepreneur had a direct impact on the creation of a first network, characterized by an individualistic logic, and on the core competencies, characterized by an academic logic. In the transition from individual entrepreneurship to organizational entrepreneurship, this initial configuration became an organizational issue once the number of co-workers started to increase, and especially when the new entrepreneur was on the scene. In Vision, the step from an R&D project to a professional project in the business implied the direct involvement of researchers and others who had a stake in transforming the research-based project into an up-to-the-mark business domain. The initial meanings and competencies needed to complemented, as a heterogeneous research-oriented group was transformed into a client-oriented firm, looking for an unknown goal with limited resources and time. This transition process is pictured in figure 17.4 as a combination of two developmental processes which are linked to each other through a process of dialogue.

Figure 17.4 Textual organizing in the Vision case

The first developmental process from an initial entrepreneurial to a social network characterized by an innovative 'culture' was characterized by a tension between individualistic meanings and team-oriented meanings. The second process concerned the development of a task domain from the initial competencies, based on the tension between so-called academic and commercial logics. Both processes were operating at the same time and were interwoven by an organizational dialogue which could be described as an open, confrontational style within the management team, contrasted with a strategy of pruning in the overall firm.

The development of a social network and a task domain can respectively be conceived as a process on the social-relational and on the substance-content level (Steyaert, Bouwen & Van Looy, forthcoming). The relational level concerns meanings which regard the way persons interact and relate to each other for organizational collaboration, while the substance-content
level points at the meanings concerning the task domain. In Vision, it was the explicit approach of the entrepreneur to focus on both levels at the same time, but using very different ways of dialoguing with his collaborators. On the relational level, there was an evolution from a heterogeneous and fragmented research-oriented group in which individual goals dominated, towards a client-oriented firm based on team involvement where team members worked in a professional mode towards a shared organizational goal. This gradual evolution is realized through the installment of a management team, the alignment of tasks, and the many informal day-to-day contacts. The new entrepreneur, who considered face-to-face conversations with his collaborators to be a primary task of his new overarching position, was an important instigator in taking up the question of how people should be aligned, since was seen that a focus on the task domain had to be reached at any price. Academic logic, which regards everything as deemed technologically possible and to be aspired to with little consideration for market demands, was thus relegated to the background inasmuch as it could not be allowed to compromise the distinctive technological competencies of the various actors. Instead, there was a shift towards what they called a ‘commercial’ logic, where the question was which of the many possible applications kept open so far would be chosen and how everybody might become integrated into the further focused development of the firm. This transition was visible in the installment of a more structured concept linking different areas and stages of technological development, in establishing criteria for choosing feasible projects and rejecting others, and in creating time checks and deadlines.

The conversations and the quality of the dialogues, as they link the social relational and the substance–content level, are represented in the middle of the above figure. In Vision, the development of both levels was strongly interwoven. It was discovered that finding a focus while not losing innovative potential was dependent on finding a network which could guarantee the further elaboration of the initial competencies, and vice versa. The continuous refinement of the social structure influenced the technological boundaries the firm was trying to define. Relational development was enacted through actions such as testing acceptability, creating confidence, and face-to-face negotiating by the entrepreneur with each of his collaborators. He used a more individualized and prudent approach, as the social change were sometimes painful: some people left the firm, while newly arrived persons were quickly given major responsibilities; also, a difference in involvement between people of management level and others became more and more visible. The conversation concerning the transition to a commercial logic was mainly held on a group level, as the management team and the research teams were striving for consensus and discussing until everybody agreed. There, the tension between the academic and commercial logic was taken up, as they tried to create shared meanings about the idea of focus and narrowing the technological scope of the firm. They alternated this selection process with creating meanings that applied to the long term identity of the firm, which would become, for example, “a ‘David’ who could beat some Belgian ‘Colossus’ making much less ‘publicity noise’.”

In Vision, this interweaving of levels was very much the work of the new entrepreneur who tried to find a more focused plot for the ‘play’ of Vision, depending on how he could ‘re-cast’ the actors and on how they could develop ways to play together and have generative conversations. ‘Vision’ provides an illustration of how developing an organizational identity with a continuous creative potential, requires the collective constructing of a ‘vision’.

The conversation which guides the transition to an organizational identity characterized by a team and commercial logic can be characterized by the metaphor of ‘pruning’. When the new entrepreneur entered the firm, it was a rich environment with great potential, which, however, could sign its own death warrant by overgrowth. The entrepreneur set out to choose its own path from the many possibilities, and tried to find consensus for this option. With care and patience, other options, perspectives and positions were pruned off. Actions, persons, and preferences which referred to the academic logic were given minimal consideration or negated altogether. However, in this situation, there is a danger that healthy options are discarded as well, as it is difficult to determine which applications in the long term yield a serious harvest and which ones do not. By the time we finished the first part of this study, Vision was well on the way to establishing a fully fledged and secure niche, without being able to say conclusively where they were headed. After 8 years, it cannot be said that the firm has stabilized in position on the market, nor its organizational identity. The uncertainty concerning the question of whether ‘at the end’ there would be something to harvest, started to weigh heavily on the firm. The actors began to ask whether the social process which we have been describing would be sufficient to ‘guarantee’ a long-term perpetuation of the highly creative technological potential of Vision. That is the question with which we left the firm and that the entrepreneur was highly aware of, however incapable he and his collaborators might be to answer it, caught up as they were in the middle of the stream. In fragment 22, the sequel of this story is told and an answer to this question is formulated, using interview data from a follow up study.

Going back four years later, the question was, Had Vision been able to harvest, to ‘pick cherries’ so to say, or was the basket still empty? Had Vision reached its identity as we interpreted it then or had this required a re-Vision?
Conclusion

The development process from an individual initiative towards organizational entrepreneurship has been described as a form of textural organizing. This process was documented in the Quartet story, and then further illustrated through the story of Vision. In comparing both descriptions, we can formulate a hypothetical theoretical chart, which can be seen as giving a texture to these stories. Firstly, this theoretical chart will be described. Secondly, the chart will be discussed and evaluated by valuing its main features, and by confronting it with the research question and the search process of this study.

