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**THE ROLE OF NETWORKING IN THE GROWTH PROCESSES OF FAMILY FIRMS:
AN INTERNATIONAL STUDY**

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ABSTRACT

The paper aims to investigate the role of networks in the growth processes of family firms. The study adds to two main stream of literature, drawing together theoretical developments from the family firm realm and networking theory, to investigate the ways in which these structures and processes interact to facilitate and inhibit entrepreneurial growth. The paper also draws on international field data, thus adding to our knowledge of the context-specific nature of entrepreneurial growth processes, family firms, and networking. Growth strategies for many of the family firms studied tended to be driven by resources available within the family-firm nexus. Market and technology evaluations took place through quite formal, “professional” mechanisms in many cases. The usage of weak-ties, which has come to be seen of diminished importance for non-family entrepreneurs, appeared more significant for family-firm growth.

Key Words: Family-Owned Business; Networking; Entrepreneurship; Venture Growth; International Entrepreneurship

INTRODUCTION

Relational networking provides structure, process and content to entrepreneurial growth. Social ties shape information, skills and knowledge availability, and perception of specific

opportunities. Network relationships frame access to resources, customers and strategic partners, as well as configuring the entrepreneur's own perceived legitimacy. The importance of networking holds true for venture creation, as well as for subsequent entrepreneurial developments of the enterprise. However, ventures which survive start-up, and pursue growth,

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show signs of quite substantial evolution in their networking practices and relationships. The importance of external business-friendly ties to venture growth, for example, is now well established. There is also evidence for the increasing strengthening of what commence as arms-length business ties, but transmute into rich, multiplex and complex relationships.

Are family firms also prone to enhancing, extending and evolving external network ties as the key to their venture growth? The findings linking entrepreneurial venture growth and networking have thus far been so robust that it seems likely that this might be the case. Nevertheless, there are a number of contingencies which modify the nature of entrepreneurial networking, such as nationality, ethnicity, gender, class, business sector, venture position in value-chain, and - as noted already - stage of venture development. There is a strong impact of relational issues on the family firm's distinctive interconnections. It thus seems feasible to propose that whilst networking will be as important for family firms as it is for other entrepreneurial ventures, some aspects of networking processes, structures and content may well be specific to the family firm context. This study draws together theoretical developments from the family firm realm, and entrepreneurial networking theory, to analyze data from 12 family firms, so as to investigate the ways in which these structures and processes interact to impact upon entrepreneurial growth.

Three countries were selected for the fieldwork - Scotland, England, and Greece - and both rural and urban contexts from each country were chosen. Family firms were chosen who were willing to share openly their experiences with the research team. Semi-structured interviews were carried out with 12 family firm entrepreneurs, with special attention paid to issues relating to networking and growth. The constant comparative method was utilized to analyze interview transcripts, with team members moving between data and theory in an iterative pattern until few new insights occurred. Findings highlighted interesting and important divergence in the patterns of networking enacted by family firm entrepreneurs during venture growth.

This paper continues by presenting brief overviews of the academic literature pertinent to the research question, focusing especially on the growing body of work on entrepreneurial networking and growth, as well as attempting to unpick the complicated story of growth in the family firm. Next, the possible interactions between these two scholarly streams are discussed, to consider the specific nature of family firm networking during venture growth. The study's methodology is then recounted, followed by our findings. Finally, results are discussed in the light of extant conceptual and empirical contributions, and conclusions drawn.

ENTREPRENEURIAL NETWORKING, GROWTH, AND THE FAMILY FIRM

Entrepreneurial Networking and Growth

The current research team has been part of a wider movement in the past decade, which has attempted to examine the development of entrepreneurial networks over time, from pre-start up through establishment to venture growth. Whilst accepting that there are certainly other valuable approaches to studying entrepreneurial networking throughout the growth process (Jack et al, 2008), nevertheless, the life-cycle, staged model provides a helpful frame for considering these issues. Typically, such an approach focuses on three stages in the new venture's "life": pre-start; establishment, and growth (see for example, Jack et al, 2008, 128-129).

Considering first the pre-start phase, entrepreneurs dedicate a substantial amount of time to deploying existing social contacts, and identifying who key contacts may be to secure resources (Larson and Starr, 1993). Indeed, the very opportunity and resource perception which gives rise to the venture may derive largely from nascent entrepreneurs' close social ties (Hite, 2005). Existing social networks thus provide the main foundation for the venture (Lechner and Dowling, 2003), and are especially likely to include family, friends and business contacts from earlier employment (Anderson et al, 2005; Jack et al, 2008; Dodd et al, 2010, Larson and Starr 1993, Pages and Garmise, 2003, Ram, 2001. Family members in particular are often especially important and promote entrepreneurship, identify opportunities, offer practical assistance, provide specialized advice and act as sounding blocks. Former colleagues and customers offer a mid-level entry point for the new venture (Anderson et al, 2005; Jack et al, 2008; Dodd et al, 2010). Much time is spent developing and maintaining these key contacts (Greve and Salaff, 2003), although there is also some evidence of new, instrumental ties being generated to meet specific start-up needs (Larson and Starr, 2003).

