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"Do You Have a Garage?" Discussion of Some Myths about Entrepreneurship

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Official biographies of entrepreneurs often emphasize the importance of isolation, poverty, and determination as traits—symbolized by the garage—that drove the success of famous business innovators. U.S. examples include Bill Hewlett and Dave Packard and Bill Gates. Others who rose to success and wealth from obscure backgrounds include Andrew Carnegie, a Scottish immigrant and simple telegrapher who became a tycoon in the steel industry, and Henry Ford, who left school at the age of sixteen. In France, Louis Renault, who failed to enter the École Centrale, was a genius in mechanics; Charles Pathé, a fairground entertainer, became a famous film pioneer and a millionaire. How do those with officially little or no technical, commercial, financial, or managerial formal knowledge become successful entrepreneurs and managerial heroes? I explore two interconnected issues: how the world of business creates its own myths and heroes, and the ways in which these representations influence those who study corporate history.

Official biographies of famous entrepreneurs often emphasize the importance of isolation, poverty, and determination in the young creator. The "garage" symbolizes the characteristics that led to success for the business innovator.[1] In the United States, Bill Hewlett and Dave Packard, Bill Gates, and numerous others are supposed to have taken their first steps toward success and wealth in the family backyard.[2] Such accounts often represent the

I thank Mrs. Geraldine Raymond for her help with this text.

[1] In 1987 the Palo Alto garage where Hewlett and Packard started their business in 1939 with a $538 investment was designated a state historical landmark.

[2] I thank Philip G. Bradford for his comments on this myth and for two interesting references: David Packard, *The HP Way: How Bill Hewlett and I Built Our Company* (New York, 1996); C. Stewart Gillmor, *Fred Terman at Stanford: Building a Discipline, a University and Silicon Valley* (Stanford, Calif., 2004). Fred Terman (1900-1982) was a professor and provost at Stanford. Considered one of the best radio and electrical engineers in the United States, he helped Hewlett and Packard, two of his doctoral students, start their business in the famous garage. Apparently,

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entrepreneurs as former students who left college or university before graduating or were let go because of poor performance or inappropriate behavior. Andrew Carnegie, a Scottish immigrant from Dunfermline, worked as a simple telegrapher before becoming a tycoon in the steel industry. Henry Ford left school at the age of 16 and went on to create his industrial empire. In France also, it is possible to find similar representatives. Louis Renault failed to enter the École Centrale, a famous French school for engineers, but was considered a mechanical genius. Charles Pathé, a fairground entertainer, became a famous film pioneer and a millionaire by 1913. It is possible to add others, such as Coco Chanel or François Pinault, the owner of Gucci. Most of these business leaders are held to be heroes by public opinion and in the world of management. How did this happen? How can people with little or no technical, commercial, financial, or managerial formal knowledge become successful entrepreneurs and managerial heroes?

This article has two interconnected goals. The first is to discuss how the world of business creates its own myths and heroes. Using the framework of historian Paul Veyne and anthropologist Claude Lévi-Strauss, this study will focus on what managerial myths reveal about entrepreneurship—for both individuals and communities—and on what they hide from public opinion and society at large.[3] I will also try to analyze how myths become official explanations of the careers and behaviors of managerial heroes and how they conceal parts of the actual history. The second goal will be to focus on the way these representations and myths influence those who study corporate history. It is interesting, for example, to read Alfred D. Chandler's enormously influential works on management capabilities and communities within this analytical framework. Sometimes he portrays leaders and managers as extraordinary individuals or solitary innovators.[4] But how do they climb the ladder to reach power? How do they acquire technical and social legitimacy? Is it because of personal abilities, social networks, or family wealth? Behind the question of entrepreneurship lies a debate on selection criteria and procedures of national or regional business elites.

In the introduction to *Giants of Enterprise*, Richard Tedlow emphasizes that:

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he was also one of their first investors. It is possible that Terman or Hewlett and Packard made sure HP's lab was in an off-campus area to clearly delineate between the start-up Hewlett-Packard and Stanford.

[3] Paul Veyne, *Les Grecs ont-ils cru à leur mythes?* (1983; Paris, 1992), translated in 1988 by Paula Wissing, *Did the Greeks Believe in Their Myths? An Essay on the Constitutive Imagination* (Chicago, 1988); Claude Lévi-Strauss and Didier Eribon, *De près and de loin* (Paris, 1988).

[4] Alfred D. Chandler, Jr., *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge, Mass., 1962); *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977); and *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass., 1990).

> . . . no theory of institutions which does not take into account the talent, genius, idiosyncrasy, and, at times, idiocy of the individual leader can explain how America came to do best what it does best. . . . This book is thus the story of individuals and institutions. But the individuals take center stage, while the institutions, both public and private, provide the background.[5]

The point of this essay is not to debate the view that a combination of willpower and social or economic networking produces a successful career and professional life, but rather to discuss two issues of entrepreneurship. Tedlow wrote that there is "no typical American business executive," which could lead us to believe that no social constants exist among the group he studies. Are we to believe that pure chance selects business leaders from a population of strong, ambitious, and intelligent people? Why then are most tycoons white males and why are very few females or immigrants? Does this mean that energy and ambition are stronger in one part of the population than in others? If this assumption is true, it becomes impossible to conclude that no social or cultural circumstances intervene in the selection process within a large population.[6] If pure chance is the basis for the process, we cannot explain the obvious differences.