Towards a hypothetical theoretical chart

The entrepreneur is considered as a crucial actor, embedded in an enacted 'pre-start' configuration. Two characteristics of this context come into play in the development of the organization: the 'entrepreneurial motivation' to start a new business and the basic competencies from which the organization will be developed. The personal motivation of the entrepreneur can be seen as the raison d'être of the young firm and is transferred and modulated among the other co-workers. The drive for setting up the business is taken over and re-created by other organizational members. It is not solely based on the enthusiasm of the entrepreneur, as the outcome of a socially constructed personal foundation, but gradually becomes an 'organizational motivation', a collective tone which arises from the importance of continuing the entrepreneurial endeavor. The entrepreneurial motivation and organizational motivation are then related in a continuous tension with each other. This collective tone is enacted through a network of people oriented toward each other in a particular way. Secondly, the entrepreneur's original competencies form a prefiguration of the organization's task domain. We call these original competencies the gene pool of the organization since this is the first pool of assets around which the task domain (products and markets) has to develop. During the creation process, the emergence of new and complementary logics can be observed and a dialectical process between the logic of the original competencies and the complementary logics is developed. On both developmental tracks, network and task domain, we see a dialectic process going on. By calling the first the weft and the second the warp, we can characterize the quality of the dialogue process itself as a process of weaving. Weaving is then the interaction process dealing with and connecting both developmental processes at the same time. These interactions can be to varying degrees either one-sided or two-sided; they can be either very rational

or emotionally driven, using more or less equal power distributions, and more or less mutual confrontation. These dialogue processes feature a specific texture or core business identity. The core business identity is formed by the interweaving of both processes - network development and the bounding of a task domain - through dialogue. The texture will give an indication about the organizational creative potential of the young emerging organization.

Figure 17.5 A hypothetical theoretical chart of textural organizing

Valuing the interpretive chart

The second proposition which we present in our attempt to answer the research question builds further on the dilemma between creating and integrating, and transforms it into a descriptive organizational conceptualization of the entrepreneurial process in which two major transitions are distinguished: 1) the development of the entrepreneurial motivation towards a social network; 2) the development of the core competence towards a task domain. Both processes are interwoven through a form of dialogue, which gives the organizing process a 'textural form'.

'Texture' is a notion suggesting a 'quasi-structural' form which does not paralyze innovative entrepreneurship, but on the contrary fosters and perpetuates the creative driving spirit of entrepreneurial endeavors. It consists of a subtle way to connect people and tasks in such a way that generative roles and actions remain possible. This 'open connecting' is inscribed in the ongoing conversations which guide daily actions and events. Nevertheless, it remains difficult to conceive this dialogue process. In the organizational literature on change and innovation, especially that dealing with the role of 'organizational learning' (Argyris, 1994), the quality of the dialogue has been described by looking at the communication among actors.

3 The gene pool can be compared to the notion of 'dominant logic'. A dominant logic is defined as the way in which managers conceptualize the business and make critical resource allocation decisions - whether in connection with technologies, product development, distribution, advertising, or human resource management (Pascale & Athos, 1986).
Argyris (1994) makes the distinction between ‘interactive’ or model II interactions and ‘closed’ or model I interactions. Open interaction is two-sided, information is concrete, testable and questionable. Closed communication is one-sided, general or vague, not testable and ‘rational’. Interactive communication can lead to the further development of existing meaning constructions or to new ones. Closed communication leads to defensive reactions, to vicious cycles and the impossibility of testing and questioning the sensemaking process. This form of communication reifies the existing or most powerful, logic and hinders further questioning including forms of development which can be typified as ‘double loop learning’ (Argyris, 1994), or third order change (Bartunek, 1988). However, the question can be asked if the way Argyris conceives of communicative interaction can be more fully elaborated, especially with regard to its explanation of the dialogue’s ability to be generative and to add directly to perpetuation of collective creativity. Such a conception of dialogue should explicitly take into account a relational, contextual, discursive and social approach to human communication. I shall attempt to conceive of such view of dialogue in chapter five.

This chart (see figure 17.5) can be considered a way to describe the development of an emerging organization centered around a creative and innovative endeavor. Such a conception can be valued as having several advantages. It goes beyond many of the models in the entrepreneurship literature where the development of organizations is conceived of as a normative transition structured in three or four stages (see fragment 1). Instead, it conceives of the organizing process as a developmental phenomenon. In that way, it goes also beyond a lot of organization models, which set out from the idea that the organization is already there, and that it only can become more effective and efficient. Organizations do not have a culture or a structure, but rather, are themselves in the process of being made, through cultural practices and ephemeral forms. For instance, such well-known structural models as Mintzberg’s theory-in-five or Schein’s theory of organizational culture present entrepreneurial organizations as fixed entities. Mintzberg’s notion of simple structure and adhocracy - while appropriate descriptive labels - reifies the structuring process into fixed forms which then determine human action. Schein has explained the coming into being of organizational culture by referring to the role of entrepreneur. The interpretive chart can clarify this process as assumed by Schein, and correct the reductionist assumption that culture grows from one individual hero but is enacted from a social network that has learned to deal with diverse cultural meanings. The notion of texture is in my view appropriate to express a process view of organizing, which is developed holistically through social conversations, cultural practices and structuring forms. This implies that organizational psychology would no longer ‘structure’ its chapters with theories of structure, models of culture, and communication theory, while making abstractions from developmental conceptions of ‘the organization’. Our conceptual model can nevertheless be further explored. While it has the dialogue at the heart of its conception, this dialogue process can, as said, be more thickly elaborated. While cultural practices have been dealt with in terms of creating and changing meaning configurations (sometimes called logics), it would be appropriate to indicate how they are linked to broader cultural practices in the networks and environments of these organizations. The two points can be dealt with simultaneously by focusing more explicitly on the role of language as it is related to the social process of organizing (see chapter five). Finally, while texture is a dynamic concept that shows how organizations structure their actions and events, this quasi-structural form is difficult to ‘catch’ and needs to be further concretized, a task we shall undertake in fragment 18.

