

SUMMER 2011 | www.iveyentrepreneur.ca

Passion and persistence

A desire for autonomy is not enough to sustain an entrepreneur. **Fei Zhu's** research shows you must also have passion.

When Mark Zuckerberg began working on the idea for Facebook, he never imagined it would make him rich. Although his journey from Harvard undergrad to billionaire has been portrayed by the media in many ways, Zuckerberg says that he was driven by a passion to help people connect and share.

Much entrepreneurship literature looks at why people start their own businesses. While the decision to start a business is perhaps the most significant step in the course of entrepreneurship, there are other decisions that are also important. Ivey PhD candidate Fei Zhu focuses her research on why entrepreneurs decide to persist with their venture. "Entrepreneurship is a long process," says Zhu, "and is fraught with challenges, setbacks, and disappointments. The decision to persist requires strong motivations as well."

Entrepreneurs start up their own businesses for many reasons. Although some see it as a way to wealth, many are motivated for reasons other than money. The desire for autonomy, for example, is a strong non-pecuniary motivation to start a business. So is passion, whether for an idea, a product, or a group of consumers.

Passion has also been recognized as a strong factor in persisting with a business, particularly in the early stages when it may not be going as well as hoped. Although researchers have looked separately at the reasons behind starting a business and persisting with it, there is no research that links the two together. In a recent study Zhu examined two non-pecuniary motivations for starting a business, autonomy and passion, to see how they affected the decision to persist.

Autonomy is the desire to be independent – to be your own boss and work to your own time schedule. Many entrepreneurs start their own businesses because they believe this is a way to take control of their own destinies. Passion, on the other hand, is described by Zhu as "a love for what you are doing." Many entrepreneurs see their start up ventures as a way to pursue their dreams.

In her study, Zhu used a longitudinal survey that followed some 1000 entrepreneurs in the United States over a five year period. These were entrepreneurs who had started

continued next page...



Institute Buzz

By Stewart Thornhill,
Executive Director, Pierre
L. Morrisette Institute for
Entrepreneurship

After a rather cold and wet spring in Southern Ontario, summer is finally upon us – at least according to the calendar. The onset of summer means that fall – and the start of a new school year – will be upon us in no time at all. For some, including our MSc students, this coming school year will begin in Ivey's amazing new building on Western Road. As I write this note, several departments are preparing to move to the new facility, including the Dean's office. Ivey faculty, including the Entrepreneurship Institute, will move sometime in the next year.

Since our last issue, we've hosted two conferences and begun preparations for a third. On May 27-28, the Entrepreneurship Cross-Enterprise Leadership Research Centre, led by Professor Simon Parker, played host to the inaugural Great Lakes Entrepreneurship Network (GLEN), at which entrepreneurship scholars and doctoral students from Indiana, Syracuse, Wisconsin, Minnesota and Ohio State universities gathered at Ivey to present their research and strengthen intercollegiate ties.

On June 10-11, Simon co-chaired the 2011 Medical Technology Innovation Symposium, hosted in partnership with Ivey's Centre for Health Innovation & Leadership. Over 150 entrepreneurs, academics, policy makers and industry experts met to share knowledge and insights on how to enact positive change with respect to medical technology innovation in Canada.

Hosting two conferences this year should help us prepare for June 2014, when Ivey welcomes the Babson College Entrepreneurship Research Conference (BCERC), the largest and most respected

continued on page 4...



Pierre L. Morrisette
Institute for
Entrepreneurship

This newsletter is published for those with an interest in entrepreneurship. If you have any comments or questions please contact us. If you or your organization would like to obtain a copy of this newsletter, free-of-charge, please contact:

The Pierre L. Morrisette Institute for Entrepreneurship | Richard Ivey School of Business, The University of Western Ontario
1151 Richmond Street North, London, Ontario, Canada N6A 3K7 | E: entrepreneurship@ivey.uwo.ca | W: www.iveyentrepreneur.ca

CONTINUED FROM PAGE 1

their businesses but had not yet gotten them off the ground. "These entrepreneurs were engaged in the venturing activity but not making money," says Zhu. "They were still striving to bring the firm to a profitable stage." Some of those in the survey decided to discontinue their businesses.

Zhu identified those entrepreneurs in the survey who claimed that they had started their businesses for reasons of autonomy or passion. She then tracked their progress to see whether they persisted with the business or decided to discontinue.

Not surprisingly, she found a strong relationship between passion and the decision to persist with the business venture. This finding was consistent with existing research. "People who start their businesses because they really love their work tend to persist in their efforts to make the business a success," she says. "Passion is important because it really gives positive energy. People draw on their passion when facing difficulties and challenges. Passion helps people sustain their commitment and stay on track."