It seems clear that we need a more sophisticated model to describe and analyze the origin and path of entrepreneurial social and economic success. We also need to examine how the media (and sometimes academics, as well) usually present stories of tycoons and business leaders. It is interesting that business heroes are most often mythologized as positive examples of success. We hear very little about their immediate family or social origins, except that they are lower-class people who had to work relentlessly. In actuality, how many of them had parents employed as workers in large companies? Very few. On the contrary, an entrepreneurial culture influenced many very early in life, either through a relative (father, uncle, or cousin) or through a social relationship.[7] This suggests the need for a methodological change, or at least a degree of caution. Examining the personal qualities of a business leader may help in understanding why many businesspeople do not become tycoons, but too much focus on that approach can preclude an examination of the role

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[5] Richard S. Tedlow, *Giants of Enterprise: Seven Business Leaders and the Empires They Built* (New York, 2001), 3. Tedlow's seven are George Eastman (Kodak), Thomas Watson (IBM), Henry Ford, Charles Revson (Revlon), Robert Noyce (Intel), Andrew Carnegie, and Sam Walton (Wal-Mart).

[6] Of course, racist theories have long attempted to explain social inequalities and differences by so-called natural differences.

[7] For instance instead of a lonely student with no social or institutional support, Bill Gates in fact had a mother who served on the board of directors of the old Seattle National Bank when John Opel, who was then president of IBM, was also serving as a board member. They also jointly served on the board of directors of the United Way charity; see Martin Campbell-Kelly and William Aspray, *Computer: A History of the Information Machine*, 2d ed. (Boulder, Colo., 2004), 227. Many thanks to Paul Miranti for this reference.

of social and cultural influences on entrepreneurs' ability to acquire management knowledge and to design business and social cultures. I suggest that in studying entrepreneurs we should not ignore the sociology and history of national elites. I propose to expand the point of view from a focus on personal ambition and psychology to the mechanisms of education, selection, and social promotion established in countries throughout history. Tedlow more or less shares this view when he proposes a frame of study based on a mix of individual and institutional forces. But in between individuals and institutions, one cannot forget the influence of social, technological, and political forces, even within corporations. This methodological position also allows us to reject an over-emphasis on fads and "gurus" in commentary on management. The time has come, using history and mythology, to establish a solid conceptual and scientific basis for entrepreneurship analyses. This also leads to an important question: why are the ways in which U.S. scholars analyze entrepreneurship linked to the view that business leaders are the "princes" of the nation, a conclusion very different from the views of European and French researchers?[8]

How to Become a Managerial Hero

I do not assume that the biographies of businesspeople are manipulated or completely wrong. These stories, produced and disseminated by managers, journalists, historians, and ordinary people, are very popular. Nevertheless, a quick glance reveals that most of them emphasize a similar sequence of events, and they have the same logical and rhetorical structure. They are partially true and perpetuate numerous myths about management and entrepreneurship. Using Lévi-Strauss's theory, I will analyze how myths provide "ready-to-use" explanations of the ways in which the world of management and enterprise are organized, and how, at the same time, they hide facts and social logic from the reader. A short recounting of the myths surrounding two successful entrepreneurs will demonstrate this point: Ingvar Kamprad, the creator of IKEA (Ingvar Kamprad Elmtaryd Agunnaryd) and Steve Jobs, the genius behind Apple.

IKEA's founder systematically designed the official ethics and philosophy of the company's corporate culture. The company name itself is an incarnation of the entrepreneur's personality: IK are his initials; Elmtaryd and Agunnaryd (EA) are inspired by the names of the farm where he was born in 1926 and of the village where he grew up. In almost all of his speeches or statements, Kamprad underlines the value of labor, simplicity, and good sense, summed up by a credo of humane and socially oriented management. Kamprad also refers to the concept of "democratic design" to describe both his products and his business model: high-quality design, low prices, environmental responsibility. All these are central elements of the IKEA spirit: enthusiastic, with a strategy of constant innovation and renewal, price

[8] Tedlow, *Giants of Enterprise,* 5, 10.

consciousness, humility, and simplicity. The company disseminates and reinforces these criteria through institutional communication, recruitment requirements, and professional training and promotion policies.

Within the company, several symbolic dates summarize IKEA's official history: the fabrication of the first piece of furniture, the invention of the warehouse self-service system for sales, the first catalogue, published in 1951. Instead of using a quantitative code for his products, Kamprad, "who is dyslexic, found that naming the furniture with proper names and words . . . made the items easier to remember."[9] These events have become myths. For instance, the much-vaunted warehouse self-service system and the design of much of IKEA's furniture for customer assembly in fact have pragmatic origins. Kamprad decided to open his warehouse and to allow his clients to serve themselves directly in order to reduce the waiting time. Soon, he realized that selling unassembled furniture did not reduce sales, but, on the contrary, increased them once he decreased prices.

The company presents the founder and itself as a strong supporter of sustainable development, following a non-profit strategy through the IKEA foundation. Some observers have pointed out that, despite its Swedish roots, the actual bases of IKEA are in the Netherlands and Luxembourg through a network of holdings and non-profit organizations. IKEA's complex corporate structure appears primarily designed to allow its founder to avoid taxation while still maintaining tight control over IKEA's operations. Nevertheless, Kamprad has withstood criticism, even when historians found proof of his close relationship with the Swedish Nazi party before World War II. Kamprad admitted that it was his greatest mistake and much to his shame, and the controversy died. His supporters found in his frankness another sign of his extraordinary personality, behavior, and spirit. How did the myths resist such an attack? Before answering this question, it will be helpful to look at the myths associated with another managerial hero: Steve Jobs.

Officially, a group of young students led by Steve Jobs created Apple Computer Company in 1976 when he was 21 years old and his first partner, Steve Wozniak, was 26. After graduating from high school, Jobs had enrolled in Reed College (in Portland, Oregon), but dropped out after one semester, more attracted by Indian culture, exoticism, and spiritual experiences. At a time when IBM (International Business Machines) and large computers dominated the market, he is supposed to have had the insight into the future of personal computers, a vision of genius. For many management commentators, Jobs is a perfect example of the Silicon Valley entrepreneur: individualistic, quirky, obsessed by a product design that combines functional performance and a pleasing aesthetic. He implemented an aggressive and demanding style of management. Soon after the success of the Apple Macintosh, the story of Steve Jobs became a myth. How?