Summarying our further research trajectory

In fragment 9, we rephrased our research question as ‘how can the identity of the young entrepreneurial firm be kept open for creative development and renewal, and how can we characterize the social interaction that this entails? The interpretive chart describes the development of the young firm as a textual process which connects tensions concerning tasks and people during the transition from a enacted ‘pre-start’ context towards a gradually formed identity. Textural organizing is a metaphor for understanding how this identity remains open as the creative and integrative activities are subtly connected such that the two poles do not get ‘neutralize’ one another.

Nevertheless, the above discussion indicates a necessity to make our answer to the research question more precise by undertaking a double endeavor. Firstly, since it can be appreciated that the notion of ‘textural organizing’ is difficult to operationalize, we shall try to refine it by connecting the process of textual organizing to the concept of ‘potential space’, a notion from developmental psychoanalytic theory (see fragment 18). Secondly, our theoretical proposition cannot be considered sufficient to characterize the social interaction which can sustain an open identity development. So far, the social process has been seen as a dialogue, illustrated by concrete interactions, and synthesized in metaphors such as ‘musical chairs’ or ‘selective pruning’. The question is whether this dialogue can be conceived of more precisely, and if it can be presented in such a way that it can explain how dialogue is a core element in the perpetuation of collective creativity. This means that our theory of social organizing, as we have so far been able to formulate it on the basis of Weick’s and Argyris’ work, needs to be further explored and extended (see chapter five).

Furthermore, since these case studies have been empirically fleshed out, we can now describe how their further development was realized, and indicate in what way the firms were able to develop their creative potential and to perpetuate their existence (see fragment 22).
Interpreting Case Stories in Terms of the Concept of Potential Space

Potential space: an overarching concept?

In our search for both 'new' concepts and an 'overall' interpretation of our cases, we will introduce the concept of 'potential space' as a 'thick' notion with a process quality; this concept is derived abductively from another field, i.e. from psychoanalytical development theory. In our view, this concept is able to voice the idea of creating/integrating and its relational underpinning, which are crucial for sustaining innovativeness and for developing the identity of the innovative (high tech) organization. It should be remarked that using this notion in the context of entrepreneurship goes beyond the original thinking of Winnicott, and that our application cannot be seen as a literal or dogmatic one. The interpretive strategy we use here to come to a synthetic understanding of the development of the high tech firms, involves the use of a metaphor (fragment 5). I shall begin by citing this concept within Winnicott's work. Secondly, I shall outline the meaning and content Winnicott gives to it.

Winnicott and organization theory

Donald Winnicott (1896-1971) was an English pediatrician-psychoanalyst with a quixotic nature according to Grolnick (1990). His work concentrated on therapy for children as well as adults, in which creativity and especially playing (the latter in the fundamental sense of 'development'), are among the most significant elements (Grolnick, 1990). "Winnicott's scientific imaginative world lends itself best to what could be called a poetics of interpretation that takes into account the innovativeness of man, the symbolic animal, as well as his constitutionally and biologically driven nature" (Grolnick, 1990, p. 4). This view of humankind seems immediately appropriate for the world of entrepreneurship and entrepreneurs.

Winnicott’s work, however, has extended beyond the psychoanalytical field and has become known in such diverse fields as aesthetic criticism and anthropology. In the field of organization theory, Winnicott was introduced by Morgan (1986) in a chapter on organizations as ‘psychic prisons’, laying the foundation for a psychoanalytical framework of organizing.

1 This section is partly based on a paper presented at RENT VII Research in Entrepreneurship, Budapest, November 23-26, 1993, with the title The Emerging Innovative Organization : a Potential Space - A Case Study Comparison of Two High Tech Companies, co-authored by Valérie Ines de La Ville.
A psychoanalytic approach to business firms is linked to the idea that organizations are psychic phenomena which are ultimately created and sustained by conscious and unconscious processes and that persons can be driven as well as imprisoned by the images and actions to which these processes give rise. However, psychoanalysis in organizations and management is not new and had already been applied in the fifties, for instance in the context of group development and leadership (Schutz, 1958; Bion, 1959). Concepts such as anxiety (Pines, 1985), myth (Schwartz, 1985), and shadow (Bowles, 1951) became linked to organizational phenomena and experiences. In particular, Kets de Vries, often in collaboration with Danny Miller (1984a, 1984b, 1987), has stimulated the use of a psychoanalytical framework within organizational study and practice. Except for the work of Kets de Vries, a psychoanalytical conception has been rarely applied in the entrepreneurial area.

In the organizational field, Winnicot's concepts of 'transitional object' and 'transitional phenomenon' have previously been applied, for instance by Harold Bridger of the Tivistock Institute (Morgan, 1986). The transitional object, such as a blanket or a teddy bear, is a favorite object for a child, from which it is virtually inseparable. According to Winnicot, a transitional object is critical in developing distinctions between the 'me' and the 'not-me', and provides a bridge between the internal and external worlds of a child. As the topic of organizational transition has become more and more important (Bouwen & Fry, 1988), and steering transitions in organizations more stringent, the relationally based idea of transitional object has increasingly seemed a fruitful approach to organizational settings: social change implies the creation of transitional phenomena. Furthermore, the theory of transitional phenomena "suggests that change will occur spontaneously only when people are prepared to relinquish what they hold dear for the purpose of acquiring something new" (Morgan, 1986, p. 222). Transitional objects should become inscribed in entrepreneurial theory, since entrepreneurship is basically a transitional phenomenon.