Such new ventures as survive the pre-start phase typically next enter a stage of venture establishment. Networks are both deepened, through the on-going strengthening of existing ties, and also broadened, through the development of new network contacts. Ties which during startup were essentially instrumental are often deepened, with social dimensions developing in economic ties, and potentially vice versa, as relationships become multiplex (Larson and Starr, 1993; Johannisson, 1995). In terms of broadening networks, Jack et al (2008) find that entrepreneurs may recognize the need to shift the level, managerial position and status of their

business contacts to a higher plane. They seem to achieve this by gathering a very wide pool of potential strong-tie contacts, with whom they share personal affinity, and who also appear to offer possible benefits to their firm. Greve and Salaff (2003) also find that during venture establishment more time is spent on network expansion. Technology entrepreneurs, in particular, have been shown to increase sales through the development of marketing networks during venture establishment, whilst also making the most of their technology base by leveraging co-competition networks (Lechner and Dowling, 2003).

After establishment, ventures that have survived and thrived typically strive to attain substantial growth. This is the main focus of the current study, and hence will receive more detailed analysis than the two earlier stages (pre-start and establishment) reviewed above. One hallmark of entrepreneurial networking at the growth stage is that some aspects of strong-tie interaction may become routinized, or delegated to other people within the entrepreneur's venture (Larson and Starr, 1993; Jack et al, 2008). This provides the relational space for the entrepreneur to "trigger" the pool of latent ties developed during establishment, hunting for the ideas, opportunities and resources that will fuel their growth (Greve and Salaff, 2003; Jack et al, 2008). Similarly, Lechner and Dowling (2003) show that technology entrepreneurs often achieve venture growth by extending the co-competition networks (activated during establishment) into through-going technological partnering.

Many scholars note that during the growth phase, it is probable that relational limits may be reached (Lechner and Dowling, 2003). Specific relational ties achieve their full multiplex complexity and richness during the growth stage, with strong emotional bonds, high levels of trust, elevated exchanges of information and resources, and well-integrated organizations (Larson and Starr, 1993). Entrepreneurs and their strong ties may thus already have been giving each other such an abundance of support that still more is not really possible. To grow further, an entrepreneur must find ways to move beyond what Hite and Hesterley (2001) perceptively call "identity-based strong tie networks", to avoid being held back by over reliance on family and friends ties (Johannisson and Mønsted, 1997). Practices to overcome these relational constraints may include a more calculative approach to rationally choosing network partners (Hite and Hesterley, 2001); as well as continued development and deployment of ever-higher level strong ties. Other approaches uncovered in studies of entrepreneurial growth networking include internalizing high-level strong ties through the mechanism of board directorates. Entrepreneurs

have also been found to build new strong ties – often through a brokered connection – to explore specific new product, service and market development. Subsequently, growth is driven by the creation of product and service innovations in line with the articulated needs of these new strong ties, and with the requisite resources extracted from the network, rather than being de facto held within the entrepreneurs' own venture. As this discussion has shown, in recent years a much clearer and quite consistent picture has emerged of the nature of entrepreneurial networking throughout various stages in a venture's life. In particular, we can now claim, with some justification, to enjoy much deeper appreciation of the nature of networking during entrepreneurial growth. However, still relatively unexplored are the networking patterns, practices and structures of family firms.

It is noteworthy that it is along social cultural lines that differences in entrepreneurial networking can most commonly be seen. Although broad universal patterns in entrepreneurial networking can be observed, for example (Aldrich et al 1989; Johannisson and Nilsson, 1989), nevertheless national cultures shape these patterns in quite specific ways (Birley, Cromie and Myers, 1991; Aldrich and Sakano, 1995; Staber and Aldrich, 1995; Greve, 1995; Drakopoulou Dodd and Patra, 1998; Drakopoulou Dodd et al, 2002; Mitchell et al, 2004), suggesting a variform universality (Klyver et al: 2007:3; 2008:333-335). Recent work has even gone so far as to suggest that German start-up networking patterns may vary very substantially indeed from other cultures (Witt et al, 2008). Other studies have indicated that gender (Aldrich et al; 1989), ethnicity (Bagwell, 2007; Ram, 1993), and indigeneity (Foley, 2008) may also influence some elements of entrepreneurial networking. This is not surprising since, as Curran and colleagues have argued, "networks are best seen as primarily cultural phenomena, that is as sets of meanings, norms and expectations usually linked with behavioural correlates of various kinds" (Curran et al 1995). Since the family is one of humanity's most significant societal forms, surely we can anticipate that its impact also be felt upon the way in which relational ties influence venture growth in family firms?