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[9] "IKEA" entry on Wikipedia, URL: http://en.wikipedia.org/wiki/IKEA. Viewed 18 Dec. 2007.

The mythical Jobs was a young creator, an adventurer, and a "self-taught man" in the computer industry. Why are creators often seen, by themselves and others, as poor students, reluctant to follow the rules of educational institutions, and therefore rejected by "the system"?[10] Jobs moved very quickly from the social status of a student to that of an entrepreneur. This was possible because of his knowledge and competence, learned through practical experience in the field. The implicit messages are clear: social promotion is based on personal merit and democratic criteria; social rules and institutions have no negative influence on the new business leader. Businesses will promote those who are very smart and dynamic. A second consideration is the mythical vision of innovation. With the Macintosh computer, Apple was the first to develop a commercially successful personal computer (PC) with a graphic user interface. Here again are elements of myth: innovation contrasting with the inertia and business conservatism of IBM, the small individual who outdid the giant.

It is true that Apple's business model revolutionized the economic, technological, and social uses of computers, but company sales never exceeded 5 percent of the world computer market. Another early Apple employee, Jef Raskin, provides some interesting information on the actual process of innovation and on Jobs's behavior. Raskin agreed that Jobs had a good and intuitive analysis of the Mac's future. However, he also supported another, more traditional, project—Lisa, a PC designed for corporate and professional use, based on the old human-PC interface: green characters on a black screen. According to Raskin, it was his team that suggested the breakthrough innovation of a completely new "user-friendly" software system. In addition, Raskin explained, many of Apple's employees were college graduates and mature men. Raskin himself was 40 years old and teaching computer science at the University of California, San Diego. There were younger engineers in the group, but few without diplomas. Jobs switched his attention to the Mac only when it became clear that the Lisa project was out of date, a decision that led to the departure of Raskin, who considered himself the Mac's true inventor.[11]

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[10] In Nov. 2006, when Steve Ballmer visited the École Polytechnique, he presented himself "as a non-graduated student." Later in his speech, he mentioned that his father had supported him financially during his studies at Harvard and that he had received all the credits for a Masters of Business Administration degree from Stanford University (in California) except two. He decided to help Bill Gates create Microsoft instead of finishing, and so did not receive a diploma. Others examples of reconstruction can be found in Erica Schoenberger, "Corporate Autobiographies: The Narrative Strategies of Corporate Strategists," *Journal of Economic Geography* 1 (July 2001): 277-98. I thank Ken Lipartito for this reference.

[11] It seems that Raskin first published his version of the Macintosh story in 1967. In 1996, it was serialized in the journal published by the Computer History Association of California: "The Creation of the Mac According to Jef Raskin & Bruce Horn." On 22 Jan. 2004, a French newspaper, *Libération*, published an interview with Jef Raskin in which he says that "the Mac was not designed by a gang of kids."

Although these two managerial heroes, Kamprad and Jobs, came from two different countries and developed two different types of businesses at two different moments, their histories have many similarities. The time has come to provide a conceptual framework that will clarify this process of "mythification."

Birth and Life of Entrepreneurial Myths

Before exploring the life of myths, it is important to define the concept.[12] We could begin by describing a myth as a particular kind of narrative. Good examples are the accounts of Greek gods, which provide a model for the origins of humanity and the natural world. Myths are not only tales, because they are not pure invention; myths are not lies, because they are partly true. Often, a myth mixes facts with "things"—a word I use deliberately—that are obviously unrealistic. Although they address and try to explain the past, myths are not history. They barely touch on verifiable specifics (dates, testimonies, critical and objective sources). Myths have no temporal boundaries. They offer the picture of a perfect prior world, seen as a universal and original matrix.

Another quality of myths is that members of a specific community regard them as true, even if there are "holes," improbabilities, or logical dead-ends in the panorama. Therefore, community members believe in the myth not through a rational process, but mainly through simple devotion. Only outsiders can observe what they call "imperfections," "irrationalities," or "superstitions." The most difficult aspect is that we cannot reduce myths to a static image or to pure old-fashioned folklore. They produce knowledge and actions that evolve. Lévi-Strauss emphasized the function of structuration: we use myths to explain certain aspects of reality while hiding others. In that context, they have an impact on psychological reasoning, with ramifications for social behavior. Georges Dumezil argues that, though myths are not totally linked to reality and social organization, they are a symbolic model of actual events. Therefore, myths have two functions: First, they structure facts and explanations of the world with a coherence all their own; second, they are useful to facilitate communication within a group. How do they work in business?

There are three stages in the evolution of entrepreneurial myths: origin, diffusion, and institutionalization.[13] Usually, the story of the origins of an entrepreneurial hero begins with an anecdote or an event, often without a known witness or source. What follows is not an established chronology. Sometimes, this personal history is in writing, but the identity and status of

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[12] There are numerous definitions and debates in social anthropology as well as in sociology and in linguistics about myths. I base these definitions on the views social scientists commonly share; see Paul Smith, "Mythe: approche ethnosociologique," *Encyclopaedia universalis*, URL: http://www.universalis.fr/encyclopedie/M122301/MYTHE_Approche_ethnosociologique.htm. Viewed 18 Dec. 2007.

[13] This section is closely inspired by Veyne, *Les Grecs ont-ils cru à leur mythes?*

the author are not clear. The author could be the public relations department of the company, a consultant, the hero alone or helped by a ghostwriter. Most of the time, at the beginning of this professional odyssey, the managerial hero is modest or humble. In comparison with the person's situation, the ladder to be climbed to reach the top seems tremendously steep. The myth stresses the fact that an individual, with a unique personality, a strong will, and acting with perseverance, can achieve extraordinary things. The myth delivers a meritocratic or even democratic message: anyone, whatever their geographical, professional, or social origins, can succeed through work and pugnacity.