Potential space: a process concept?

I shall here concentrate on another of Winnicot's concepts which is closely related to the concept of 'transitional object'; namely 'the potential space'. In Playing and Reality, his last book, Winnicot attempted to pursue the nature of the potential space in its ultimate dimensions. On the evening of his death, Winnicot was reading the proofs of his book (Davis & Wallbridge, 1983); he had been using this concept as a kind of try-out place for various ideas, as a potential space itself. In this respect, potential space can be seen as a typical form of process language. That Winnicot had not given a fixed content to this concept, seems more an advantage than a weakness, since this would have been against the nature of the concept itself. In his earlier work, Winnicot had used the terms 'intermediate space' and 'potential space' synonymously, but in Playing and Reality, he refers to a symbolic, metaphoric space when writing on potential space, while the intermediate space is rather pre-symbolic in nature. The potential space grows out of the interpersonal world, and especially out of the mother-child relationship. At an early age, relationships are expressed and experienced very much in terms of space and boundaries. The space between persons should be included as well, since its meaning and impact becomes naturally visible in the mother-child relation. "It is in this 'third' or 'intermediate' world that transitional objects and phenomena, and ultimately third parties, appear. In process terms, this intermediate world is filled with the interplay of inner and outer experiences, that is, between fantasy and perception, between self and nonself, and between primary and secondary process thinking. It is in this in-between, interplay world that our imaginative, symbolic life can grow" (Grolnick, 1990, p. 42-43).

Perpetuating entrepreneurship through potential space

We will apply the notion of 'potential space' to entrepreneurial setting and reconsider the idea of dealing with the dilemma between creating and integrating in Winnicot's terms, using case-illustrations to make the concept concrete for entrepreneurial settings.

Between creating and integrating: a potential space?

In view of the brief presentation of the 'potential space'-concept, we can reconsider the dilemma of creating and integrating in Winnicot's terms. The circular alternation between creating and integrating has been approached by Winnicot in terms of 'play' and 'reality'. What Winnicot's playing means, is very well put by Grolnick (1990, p. 35): it is "an action concept, [f] is developmental play. Play in childhood and throughout the life cycle helps to relieve the tension of living, helps to prepare for the serious […], helps define and redefine the boundaries between ourselves and others, helps give us a fuller sense of our own personal and bodily being. Playing provides a trying out ground for proceeding onward, and it enhances drive satisfaction." This vision of play can underscore the creating process that was framed through the five dilemmas and that points towards the continuous 'creative exploration' of entrepreneurial firms.

The element of trying out and experimenting shows that play and creativity are not goal-directed, and gives the firm the chance to re-act to the choices made by the integrating mode. The role of 'integrating' cannot be neglected. Winnicot also explained that to be innovative or different, one must have a traditional position to start with, so that there is a continuous alternation between the conventional, the safe and secure, and the creative (Grolnick, 1990, p. 33). But play, as seen by Miller (cited in Weick, 1979), "makes us flexible and gives us exercise
in the control of means that we are capable of using but that are superfluous right now... [When people play] they may be mastering incidental skills. But more important, they are using their capacity to combine pieces of behavior that would have no basis for juxtaposition in a utilitarian framework. They are creating novelty.... It is by doing things that an organism develops combinatorial flexibility." Here it becomes clear that playing is different from a game, which is strictly defined and governed by rules (Goffman, 1976).

Case illustrations

Where does the potential space become 'visible' in our case studies? Its development has been illustrated in the process of alternation between creating and integrating. However, can we 'visualize' it more concretely, even though the potential space is a hypothetical area? The following illustrations can be seen as attempts to give concrete form to a so-called 'organizational potential space'. Firstly, we will illustrate the potential space as a 'between' which refers to objects, time periods, symbols, linkages, persons, places... Secondly, the potential space will be further documented by comparing it to two related concepts: 'genetic pool' and 'architectural space'.

To begin with, the potential space can be illustrated using the following concepts:  

Transitional objects. The following case extraction reveals the presence of 'transitional objects' or so-called 'transitional projects'. In the Coat case, one of the first important projects in which their technology was applied was described by the entrepreneur as "our sand-box: there we could try out everything we wanted; that is something we need again, it allowed us to play as much as possible." This project, requested by an international client, was an ideal territory for building a machine through which their technological skills could be nurtured. Although this application was superseded, and in fact did not become a main direction of the firm, it helped to keep the firm to make the transition to another direction, where the firm could find more security for a couple of years.

Entr'acte. 'Entr'actes' can be seen as transitional periods in which one can gain some distance from the daily and usual activities: it is some 'lost' time between the actions. It is as in the theater, where the entr'acte gives the chance to take a breather, to look back and forward at the same time, to interpret what is going on. In the Vision case, the manager of the system group came in regularly on Saturdays to do 'the real work, when nobody can disturb me'. The entrepreneur of Vision sometimes left the firm for a walk in the surrounding woods. He would tell the secretary that he had an outside appointment, so that nobody would know where he was or what he was actually doing. "This walk gives me the chance to get some distance. Sometimes problems come so quickly and I don't see direct solutions, except for leaving the firm for a while."

Symbolizing. Through symbols and symbolic language, entrepreneurial actors are able to re-present a creative idea or a preferred reality. Narrative forms of fantasies also exist in the potential space. In the case of Vision, different transitional meanings were used, like the entrepreneur who said to himself "I can always return to the [large] firm I came from." It helped him to make a transition from a secure position in a large firm to an insecure position in a new hi-tech with a great deal of potential but also with many problems.