On the other hand, the desire for autonomy when starting a business actually had a negative impact on the decision to persist. This finding came as a surprise. Previous research had suggested the desire for autonomy can sustain entrepreneurship, but Zhu found the opposite. "Those people who start their businesses just because they want to be their own boss and enjoy a feeling of independence are not likely to persist," she says. "They are more likely to discontinue their operations."

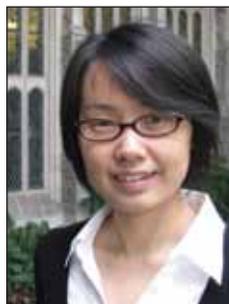
The desire for autonomy has always been depicted in the entrepreneurship literature as a positive character trait for entrepreneurs. Although it is important as a motivation in starting a business, Zhu's study shows that autonomy has a "dark side." Entrepreneurs who tend to focus on work flexibility and freedom are often unprepared for the daunting tasks ahead of them. They tend to get discouraged quickly, and want to try something else.

Zhu's findings have important implications for those who are thinking about starting up their own businesses. "People might start a business because they want to have control over their lives," says Zhu. "But entrepreneurs need to be jacks of all trades, and have the willingness to deal with the challenges and setbacks. In order to bring the business to fruition, entrepreneurs need to have passion as well."

As an educator Zhu sees how students are attracted by the lure of the entrepreneurial life. "What they see is the positive side of entrepreneurship, so we need to tell them that there is a dark side as well," she says. "Autonomy is an important enough reason on its own to start a business, but it's not enough to succeed."

Zhu believes that her research speaks to her own academic journey. She remembers attending a conference, where Melissa Cardon, a renowned scholar who researches entrepreneurial passion, drew an analogy between entrepreneurship and academia. A career in academia can be a long and difficult process filled with challenges and setbacks, she said. Scholars, like entrepreneurs, need passion to come up with ideas, write papers, and get them published. Zhu took this message to heart. "I'm a person who is passionate about passion," she says.

about the author



Fei Zhu

Ph.D. Candidate in Entrepreneurship

Richard Ivey School of Business



Alumni Spotlight

If Fei Zhu's research on the correlation between loving what you do and being a success entrepreneur is any indication, then Ivey alumni and Quantum Shift Fellows are definitely passionate about their businesses. Congratulations to these Ivey entrepreneurs, who were recognized for their exceptional passion, dedication and outstanding leadership in 2010!

Ernst & Young Entrepreneur of the Year awards

- Media & Entertainment, Ontario Region
Pierre Morrissette, MBA '72, CEO, Pelmorex Media Inc
- Technology & Communication, Ontario Region
Rick Watkin, QS '05, CEO, Kubra Data Transfer Ltd
- Cleantech, Quebec Region
Etienne Veilleux, QS '07 CEO, Distech Controls Inc

RBC Canadian Women Entrepreneur of the Year Award

- Excellence in Entrepreneurship
Connie Clerici, QS '08, CEO, Closing the Gap Healthcare

Canada's Top 100 Women Entrepreneurs

- Madeleine Paquin, HBA '84, President & CEO, Logistec Corp
- Robin Todd, QS '05, President & CEO, Marks Supply Inc
- Victoria Sopik, QS '09, CEO, Kids & Company Ltd
- Shannon Bowen-Smed, QS '04, President & CEO, BOWEN Workforce Solutions
- Eveline Charles, QS '07, CEO, Eveline Charles Salons & Spas
- PJ Ferguson, QS '09, President, ABL Employment Inc

Top 40 under 40

- Craig Campbell, QS '09 President & CEO, Total Security Management Services Inc

Entrepreneur Magazine: Top 10 Start Ups

- Doug Burgoyne, MBA '02, President & CEO, Frogbox



The Family Cottage

Spring, a little wet and a little late, eventually arrived in most parts of Canada and beyond!

For many, spring heralds the annual ritual of 'opening the family cottage' and preparing for that short but glorious season of summer. From mobile homes to rustic cabins to lakefront estates, many families have had the good fortune to create a sanctuary away from their working lives on one of the many lakes or waterways throughout Canada, or in a picturesque location abroad.

Perhaps the shortness of summer adds to the intense feelings many have for their family retreat and what it represents: family time, a break from busy lives, stress free holidays or fond memories of bygone days.

A family cottage, however, is also a high maintenance asset relative to other family assets. It requires constant upkeep and an unwavering commitment from the owners. In return, it yields much more than most assets, in both financial and non-financial ways. It is the place we gather and re-connect as a family to create and enhance our traditions, where memories become deep and lasting particularly when they involve celebrations, milestones and 'firsts'.

However, the intense passion and nostalgia for the family cottage also has the potential to stir up less-than-charitable emotions and become a source of major family conflict, especially around life transitions which

impact access to, responsibility for and, ultimately, ownership of the family cottage. When it comes time for generational transition, it's not surprising that decision-making around the family cottage can be an emotionally-charged exercise far more contentious than the division of other family assets and heirlooms.