The myth also provides an explanation about the nature of the firm and, more generally, about management. The entrepreneur, or the creator, more than a simple technician or a financial capitalist, is the generator of a human project. Alone at the beginning, he or she has been able to gather people around in support of an idea. Like everyone, including the staff, the entrepreneur has had to face moments of joy and moments of pain. The principal creator of the system (products, organization, procedures, and so forth) incarnates the legitimacy of the endeavor. Present success proves that he or she made the right decisions and confirms the ability to manage complex issues and to combine conflicting interests. Such evidence needs no discussion: reality provides a powerful proof. After reading this kind of official story or myth, a superficial analysis might simply dismiss it as cynical manipulation. That would be as false as the idea that the story is a pure moment of true glory, shared uncritically by everyone. Proper analysis requires understanding how the myth of an entrepreneurial hero remains vivid across time.

A myth is disseminated and its enduring success assured by a reinforcement mechanism that grows stronger as it spreads. Sometimes we see anecdotes or selected events consciously transformed into official history, but there is often a more natural evolution. The myth spreads freely among company members and across generations of workers, sometimes becoming what anthropologists call "oral tradition." The myth can succeed only if it can use a vector (language) and a social network; the image of the hero depends on rumors and messages of encouragement or threat that influence the social environment. The issue of truth or lies is unimportant here. The entrepreneurial myth gathers momentum because it provides people with facts that they more or less already know. What is more important is that the myth gives them some "ready-to-use" answers for responding to two problems. First, it allows them to understand the where and how of the creation of the world—in this case, the company and its products, technologies, or organization. It is unnecessary to describe the complete process and the actual history, because the hero was already there at the beginning of time (at the founding of the company). People only have to accept living in this mythical framework, swept along by the gentle stream of History. Rigorous chronology or precise events are less important than knowledge of the context, the form, and the sense of a company that took life instantaneously with the myth of its creator-hero. The past of the hero and the past of the company are pasts without age or distance. Second, through the person of the hero, the entrepreneurial myth authenticates the hero's values and dual identity. On the one hand, he or she is superior to ordinary people because the hero has proved to be an adventurer who took risks and innovated. Indeed, the entrepreneur is a superhero, close to the gods of management, who dominate markets, technologies, or complex organizations. He or she recruits and leads thousands of employees. On the other hand, we also see the hero as an ordinary inhabitant of the management world who has been able to solve practical managerial issues using good business sense and entrepreneurial skills: a "winner" proving his or her courage in the face of adversity, one who has doubted sometimes, persisted often, and triumphed in the end. Hence, the path demonstrates the "truth" of the values he or she represents. We cannot criticize the hero's success because everyone is able to observe his or her achievement day-to-day. The hero has a dual role: present, in that each of us can see the person and his or her actions, and absent, because he or she belongs to the group of powerful entrepreneurs and world leaders. The hero is "extra-ordinary," even more so if his or her behaviors can also be seen as ordinary. Of course, the myth does not provide information about the practical, day-to-day choices that the entrepreneurial hero had to make to reach the top. The hidden side of the story remains hidden: social origins, the tremendous amount of work, tricks and craftiness, bargains and lies, networking, balance of power, or detours.

The diffusion of a myth can take another path: the translation into official history and legend. This is possible only when the context is favorable and strengthened by several voices. One good example occurred in France at the end of the 1960s, when the CEO of Saint Gobain, Roger Martin, decided to sell the iron and steel segment of his group because he was not satisfied with its performance. In 1975, when the world crisis ruined many steel producers, numerous commentators and businesspeople transformed Martin into a hero who was able to sense, before everyone else, the coming collapse of the steel industry. This example underlines how reports have the capacity to twist history and so to portray a person as a hero. Martin explained in his biography that the economic and technological constraints of the late 1960s dictated his decision.[14] The legend seems a bit naïve, but the public's psychological acceptance of ensuing events facilitated its success.

The strength of a myth derives from the fact that it is neither completely wrong nor totally right, but combines two phenomena. First, collectively, belief is efficient because at one moment in time, the listeners share and respect the social values of their community. They continuously recall these values through the spreading of the myth inside the social network. In addition, within a group, ignorance of the myth is not tolerated. The entrepreneurial myth contributes to building and reinforcing the community. In corporations, the form of communication—official statements, leaflets, books, and other tools—is almost as important as the message itself. The

[14] Roger Martin, *Patron de droit divin* (Paris, 1984), 214-59.

message is a reminder of the historical and mythical roots of the company, of its technical and social organization, and of its integration into the global economic system. Second, the tenacity of belief also comes from the individual or collective authority of those who circulate and authenticate the myth. Myths are widely diffused because the people who listen to the myth usually believe those who are communicating it. It is not a question of misleading or dupery. In Paul Veyne's vocabulary, such disseminators are the "professionals." Each group represents a social network: experts in management, journalists, businesspeople, or biographers. It is not always easy for those who are listening to them to differentiate between rigorous and scientific historical knowledge and the propaganda of a book commissioned by a company or an entrepreneur. The professionals often use the myth because it helps to resolve a huge question: what are the keys to managerial success? The answer is not explained, but suggested: when the entrepreneur's myth is presented, the solutions seem obvious. At this stage, a particular kind of professional, the commentator, plays an important part in the diffusion of the myth.