Creating a distance link. The idea of 'creating a distance link' captures the essence of the mother-child relationship. In the Vision firm, one of the most gifted engineers left the firm, but continued to work for it. He was unhappy with his in-house position, where he had no time for creative technological research that was nevertheless fundamental. By becoming an independent engineer, he could develop useful programs for both himself and his former firm.

Rehearsing. In the theater, between the text and the performance, there is the rehearsal, which can be a space for experimenting and for improvisation as well as just repeating (the literal meaning of 'rehearsing') without taking the end performance (as developed by the director) into account. Sometimes, the rehearsal can become a dress rehearsal with an as-if audience. The Vision firm developed prototypes systematically. The prototype, a kind of as-if end product, created a forum both for discussion between engineers and marketers, and for conversation between the firm and its OEM clients. The prototype worked as a demonstration product: "Not with an idea on paper, because then clients make an endless series of new requirements." After the demonstration, this product could be improved using the meeting with the client as a learning experience. The prototype was then an in-between space between the firm and the client where both were able to negotiate concerning the relationship between what was already there and what was yet to be developed. Simultaneously, the prototype was only a rehearsal, which helped 'control' the expectations of the clients. In addition to this, the systems manager of Vision saw the meeting with his engineers as a rehearsal: "Since it's difficult to get involved in their developments, I ask my engineers to present their work to their colleagues." At any stage of development, these presentations can be seen as rehearsals, creating new space for further developments and improvements.

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2 These concepts have been derived by comparing the data on our cases with an in-depth case study of a French high tech firm (de La Ville, 1993).
A third person. In the Duo firm, the main engineer, also its technological genius, would move around and become involved with other (groups of) engineers working on specific projects. As he had no fixed responsibility, this engineer was able to work together with other projects where necessary. He could see links between different projects. Since these engineers had a line manager as well, this allowed the main engineer to 'play around' and to focus on ideas more than on realizations. In the Coat case, the R&D director of the mother firm could be seen as a 'third person' for Coat, as he gave the persons of Coat the space to develop a firm of their own, while still supporting them fully, and protecting the relationship between Coat and the mother firm.

Interspacing. Interspaces are symbolic or localizable meeting places where two different worlds can meet and/or locations where non-traditional activities can be performed. Interspaces can be a kind of nursery or hothed where new activities can grow in a 'protected area'. Through its relationships with the university, Vision was able to become linked to a Flemish laboratory for fundamental research into micro-electronics. For many years a research center in the region, this lab produced several other spin-offs that were subsequently valorized as new firms. It has functioned as a source of ideas and technologies, which have then become valorized and commercialized as feasible projects. From the partnership between this lab and Vision, a new firm was created. Furthermore, through its link with this lab, Vision was able to participate in a third firm.

Related concepts
The potential space can be further documented through comparing it to two related concepts: the so-called genetic pool and the architectural space.

Gene pool. A first way to illustrate the potential space is to compare it with the idea of the 'gene pool'. We used the concept of the 'gene pool', a metaphor borrowed from genetics, for connecting and interpreting first-order concepts, (see Bouwen & Steyaert, 1990b). The start-up of a company - something that lasted several years in some cases - begins (1) from a particular competence of the entrepreneur, (2) from a promising idea, and/or (3) from an interesting opportunity which is then further developed and tested over a number of months or years as to its financial-economic, organizational, and practical feasibility. Here, the origins of the company are established - we may speak here of its 'genetics' - and the potential company is set up. With 'potential', I mean in the first place that the genetics to a large degree demarcate the further development of the company. For example, in the Vision case, the original cutting-edge technological field turned out to be too broad, but the much narrower domain which was subsequently chosen was and is nonetheless within the limits of the original choice, as present applications continue to be based on the initial developments. The second niche that was commercialized in the nineties was a large degree technologically refined by one of the engineers who had been there since the beginning. 'Potential' means, in the second place, that the whole framework enacted in the initial phase manifests itself in the later evolution of the company. The interactions that were typical of the first years of the Vision firm went back to the habitual forms of interaction of the university context of which this firm was a spin-off and through which a few of the engineer-researchers had made the transition to the new company.

In the Quartet case the gene pool was formed by the ripe market which was the point of departure for the founders of the company. This accorded with a dominant 'way of enacting', typical for this young group: they surveyed the product market, saw the opportunities, and immediately seized them. Originally this was carried out by one entrepreneur, who was later joined by three others, resulting in the formation of a four-member team of entrepreneurs. This way of opportunistic (en)acting can be related to the initial meanings of the entrepreneur who said he wanted to take on a challenging job in an autonomous way. His view was that "it comes down to taking care of things as they come to you." Nonetheless, he himself was actively creating this rich ground by searching for related knowledge domains, and by following different kinds of learning projects. As the other team members came in, they gradually acted according to the same strategy, having a look around and trying to link this strategy to the newly-formed business context. As this team saw itself as 'polyvalent and dynamic' and its team members as 'complementary to each other, it can be understood that this initial strategy was imitated by later members.

'Gene pool' thus refers to the initial competencies, strengths, and weaknesses that are brought to the conception of the company. The start-up of a new company is a moment of divergence, when the founders explore all possible opportunities that might be relevant for their enterprise: they talk to people, consult specialists, and build in as much security as possible. One of the risks of enterprise occurs during this 'loading' of the gene pool: in determining what may or may not be of interest, too much or too little can be considered. Deciding how high to set the bar for oneself and one's embryonic enterprise is an important step in the formation of the gene pool.

In fact, one could form the hypothesis that the period before the firm is formally started up - which in all four cases took several years - may actually be called the generation of a potential space. New firms do not come out of the blue, but rather, their origins arise from a previous history, as they construct a context through which the firm can be raised. During
that period, networks, funding, possible scenarios, business plans, and so on, are raised, which means that a complete relational and cultural setting is simultaneously enacted, which the emerging firm can fall back on. For instance, the Vision case, being a spin-off of a technological university lab project, was able to build on the network and the resources of the university.