Given the idiosyncratic nature of family firm relational matrices can we expect to see such extensive uses made of external strong ties during venture growth? Equally, since family firms are of their very nature comprised of "identity-based strong ties", how can they move beyond the constraints of relational limits to enact optimum venture growth? Before we explain how our

empirical study explored such issues, it is important to consider the specific nature of growth within the family firm, and its specific facilitators and inhibitors.

The Complicated Story of Growth in Family Firms

In a family firm, there are many complicated, diverse and every changing interactions between the two key institutions of family and business venture. These complex interactions take place within a frame that appears to both simultaneously promote stability and conservatism, whilst also seeking entrepreneurial growth. Depending upon which is most likely to protect the socio-emotional wealth invested within their ventures, for example, business-owning families may enact either very risky, or, conversely, very risk-averse, strategic behaviours, (Gómez-Meja et al., 2007).

The tradition of stability associated with family firms may be characterized by a long-term strategic view, by firm-specific special skills and knowledge, by a passionate commitment to the venture, and by an emphasis on the continuity of certain core values and norms (Chrisman et al., 2005; Habbershon, Williams and MacMillan, 2003; Habbershon and Williams, 1999; Miller and Le Breton-Miller, 2006; Shepherd and Zahra, 2003; Sirmon and Hitt, 2003; Tagiuri and Davis, 1996; Zahra, 2005; Zahra, Hayton and Salvato, 2004). Miller et al (2008:57-59) have argued that, if taken to extremes, this stewardship culture may turn into corporate stagnation, and inhibit growth very strongly indeed (see also Arregle, Hitt, Sirmon and Very, 2007). Such stagnation is often associated with a venture culture that prioritizes the needs and desires of the family, through kin-specific altruism (Lubatkin, Schulze, Ling and Dino, 2005; Schulze, Lubatkin and Dino, 2002).

On the other hand, and not-withstanding these forces towards stability and conservatism, family firms have also been found to have some specific drivers of organizational growth. Because ownership and managerial control are so concentrated, family firms may act quite rapidly, aggressively, flexibly and independently (Carney, 2005; Chrisman et al 2009; 745; Miller and Le Breton-Miller, 2006). Innovation and entrepreneurship may also become enculturated within the family firm (Craig and Moores, 2006; Zahra et al., 2004), as key behavioural norms developed and enhanced over several generations, and thus provide special resources to fuel family firm growth (Eddleston et al 2008:27).

In a recent examination of dramatic organization renewal within family firms, Drakopoulou Dodd and Theoharakis (2010) were able to conclude that certain family firms exhibit strong tendencies towards “morphing”, which in turn generated substantial organizational growth. Their findings show that “founder CEOs, CEO growth aspiration, and succession planning facilitate morphing within the family firm.... whilst higher proportions of family employees curtails morphing”.

Overall, then, it seems clear that some family firms develop a culture of innovation and organizational renewal which fuels venture growth. Making the most of their specific knowledge, skill, commitment, flexibility, and rapidity, the enhanced performance of such firms may go some way toward explaining the continued success of the family firm sector (Chrisman et al 2009).

Networking and Growth in the Family Firm

As the literature reviewed above makes clear, most conceptualizations of growth issues within the family firm concentrate on the somewhat paradoxical dynamics of entrepreneurial culture and conservatism. Relatively little consideration has been given to the significance, or otherwise, of networking practices and processes for venture growth within the family firm environment. Miller et al (2008:57) note that the networked cronyism of some large, established family firms with leading institutions (including government) may act to enhance conservatism and to inhibit entrepreneurship. Morck and Young (2003, 2004) have made similar arguments suggesting that successors may be more likely to seek growth through political rent-seeking, rather than through the pursuit of opportunities through entrepreneurship. If this is indeed so, then it suggests at least one possible growth strategy for family firms is indeed dependent upon social capital, albeit through the vehicle of political network ties.

An additional possibility for large family firms may be that their network position places them so as to be visible and attractive to other, potential growth partners. This visibility is enriched by a belief in the legitimacy of the venture as a family firm, which is seen to “guarantee” certain modes of business, values, and strategies. These two elements – visibility and family firm legitimacy – combine to make the venture and its family members attractive business partners to other similar organisations, who then construct growth opportunity propositions which they present to the large family firm. Evidence for such practices has been found both by sociologists

studying the Medici clan in medieval Florence (1993), as well as more recent work examining a large Irish waste management group (Clinton et al, 2010).