Entrepreneurial Myth, Court Society, and Practical Action

The hero gathers a group of fans and disciples who pass on his or her thoughts and lessons, but who also defend, improve, and implement them. There is a difference between "professionals" and "vulgar believers." Those in the first category work intently to distance themselves from mythical elements that are obviously impossible or in contradiction with each other. From this point of view, the myth has practical effects on social life and managerial action. As Veyne says, the myth is not totally mythical. Myths justify rites of honor and deference to the hero. They designate where the boundaries are among professionals, between the disciples, the indifferent, and those, more critically, who will soon follow the lessons of another hero.

For the true disciples, knowledge of the hero's thoughts and proximity to the hero become a privilege. Here the myth is a means of education and social integration. It frames the debates and eventually restrains the strongest critics. Nevertheless, because the myth is a mixture of facts and tales, it is impossible to avoid discussion. The myth is able to produce a philosophical truth, but not a historical one. Opponents can use this weakness. Nevertheless, it is not easy to criticize the hero, for criticism very quickly appears to be outrageous. The tendency is to reject truth in favor of good manners. Thus, the great resilience of the myth of an entrepreneurial hero in the face of criticism is understandable, because it is shared, widespread within a community, and supported by institutionalized rules and social structures. This is why IKEA's founding myth is still alive and strong, even after the attacks on Kamprad's extreme-right activities before World War II. It is also why entrepreneurs who have failed still have a core of supporters. Because their hero cannot be at fault, the supporters usually have a contextual explanation: they lay blame on economic circumstances, internal or external plots, and so on. Does this mean that any critical analysis is useless? Not at all, but such analysis must have one or more of the following objectives: a) to improve the "good and true" parts of the myth; b) to adopt a scientific and objective approach to the entrepreneurial hero that aims to maintain the mythical approach; c) to move to another hero under the guise of good manners.

Practical Effects of Entrepreneurial Myths

The mixing of "true" and "false" has two practical effects for the entrepreneurial hero. The first relates to implementing decisions. Management is a combination of rational knowledge (mathematics, engineering, and so forth) and less objective factors (experience, social adroitness, leadership). While the first category is an important source of legitimacy for the hero, the second is less solid. But part of the myth relates to the hero's ability to move the two sets of skills under different circumstances. Heroes also embody the harmony between the two sides of knowledge as well as between symbolic and practical action.

The second effect is a competition between entrepreneurs or managerial heroes within and outside of companies. Inside, competition occurs when a hero leaves the leadership—for instance, after retirement. Replacing a hero is not a simple task. The most complex issue for the new leader is that the predecessor has been the only true hero, which leaves the newcomer little margin. Either the new leader decides to embrace the myth of the previous hero, in which case he or she will never become a real leader, or the new person starts to criticize the predecessor, causing the old hero's disciples to reject the newcomer's legitimacy. As Max Weber suggested, for the potential hero there is only one solution: to anchor his or her own legitimacy on something different from the origin story of the company.[15] Often, this is a dramatic event: a business crisis, important investment decision, strategy change, or drastic innovation. The successor can also try to create a mythical genealogical link with the predecessor or the corporation founder. By doing this, the new entrepreneur organizes the symbolic transmission of the personal qualities or values from the ancestor to the heir. Usually this happens through the valorization of work experiences with the previous hero or the sharing of personal character traits. It is possible to find several examples of this process in French business history: Bouygues, Danone, and Rothschild, for example. Outside France, we find the competition between entrepreneurial heroes in the development of management models or doctrines personalized with the hero's name. Fordism, Fayolism, and Toyotism represent businessmen, their methods, and their success. This magical sphere can spread around the world; very soon, there will be recognition of Ghosnism in Japan (after Nissan turnaround artist Carlos Ghosn).

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[15] Max Weber, *Économie and Société*, 2 vols. (1922; Paris, 1995), esp. 1: chap. 3, 285-390.

The personalization of management models leads to an increase in the number of commentators and also to the appearance of fads. In order to find the secrets of management success, all observers—managers, public commentators, corporation employees, and politicians—create their own interpretation of the hero's behavior and values. This process is clearly visible among journalists who write for the management magazines sold in airports, and it is sometimes true of academics as well. The competition among heroes is both positive and negative: positive, because it authorizes "professionals" and commentators to change from one hero to another; negative, because it increases the "fashion effect"—reliance on fads—in management. Hence, the rapid changing of CEOs in the United States in the last ten years has created and promoted a kind of mythological "zapping." How have these elements influenced business historians?

Stories Are Not Myths and Myths Are Not History

Researching corporations and their leaders, be they managers or entrepreneurs, business historians face the risk of being influenced themselves by the powerful myths of entrepreneurship. From empiricists they may become "professional observers" or even "commentators" on business life and myths. I am not saying that objective work on entrepreneurship is impossible; the aim of this reflection is to find ways to preserve a critical distance from the subjects on which business historians are working, especially concerning the myths of entrepreneurship. I suggest that a possible solution is to avoid a methodology too focused on individual characteristics or values and on the entrepreneur's personality. This would require a rebalancing of the weight given to social and collective variables in entrepreneurship analysis. In other words, my proposal is to reject, at least temporarily, methodological individualism or psycho-sociology in favor of a combination of economics, sociology, and even anthropology. This approach would allow the historian to consider the influence of social context and economic or political structures on entrepreneurship.