The Coat case emerged from a complex network of relationships enacted over more than five years by two or three actors who saw the possibility of a spin-off. These actors had two relationships that could be seen to be crucial for the later development of the firm: that with the research lab, where the entrepreneur was initially a researcher, and that with the parent company, personalized by its R&D director who gave a lot of support for the start-up of the new firm. The relationship with the parent company was especially complex as it served both as a network from which to redraw resources and as a mirror for the development of its own identity, sometimes through counterdependent actions.

However, the gene pool is not a static pool, which is then gradually enacted from a genotypical to a phenotypical reality. In that way, the gene pool metaphor is misleading: the genetic code of a firm is not there for once and for all. By linking both concepts, we can state that the gene pool is never definite, and needs to be continuously re-enacted and developed. Through integrating activities, it is, however, possible for the genetic pool to become empty as new ideas, actions, plans and so on, are no longer inscribed in the genetic code. For instance, in the Quartet case, the initial entrepreneur who was for a large part responsible for the enlargement of the gene pool through his fluent way of relating to different partners, collaborators, and technical and financial specialists, was required, after a couple of years, to play the role of integrator, to try to bring together the large group of new collaborators. The outcome of this change of position was doubly negative: he did not succeed in this integrative task but simultaneously his creative competencies were not used for more than a year, with a shrunken creative potential the consequence.

Architectural space. Secondly, the potential space can also be linked to the architectural spaces in which these firms are housed, becoming a factor which may be said to point to significant events in the development of the firms. Building a new site and moving in were without a doubt very important events in the development of each of the four companies, embodying the transitional period in the organizing process. In the Quartet and Vision cases, these events could be seen as a way of reinforcing the integrative activities. In the Duo and Coat cases, the buildings were conceived as ‘true’ potential spaces where both creative and integrative actions could easily be performed.

The fast growth of the Quartet firm meant that very soon the firm was dispersed over four different locations in its home town, besides the different commercial locations all over the country. This led to a great many impractical situations and breakdowns of communication. While the quartet team had thought of constructing a ‘house’ of their own – a plan they had nurtured for many years – this was only realized through the new entrepreneur, who successfully managed to move the whole firm into one newly-leased building. This entrepreneur used the move to strengthen the integrative activities he was engaging in. In the Vision case as well, the construction of a new building, a long, flat construction with different arms, was seen in the firm as a way to strengthen the integrative activities and as a step towards a more firm and visible identity. The construction was the responsibility of the production manager. This resulted in the strengthening of the voice of production in the management team, a voice which had until then been drowned out by the voices of R&D and marketing. The building of a new firm was thus a way to establish new relationships between the different actors in the firm.

In the Coat case, a new building was constructed very soon after the start of the firm. The whole building process was in fact internally managed, from developing the concept to planning of the building, as well as the complete implementation plan. The construction of the building was an important transitional exercise which helped the firm establish an identity of its own, a way to connect the different competencies and technologies in a coherent construction signed with their name. In relationship to the mother firm, it was also a way to create some distance, as they chose another provincial region, a decision which was not easily understood at the mother firm. The spin-off firm subsequently created an affiliate in the United States, and thus again went through the ritual of finding a location appropriate to the conception of a ‘new and better machine’ with which they could simultaneously improve their technological competencies and their market position. The construction of the new building was thus used as a transitional event to enhance simultaneously their technological, commercial and strategic position. This way of dealing could also be seen as kind of rehearsal (see above), as it was the production manager, responsible for the construction in Flanders, who also built the firm’s plant in the US. He was in some way repeating himself, using the first construction as a rehearsal exercise, while at the same time, probing a way to create an added value on these different levels by connecting the different actors in the Flemish location. In the construction process, most actors were involved on some level, as the settlement required the construction of new machines which would be designed in the Flemish branch of the business, but which would be used for the production for the American market. Through this collective construction, the firm invented itself, while the American project can be seen as a way that it re-invented itself, carrying the firm to a further level of development. Finally, the concept of
housing in the Duo case may be seen as a kind of architectural version of a potential space. This conception was never realized, given the bankruptcy of the firm a couple of years later. The Duo firm rented an old two-level manufacturing house, which very soon became too small for the growing number of technical collaborators. However, the entrepreneur's plan was to construct a completely new building which would mirror his considerations concerning the possibilities of 'creative meetings' between internal and external actors. The building was designed as a circle - a kind of magical tower, albeit rather low - with one entrance, where the automatic door would bring visitors and personnel directly into a corridor leading to the middle of the building, a kind of open place made of glass, a central meeting and reception place surrounded by all the offices at equal distance.

Implications

I see two implications which stem from exploring the development of a high tech firm from the angle of the potential space. One implication deals with the idea of 'thirdness' as an intermediary zone where the tension between creating and integrating is dealt with. A second implication indicates that understanding the development of these small innovative firms requires an outspoken relational theory on the everyday interactions through which interpretations are enacted. Both insights give further direction to how this study will be executed. The first insight directs us to examine more closely the relation between thirdness and perpetuated innovativeness in an organizational context, which will be taken up in the second part of this fragment, while the second insight, elaborating in particular our first directions (see fragment 9) will be the central focus of chapter five.

Towards a relational view of development

In Winnicott's view, the quality of the relationships forms the basis of potential space, and is reflected in the relation between the child and the mother, and between the child and others. The mother-child relationship is complex, as the mother has to play three different roles: she is necessary as a living person because the child has a critical need to get access to the living body of his/her mother in order to feel secure; she helps the child to discover a wished interior world; and she pushes the process of disillusionment through which her child will smoothly accept the existence of an exterior world. By playing these three roles, the mother gives her child the opportunity to explore a potential space where it is possible to become autonomous and establish creative relationships with different persons. In an entrepreneurial setting, enhancing autonomous actions fosters the emerging organization and creates a potential space where new relational patterns may be established. The quality of these relationships is captured by Winnicott in the idea of the 'good-enough' mother, and the emphasis on trust.