The simple act of transferring ownership in equal parts to the next generation often leads to family feuds as sibling stakeholders struggle to manage diverse expectations and emotions. Parents should be mindful that their children are unique, and will express that uniqueness in many ways over a lifetime. Joint ownership binds children together in a partnership – often without their input or consent – and, if created without a clear dispute resolution or exit mechanism, can be the source of deep and lasting conflict. The probability of three or more siblings sharing the same lifetime passion, vision or commitment towards a family cottage is remote.

Controlling your family from the grave by tying them together in the ownership structure of a place that holds so many emotions may survive the first generation that has a more direct connection with founder/owner, but it becomes

increasingly more difficult and stressful with each successive generation. Some siblings make it work for their young adult lives, but as their own families grow and disperse the challenge becomes that of building consensus between consortiums of cousins who could be scattered around the globe.

Don't be afraid to sit down with your children or heirs to share your succession plans for the family cottage, and invite their collective input. You may be surprised at their individual preferences and perspectives, and find that the decision to transfer ownership may or may not need to be allocated equally among them.

To help mitigate unnecessary rifts that threaten the much loved family cottage experience, families should focus less on 'the place' and more on 'the experiences, traditions and values' that they want to transfer to the next generation. The real gift is to pass on the love of nature, the importance of staying connected and the shared values and commitments to each other as family, and in so doing encourage our kids to express this in their own way, at their own special place.



Dave Simpson, MBA '88 is Director of the Business Families Centre at the Richard Ivey School of Business, and a Lecturer who teaches courses in Leading Family Firms and Entrepreneurial Finance. Dave also has firsthand experience as a business family member, and enjoys downtime at the family cottage.



Student Watch | LEADER Project

On April 25 Scott Innes, HBA '12 along with 27 other Ivey students travelled to Russia, Macedonia, Ukraine and Moldova to teach foundational business decision-making and entrepreneurial skills as part of Ivey's LEADER Project.

To following are excerpts from Scott's blog as he departed for a 3 week teaching expedition in Eastern Europe.



Scott Innes, HBA '12 (far left) with fellow LEADER instructors Hugh Underwood, HBA '11 (third from left), Madiha Khan, MBA '11 (seated, front right) and Amy Shuh, HBA '12 (third from right), celebrating the completion of LEADER 2011 with their Moldovan students.

I am halfway across the Atlantic, on my way to teach Moldovan undergraduates about business. It's quite the culmination to an incredibly eventful HBA1 year and I have some pretty daunting questions still lurking in the back of my mind.

Why are we doing this? Can we make a measureable difference? If so, in what way do we want to make a difference? What motivates us to want to help?

I think these questions remain because they drive at what my abilities and responsibilities

are, as I am soon to graduate from one of the best business schools in one of the richest, most privileged countries in the world.

From what I understand, there are students and entrepreneurs in Chisinau, Moldova that will become better positioned to be successful in business from having had the opportunity to experience a slice of Ivey's education that they would otherwise never get. Imagine the obstacles that a person born in Moldova would have to overcome in order to have an opportunity like I have had through my education at Ivey. By providing

these students with the tools of the LEADER curriculum, they can better evaluate the problems they see in the world and execute on the solutions they devise.

What then of my responsibilities as a hopeful Ivey graduate and business leader? It has always been important for me to know the impact of my decisions and buy in to their benefits before acting upon them. What inspires me most about the opportunity to teach in Chisinau is the chance to have a small, but hopefully meaningful, impact on how the world operates. I hope that I will be able to position our Moldovan students to create more opportunity for themselves and their country.

If I can continue to pursue this goal of enabling the youth of our world with the opportunity for self-fulfillment, then I believe I will have put my skills and resources to good use. This goal is what has largely inspired me to pursue my degree at Ivey, and I see it as a large part of my responsibility as an Ivey graduate and hopeful business leader.

To read Scott's complete blog, as well as highlights of his actual teaching experience and the impact LEADER had on an entrepreneurial young Moldovan named Stefan, visit <http://www.leaderproject.com/news-media/executive-director-blog/>

continued from page 1

annual gathering of entrepreneurship scholars from around the world. This year, BCERC was held in Syracuse and Institute staff were on site to learn what we need to know when it's our turn to play host to this global community of researchers.

Here in London, our faculty team has been strengthened by the addition of Professor Brian Anderson, who joins us from Indiana University where he completed his PhD in 2010. We're delighted to have Brian join us; his research and teaching will help make an already great faculty team even better.

Wherever this newsletter happens to find you, we wish you a great summer and look forward to continuing the growth of Entrepreneurship at Ivey.



WELCOME! Professor Brian Anderson