Four Myths of Management

Before adopting a different approach to their subject, business historians must beware the influence of managerial myth on their own views about entrepreneurship and management. James March offers an interesting classification of management myths.[16] Teaching in Stanford's MBA program and working on organizations and leadership theories, March has explained the role of stories, tales, and myths in corporations. Myths allow corporation members continuously to reinterpret actions that they observe or in which they themselves participate. These myths enable them to make sense of what

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[16] Thanks to Jim March for confirmation that the texts on management myths were published only in French: James March, "Les mythes du management," *Les Annales de l'École de Paris* 5 (1999), 387-94; James March and Thierry Weil, *Le leadership dans les organisations* (Paris, 2003).

they experience daily and to maintain the idea that their actions and decisions are efficient for the company. These myths do not provide an objective picture of managerial processes. With respect to entrepreneurial heroes, their strength relies on adherence to the community. They are a mixture of old customs, good sense, and well-tested practices. Others see them as truth because systematic repetition and results institutionalized the managerial pattern and processes, along with the idea of their efficiency. We can view these management tools or models, these ways of analyzing and carrying out actions, as an established natural truth because a particular social group believes in them and protects them against attack.[17] These myths are part of a "managerial philosophy" which lead to the rationalization of social groups, managerial objects, or objectives. We can consider them unquestionable when incarnated in real production or management systems.[18]

The first myth is that of rationality. It posits that action is the result of a rational choice that has direct and real consequences. Hence, the human mind is supposed to be able to determine the optimal choice among several actions by evaluating their future consequences and general value. March emphasizes that the concept of "rationality" as used here is at best a theory and at worst a tautology that transforms everything into rationality. This myth diminishes the role of individual identity, perception, ambiguity, and contradiction within the process of choice.

The second myth concerns hierarchy. Hierarchy is based on the idea that we can divide problems or actions into smaller elements, which can be sliced into even smaller pieces. It then becomes possible to organize complex tasks using delegated responsibilities. Within a system of subordination and domination, the top level of the organization controls and consolidates the actions and the solutions provided at the lower levels. Because of this distribution, it becomes possible to set various indices of performance and to determine individual responsibilities. One can see the influence of this myth in the representation of corporate structures by organizational charts or in the rewards and punishments of the management system. In March's opinion, this myth gives business actors the illusion of controlling the elements of a problem. It underestimates the complexity of management phenomena and ignores the existence of explanations other than the official models supported by the hierarchy.

The third myth, probably the most interesting for the study of entrepreneurship, concerns "individual leadership." This is the view that historical events reveal the intentions and projects of individuals who can be clearly distinguished from one another. The roots of the most important decisions and actions launched by the corporation can be closely related to individual leaders who have outstanding abilities. They possess something

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[17] Mary Douglas, *How Institutions Think* (Syracuse, N.Y., 1986).
[18] Armand Hatchuel and Benoît Weil, *L'expert and le système: Gestion des savoirs and métamorphose des acteurs dans l'entreprise industrielle* (Paris, 1993), 120-21.

more than other managers or entrepreneurs: the capacity to generate "History."

The last myth concerns "historical efficiency." We could describe this as a Darwinian idea of the existence of a historical optimum. In this myth, History follows a unique path toward a single equilibrium, framed by the past and produced by economic competition. This myth supports the idea of a natural and fair capitalist competition in which only the best ("fittest") corporations or individuals survive. The weakness of the fourth myth is that it takes into account neither the interdependencies between corporations and their environment nor the possibilities of slow and local change in companies. The persistence of poorly managed or inefficient corporations undermines the validity of the "historical efficiency" myth.

Is it possible to avoid the influence of these myths and to conduct good research in the field of business history? The way Alfred D. Chandler, Jr., deals with leadership in corporate change is an interesting example of the difficulties and the solutions one may find. A comparison with Andrew Pettigrew's well-known approach is useful in re-evaluating some of the myths of entrepreneurship.

Chandler and Entrepreneurship: Crisis and Management Tools

Let us begin with two series of debates on corporate and strategic change. First, if a new strategy is designed to implement the process of change, who is in charge of instituting it? In the 1960s, Igor Ansoff explained that each kind of environment needs its own particular strategy.[19] The vector of change and innovation can be the entrepreneur/manager or it can involve everyone in the company once the call for change is heard. Second, if strategy falls to the entrepreneur and the corporation, how can the leader convince other people to get involved? Indeed, successful change depends on the ability of the employees to implement the entrepreneur's strategy. Their function is completely different depending on whether change is seen as a process measured by crisis and within a definite timeframe—a Chandlerian perspective—or as a continuous process—a Pettigrewian approach. From the beginning, Chandler insisted on the importance of a new group: the Schumpeterian "collective" entrepreneur or manager. Andrew Pettigrew emphasized the role of internal contexts and strategy as a continuous process. Here the entrepreneur, either individual or collective, has a political function.[20] With slight differences, both Chandler and Pettigrew talk about the entrepreneur using the concept of power.

The Chandlerian entrepreneur innovates through the creation of "structures" or bureaucratic mechanisms of coordination designed to

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[19] Igor Ansoff, *Corporate Strategy: An Analytic Approach to Business Policy for Growth and Expansion* (1965; New York, 1968).
[20] Andrew M. Pettigrew, *The Awakening Giant: Continuity and Change in Imperial Chemical Industries* (Oxford, U.K., 1985).

rationalize the actions of the corporation members. He or she launches the learning of new organizational capabilities. During each period in history, there is a dominant form of corporation, which matches particular competitive constraints. The entrepreneur is left, therefore, to deal with the external context: first technology, then market and finance. A short time cycle is used to measure the rhythms of the corporation's life, with crises serving as boundaries. These crises cause a reevaluation of strategies and organizational structures, as well as an improvement in management tools such as accounting, marketing techniques, and budgeting systems. These are important parts of the organization's capabilities, which entrepreneurs and their employees systematically build. The faster the individual or collective entrepreneur can separate strategy from day-to-day operations and reorganize the company's structures, the greater the competitive advantage will be. In this process, the entrepreneur not only has to develop a combination of productive and commercial investments, but also needs to improve planning, coordination, and control devices. Rejected as inefficient, old corporate forms and management tools should progressively disappear. Obviously, there is a kind of technological and economic determinism in Chandler's approach, and crisis is a very important concept in Chandler's theory of entrepreneurship and management. Why is this true?