"Here where there is trust and reliability is a potential space, one that can become an infinite area of separation, which the baby, child, adolescent, adult may creatively fill with playing, which in time becomes the enjoyment of the cultural heritage." (Winnicott, 1971). This insight, that the development of the young firm is dependent on the quality of the relations the different actors are capable of unfolding, requires us to explore and describe them more closely and try to establish a theory which makes it comprehensible how both relationships and the quality of the interactions can have a generative effect.
Dealing with Dilemmas: the Role of the Third

In fragment 16, the idea was raised to explore organizing firms which can 'fill in' the in-between space, instead of looking for 'strategies' to deal with dilemmas. The notion of the third can help us to make this suggestion more concrete. First, we will review the organizational research literature on dilemmas where finding a strategy is seen as an appropriate way to handle dilemmas. However, the notion of thirdness indicates another direction to deal with dilemmas.

Six strategies to deal with dilemmas

There is a rich literature on ways to deal with dilemmas in organizational practice. Based on a literature review (Steyaert & Jansens, under revision), six different strategies have been identified as possible attempts to manage the conflicting nature of two realities: sequencing, layering, helix type, interpenetration concept, reframing, and third party. In discussing the similarities and differences of these strategies, we have combined the first three strategies as remaining 'within the polarity' and the latter three as going 'beyond the polarity'. While the latter requires a search for a 'third' element, the former keeps a bipolar approach. This difference between dual and triad thinking will be further explored in the next section.

Within the polarity

Sequencing, layering, and helix-type are strategies offered by Evans and colleagues (Evans, 1992, Evans & Doz, 1992). They see these strategies as dynamic ways to balance dilemmas and dualities, over time or by building complexity into the organization.

**Sequencing** manages dilemmas by shifting attention asymmetrically from one opposite to the other. These pendulum swings develop through cycles of crisis and evolution while adapting to changing environmental forces (Evans, 1992). Sequencing can happen as an extreme shift towards the opposite in a crisis situation or a more planned transition in evolution. An example of sequencing at the structural level is the cyclical organizational model which examines the interplay between order and chaos. A cyclical organization moves through both predictable and unpredictable changes such as life stages, seasonal cycles, and differences in realities (Bergquist, 1993). Similarly, Hampden-Turner (1990) argues that organizations can be trapped within dilemmas when they ignore the dimension of time. This trap can be avoided by sequencing the two sides of a dilemma.

**Layering** involves developing new capabilities while reinforcing past strengths (Evans, 1992). A dilemma can be managed by building new, complementary capabilities on top of the existing, opposite, capabilities. This process encourages transformation that respects the past and links it to the future. The following example illustrates the layering of the monocultural versus multicultural duality. Organizations can send managers frequently but for a short time to travel from one country to another. Due to lack of time and opportunities to interact with people from these cultures, these managers are likely to keep their own monocultural perspective. In contrast, organizations can develop layered multicultural managers. They can relocate managers for an extensive time to Japan, followed by an assignment in Brazil for three years. By this time, these persons, encouraged to interact interculturally, start developing layers of cultural perspectives. They can keep their own 'mono'-cultural view, complemented by other realities.

Planned sequencing leads to a helix-type process of progressive development where the poles of the duality are gradually layered into a person or an organization in successive cycles (Evans, 1992; Hampden-Turner, 1990). The personal dualities of work, family, and leisure provide an example of a triple helix model (Rapoport & Rapoport, 1980). Personal development is here thought of as a sequence of stages in which leisure, family, and work are dominant at different stages. Life phases are characterized by a particular developmental focus, leading to a next stage where developmental attention will focus on the opposite pole that has previously been neglected. The mid-life transition, for example, can be conceptualized as the task of rebalancing the love-work duality. This transition is more likely to take the form of a crisis if the preoccupation with the work career has been excessive and polarized at the previous stage, and the need for sequenced balancing has not been anticipated (Evans, 1992). Through helix-type development, successful sequencing leads ultimately to layered integration of the person (Rapoport & Rapoport, 1980).

Beyond the polarity

The three strategies of interpenetration, reframing, and involving a third party go beyond the polarity since they bring in a third element.

The notion of interpenetration (Quinn, Spreitzer & Hart, 1992) refers to the emergence of a new concept by removing the either-or perspective from bipolarities, and recognizing the simultaneous operation of opposites. For example, the level and quality of the play in a basketball game is typically attributed to the synergy between the two opposing teams. It has nothing to do with winning or losing but with the two teams stimulating each other to higher and higher levels of performance and becoming joined elements in a larger more dynamic system (Russel & Branch, 1979). In the field of managerial leadership, Quinn and colleagues (1992) offer the new construct of practical vision to overcome the structural duality of stability versus change. Practical vision is a mindset in which a managerial leader must be both visionary, stimulating innovation, and practical, solving short-term problems.
As the act of interpenetration searches for a third concept, reframing extends this principle to a third frame of reference. The concept of reframing is found in areas like communication (Watzlawick, Weakland & Fisch, 1974) organizational change (Westholz, 1993), and innovation (Bouwen, De Visch & Steyaert, 1992). The strategy of reframing means the development of a qualitatively different and more encompassing third vision (e.g. for a vision of what the organization might be) (see Bartunek, 1988). This involves a creative jump coming from the persons involved, or from a third person (see next strategy). An example of a third cultural frame is provided by the idea of the transnational company (Bartlett & Ghoshal, 1991). In a transnational company, the forces of global integration, local differentiation, and worldwide innovation are developed simultaneously. There is no longer a differentiation made between headquarters and local units. A third culture is developed, grounded in the rich mixture of national and corporate cultures. In essence, the transnational is not a specific strategic posture or a particular organizational form, but a new management mentality which makes it possible that organizations align different cultures.