Inspired by Talcott Parson's sociology and Joseph Schumpeter's innovative entrepreneur, Chandler adopts a "collective" approach. What does that mean? The founder and family heirs may control companies, but in modern corporations, managers are in charge of innovation. The frontiers of the collective entrepreneur surpass the boundaries of a single company—for instance, to include consultants. "Collective entrepreneurship" has played an important role in the implementation of American structures in British corporations, but, for several reasons, the concept of "collective entrepreneur" is not easy to use in the analysis of entrepreneurship. First, it is obvious, but still useful to remember that Chandler focused on managers and not on single entrepreneurs. The heart of his work is not small and medium companies, or the new start-up (except indirectly in his book on the computer industry).[21] Second, this collectivization of entrepreneurship dissolves the individual roles and responsibilities into a melting pot.[22] Nevertheless, this change of scale is also the first step toward a theory of the professionalization of entrepreneurship. In fact, we can divide this global category into three smaller ones: top, middle, and shop managers. Each category specializes in a particular management field: strategy for the first, tactical and day-to-day management, respectively, for the other two. Thus, only the first have the

[21] Alfred D. Chandler Jr., *Inventing the Electronic Century: The Epic Story of the Consumer Electronics and Computer Industries* (Cambridge, Mass., 2005).

[22] Alfred Chandler and Fritz Redlich, "Recent Developments in American Business Administration and their Conceptualization," *Business History Review* 35 (Spring 1961): 1-27, reprinted in *The Essential Alfred D. Chandler*, ed. Thomas McCraw (Cambridge, Mass., 1989).

ability to generate new organizational structures. Chandler's entrepreneurs are doubly independent: from both the day-to-day managers and the owners, who became marginalized as corporations grew bigger. Professional managers progressively take the lead. Stakeholders are described as a blocking force and as Ricardian rentiers.[23] Chandler's model is sometimes puzzling for two other reasons: the importance he gives to crisis, and his method of determining the "collective entrepreneur's" legitimacy.

For Chandler, professional activity rather than personality or charisma defines managers. In a way, Chandler's definitions are similar to Henri Fayol's description of managerial abilities and educational training.[24] His entrepreneur has bureaucratic power, but does not take over power in the corporation. This raises two questions. First: on what basis do employees accept the need to implement the entrepreneur's decisions? We can hypothesize that the concept of external crisis helps to complete the model: it allows the entrepreneur—either individually or collectively—to assume leadership. Second, how does the "collective entrepreneur"—a group composed of three different categories of people, each with its specific objectives and means of action—attain homogeneity? The functionalist explanation of professionalization and socialization of the group proposed by Chandler cannot totally explain how it becomes a social group with a common conscience and a community culture.[25] The Chandlerian entrepreneur is an ideal type. Without the concept of crisis, it seems difficult for Chandler to explain how leadership is created and how management is implemented and changed over time. Pettigrew's work offers some insights that help complete Chandler's powerful analysis.

The Entrepreneur's Political Leadership as Seen by Andrew Pettigrew

Instead of clearly bounded choices, Pettigrew presents corporate strategy as a continuous process of negotiation and legitimization orchestrated by the entrepreneur. Pettigrew does not use the word entrepreneurship, but his analysis helps to clarify the concept and its practices. He notes that strategy and organization are intertwined, evolving within a single, common, and continuous process. Organizational renewal is the result of a political process led by the entrepreneur. His or her principal task is to persuade employees to accept changes in strategy, along with new systems of reward and function. Hence, enterprises have only two possibilities: survival or regeneration.[26]

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[23] Ibid.

[24] Jean-Louis Peaucelle, *Henri Fayol, inventeur des outils de gestion* (Paris, 2003) or "Henri Fayol," *Entreprises et Histoire* 34 (Dec. 2003) (special issue on Fayol, edited by Jean-Louis Peaucelle).

[25] Luc Boltanski, *Les cadres: La formation d'un groupe social* (Paris, 1982); translated as *The Making of a Class: Cadres in French Society* (Paris, 1987).

[26] Richard Whipp, Robert Rosenfeld, and Andrew Pettigrew, eds., "Understanding Strategic Change Processes: Some Preliminary British Findings," in *The*

Pettigrew reduces the influence of crisis in his model. The entrepreneur may use crisis as a vector for transformation or not. It is not automatic because the start of the process depends on the balance of power within the company. The message is clear: we must consider internal context. How is the entrepreneur, who we see as a political leader, able to do the job?

The heart of Pettigrew's model is the issue of power. Rather than Chandler's focus on management tools and bureaucratization, the legitimacy of Pettigrew's entrepreneur is based on the ability to regulate the conflicts and negotiations that occur inside and outside the official hierarchy. Pettigrew distinguishes the leader "who is doing the right things" from the manager "who is doing things well." Only leaders are able to implement real or symbolic change. In a sense, the entrepreneur aggregates both functions in the early stages of an enterprise. As the company grows, the two attributes tend to separate. Does this mean that Pettigrew's approach brings us back to the individualistic and psychological orientations we criticized earlier?

No, because personal leadership is only one source for the design and implementation of a new strategy and structure. Within companies, some groups try to control organizational means while others try to prevent actions from succeeding. We can view strategy and management activities as negotiation processes in which the aim of each group is to push for its own interests rather than the corporation's objectives. These aims are not categorical or professional in a social sense, but practical or functional. This complex political process greatly reduces the possibility of creating a breakthrough strategy because of the continuous renegotiation of common corporate objectives. Moreover, the convergence of employee strategic action is never completed or finally established because a new group of agents or a new coalition is always on hand to question plans and decisions.[27] Strategic and organizational equilibrium is perpetually a goal to be reached rather than a reality. Furthermore, even if one reaches equilibrium, the situation will not remain stable because the corporate environment is always changing.

What conclusions, then, can we draw in relation to entrepreneurship? First, Pettigrew rejects a management dynamic in which leaders decide and the rest of the company implements their will. Second, he also rejects a kind of determinism that transforms the corporate environment into background scenery or a set of constraints and in which the enterprise has only one possibility: to adapt quickly or even automatically. In Pettigrew's opinion, something is missing here. Crisis or changes in the external context cannot explain the creation of the internal management dynamic. That results from a very subtle process: the official management model or view supported by the

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Management of Strategic Change, ed. Andrew Pettigrew (Oxford, U.K., 1987), 14-56.

[27] Henry Mintzberg, "Strategy Formation, Schools of Thought," in *Perspectives on Strategic Management*, ed., James W. Fredrickson (New York, 1990) 105-235. See also a more complete version of this text: Henry Mintzberg, Bruce Ahlstrand, and Joseph Lampel, *Strategy Safari* (New York, 1998).

dominant coalition. Thus, a group proposing an alternative strategy criticizes the corporate strategy. To succeed, enough people must clearly express their support of the newly offered model. Then it will be strong enough to create debate and generate alternative proposals. In a way, ideological change is a precondition of action.[28] What part does the entrepreneur play?

Leadership relies on the ability to realize the need for change and innovation. A politicization of employee relations appears in the case of brutal transformation in the environment and changes in the internal balance of power. In the end, the combination of entrepreneurial ability and the politicization of employee relations gives power to the entrepreneur. His or her role is not only to implement managerial and tactical knowledge, but also to allow the creation of alternative strategies and groups within the company. Officially or implicitly, the entrepreneur helps them to become coherent and organized. Thus, the leader is able to mobilize certain groups of agents or parts of the structure to speed up or slow down the debates and the legitimization of innovation and change.[29] Structure, corporate culture, and strategy are no longer technical and neutral management tools. Entrepreneurs in struggles for leadership can use them all either to protect or to attack the interests of the dominant group. This means that the entrepreneur can be either innovative or conservative.

With this analysis, Pettigrew reopens the discussion of leadership in management sciences and business history by decreasing the importance of individual voluntarism or charisma and enhancing the role of arbiter.[30] Power depends on the networks on which the entrepreneur relies and on a good resolution for the company. Therefore, management and strategy changes take a long time. They suppose a visionary and socially adept or respected entrepreneur.

Nevertheless, Pettigrew's model also has its weaknesses. While Chandler's approach concentrates power at the top level of the structure, Pettigrew decentralizes it throughout the company. All agents are able to create innovative forces that are strong enough to design management processes. These networks seem to precede any action by the entrepreneur. To understand the political nature of entrepreneurship, it is useful to understand how it is possible to bypass potentially resistant groups (bureaucrats, experts, managers, trade unions, and so on). If the basis of leadership is the politicization of the management process, is this politicization ongoing? For instance, the role of crisis has been emphasized, but what happens with implementation of the resulting strategy? Does the entrepreneur lose power?

We might conclude that the Pettigrewian entrepreneur is not a leader, but a simple manipulator whose job is to bring together or separate people and

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[28] Here we consider "ideology" as an organized system of representations, ideas, and values.

[29] Pettigrew, *The Awakening*.

[30] Andrew Pettigrew, "Context and Action in the Transformation of the Firm," *Journal of Management Studies* 24 (Nov. 1987): 649-70.

pre-designed strategies. It is also possible to fear that the corporation will swing into political chaos if proponents of the official strategy decide to engage in a struggle to the death against the innovative coalition. They could refuse to leave their positions or the corporation. Gradually, permanent negotiations replace regular management processes. In other words, political obsession could kill management action and entrepreneurial leadership.

Rather than opposing each other, the Chandlerian and Pettigrewian models are in fact complementary in describing the sources and actions of entrepreneurs. They share a common idea: the importance of routines and organizational competence.

Focus on Structures and Organizational Capabilities

Chandler and Pettigrew share one common point: the view that corporate structures are never final. Regularly, the entrepreneur has to cope with the question of organizational redesign. For Chandler, companies' structuration is closely related to the broader evolution of macroeconomic structures and regulation. To understand the development of management tools and models or the learning of new capabilities, it is important to compare a large number of enterprises and to analyze them within their historical context. Generally, the internal learning process allows most companies to converge on a dominant form that best fits the technological, economic, and social constraints of the time. In a way, the entrepreneur has a sociological role to play: intuitively connecting with the larger society. However, the entrepreneur also institutionalizes these collective competencies inside the company, whether as a "collective" or as an "individual." To some extent, this process of selection and learning is very close to Pettigrew's description of the internal political process.

In conclusion, we can say that both authors describe the entrepreneur's most important role as creating new routines and procedures. He or she has the ability to design two kinds of routines.[31] The first uses a single-loop learning process based on trial and error. Gradually, the company accepts a new model of management. A common corporate culture is implemented, based on a collective acceptance of shared behaviors, of seeing eye-to-eye on the issues and problem-solving.[32] From time to time, when crises occur or when drastic innovation is needed, a double-loop learning process is engaged. The entrepreneurial leadership relies on the ability to bring about a collective change of strategy and organization through a reform of the corporate ideology and of the members' vision of both internal and external contexts. What we can learn from Pettigrew is that this cannot be a top-down process. It should be collectively organized—for instance through bottom-up decisions and actions. This takes time not only because of the size of the corporation, but also because all the employees must understand the influences of the

[31] Chris Argyris and Daniel A. Schön, *Organizational Learning: A Theory of Action Perspective* (Reading, Mass., 1978).
[32] Eric Godelier, *La culture d'entreprise* (Paris, 2006).

previous model. One of the most important tasks of the entrepreneur is to disconnect, more or less, the rhythm imposed by the technological or economic environment from the internal context and rhythms, especially on the social side. This criterion is, perhaps, what differentiates management giants from ordinary entrepreneurs.