In various ways, the process of framing and reframing is mental and requires flexible cognizing. Bartlett and Ghoshal (1991) argue that matrix management is not a matter of structure but should be seen as a frame of mind of managers. The challenge is to build a matrix in the mind of managers more than to build a concrete matrix structure. They have to learn to think and to handle with multiple inputs, which they can alternate flexibly. Hirschhorn & Gilmore (1992) also state that if organizations want to become more flexible, the boundaries that matter are not the physical boundaries but those in the minds of managers and employees in general.

Intervention by third parties has been used in consultancy (e.g. Voogt, 1990), dispute resolution (e.g. Ury, Brett & Goldberg, 1993), and organizational development (Cummings & Huse, 1989), and can have a double impact. First, a third person or group can help to demystify the conflictual oppositions by stimulating reframing, which is called ‘cognitive restructuring’. Second, social restructuring can take place, which means that the actual relationships between both perspectives or groups are changed. In this intervention, the third person gives both parties the chance to take part in new inclusions. So, as dualistic thinking becomes central to management, managers need to learn the role of the third party and its required qualities. In the context of networking organizations, the third party role is played by brokers (Snow, Miles & Coleman, 1992). Brokers are individuals who operate across rather than within boundaries. Their roles are those of architect, lead operator, and caretaker. These different roles and their specific skills can be linked to the new organizational boundaries that exist in the individuals’ minds. For instance, managing the authority boundary requires two-way communication skills. Task boundaries require the architect’s role of building an interdepen-

dent network. At the political boundary, individuals need to develop negotiation skills that encourage win-win strategies. Finally, the identity boundary asks for the caretaker role which considers one’s self but also develops a sense of community among the members of a network.

Taking the third seriously

The notion of trialectics

In the above review it was said that some strategies go beyond polarity since they bring in a third element, be it a concept, framework or party. These strategies can be called ‘trialectics’, a concept taken from physics (Ichazo, 1982). This is a kind of high order thinking (Thompson, 1988) with three fundamental axioms (Ford & Bacicoff, 1988). Firstly, all change involves a mutation, a quantum jump. Secondly, trialectics works with apparent opposites, which are complementary and independent. Thirdly, the motive for change is not the struggle of opposites, but it is the equilibrium, the balanced circulation of energy. In trialectics, dualities are not two forces locked in opposition and conflict but two forces that must be balanced in equilibrium.

This movement towards thinking about dualities holistically rather than in traditional either-or terms, was articulated by Jung as long ago as 1964. Jung saw opposites as necessary for the articulation of unity. He described this as antimony, the totality of inner opposites; that is, wholeness is possible only via the co-existence of opposites. Jung, in his turn, was relying on Taoism which expresses the idea that the Tao is characterized by a continuous flux and wholeness shaped by the dynamic interplay of yin and yang. Behind the rhythms of yin and yang occurs the Tao. Thus, one sees a larger system in which the apparent opposition is in equilibrium (fragment 3).

Given this distinction, one can remain within the duality or go beyond it. The latter option asks for daring experimentation in search of third concepts, frameworks, and parties. Searching for a third ‘element’ in organizational contexts is not simple, since there are neither solutions nor resolutions. This can gradually result in the birth of a ‘tria organizing process’. However, the notion of trialectics remains a vague concept from the angle of organizational theory and practice. I believe that further exploration is needed to understand the meaning of the ‘tria organizing process’. In my view, the major challenge is to conceptualize it in a dynamic way. In developing such a dynamic theoretical perspective on trialectics, the concept of potential space, and of texture (fragment 17) can become integrated.
The third organization

From our reading of the potential space concept, it becomes possible to re-write the strategies of the interpenetration concept, re-framing and involving a third party in a more dynamic way. This consists of exploring the in-between space, of thinking 'the between' as an intermediate world where the imaginative and creative life of the developmental company can grow. Neither a concept, framework, nor party can be seen as a fixed entity, but rather, they are like transitional zones, intermediary spaces where both poles can further develop their identities. The idea is then that a third concept, framework, or party are not to be seen as goals in themselves, but as guiding the meeting of the two poles, through which each of them can further grow.

The implication is that the creating/integrating dilemma cannot be dealt with by strategies which remain within the polarity, since these do not follow a logic of development and since they cause tension to disappear from the dilemmatic descriptions. Sequencing means that a firm alternates a creative stage with an integrative stage, while layering means that they can be seen as complementary capabilities. In both options, the development of the creative and integrative poles is seen as independent of each other. A single focus dominates at any point in time, since one alternates from one pole to the other in a horizontal (sequencing) or vertical (layering) way. Using strategies of a third kind in a dynamic way means that the third is used as a developmental zone. A third concept (or framework or party) may not be seen then as a static solution, but as a dynamic whole underpinned by a flow of complementary yet opposite energies. My view is that the integrative and creative sides 'need' each other for their separate and further evolutions.

What we see emerge from this discussion of trialectics is the notion of the 'third organization', the continuous inscription of the 'possible' along the trajectory of the organization. One could say that the starting up and development of a young firm consists of a 'double' organizational creation: an organization as an enacted context with a gradually developed identity, and a surrounding transitional zone which accompanies the first organization as a shadow and which keeps its boundary open so that new activities and ideas remain possible.

However, while such a notion as 'the third organization' is inherently vague, it becomes necessary to 'take the third seriously', to give it more 'substance'. Both our discussion of 'thirdness' and of 'potential space' point our search in the direction of conceiving this rich boundary zone as a relational space. This is the task which is set for chapter five: how to develop a conceptual language which can help us in describing the third organization as a relational space, and in interpreting the developmental stories of the high tech firms here under consideration.