Does the family firm extend itself by enacting other embedded ties? Given the intertwined personal and public worlds of the family-in-business, surely we can anticipate that networking will prove still more important for venture growth than for non-family entrepreneurs? At the very least, we can expect important and complex interactions between the family firm and the networked context within which their firm is embedded. The main objective of this study is to explore empirically what these interactions might be.

METHODOLOGY

Three countries were selected for the fieldwork – Scotland, England, and Greece - and both rural and diverse contexts from each country were chosen. The arguments sketched above for variform universality in entrepreneurial networking highlights the importance of using international sample, so as take account of this important potential networking contingency. Within these contexts, family firms were chosen who were willing to share openly their experiences with the research team. Family firm entrepreneurs are notoriously secretive, and in order to enhance the depth and reliability of the qualitative material gathered, it was decided to approach sample firms with whom some form of trust was already established. Sample firms thus included those known to the authors, their research assistants, and / or other university colleagues. Firms were also selected only if growth had already been achieved, and where at least the second generation of family leader was at the helm. All firms were controlled by their owning families, and all had more than one family member employed with the business. Table One highlights the characteristics of the 12 firms in the study, whilst attempting to preserve confidentiality. Our respondents were typically the current CEOs of the venture, or of a strategic business unit within a family firm. In one case our respondents was the former CEO of the firm, now acting as Chairman of the Board (President) of the group. Thus, all were well-placed to describe growth strategies and networking practices within the family firm over time.

Semi-structured interviews were carried out with 12 family firm entrepreneurs, with special attention paid to issues relating to networking and growth. Interviews were transcribed, read and re-read, with notes on emergent themes contemporaneously entered into our research diaries (Easterby-Smith et al, 1999). The research diaries were reviewed to clarify emergent themes until

few new insights occurred (Human and Provan, 1996). During the task of fostering theme emergence, we simultaneously and iteratively continued the development of our framework, in constant comparison to extant theory (Uzzi, 1997).

As the readings and reflections developed, categories and concepts emerged within our research notes. Incidents and experiences, observations and responses were continually compared with others within emerging categories. This constant comparative method (Glaser and Strauss, 1967; Alvesson and Sköldberg, 2000; Silverman, 2000) has become an accepted approach of dealing with entrepreneurial network analysis (Human and Provan, 1996; Hill et al, 1999; Jack, 2010). The re-visitation continued until few new insights occurred (Human and Provan, 1996).

The research team presented and compared the three sets of initial coding, both with each other, and with a working framework of expectations derived from the literature. Elements of the framework were be “retained, revised, removed, or added”, as field data provided empirical evidence (Uzzi, 1997). Coding categories were agreed upon by the research team. We continued the development of our framework, in constant comparison to extant theory, returning to “fine tune” the categories and concepts in the light of this theoretical labour. We then jointly produce an illustrated summary of the major themes and the relationships between them. For the elements within the data which related to networking and venture growth, an simple explanatory framework emerged which encapsulated various aspects of two main themes. The first of these themes covers the origins of growth opportunities, whilst the second incorporates investigating and enacting growth paths. This framework is presented in Table One and provides the basis for our subsequent analysis and discussion.

Insert Table One About Here

FINDINGS

Origins of Growth Opportunities

Growth strategies for many of the family firms studied tended to be driven by resources available within the family-firm nexus. We found a strong belief that ready to hand resources should be used as the fundamental basis for building growth opportunities. A variety of family assets were used in this fashion to spring board growth strategy. These included material resources, such as redundant buildings, or land. Also frequently viewed in this way were family human assets. The skills and knowledge of family members – especially younger ones – offered a

resource base that could be leveraged to generate growth opportunities. It is important to recall that non-family entrepreneurs have typically found growth opportunities by enacting their social capital, often directly ignoring the commercial / material and human capital held within their firms. The contrast with family firms is clear.

Interestingly, these growth opportunities often took the form of related diversification, so that a kind of hub and spoke pattern of strategic development emerged, with a range of new “ventures” being grown around the central conceptual and commercial core of the family firm. Several examples of such resource-driven growth paths are presented in Table Two, below. Instructive is Ioannis’ comment that this type of development broadens the base of the firm, and reduces the risk exposure which overly-specialized firms can experience. It may be that hub-and-spoke venture growth is especially suited for family firms, as they strive to combine a culture of entrepreneurship and innovation (expressed through the launch of new SBUs), with protecting the family assets from certain external risks (through related diversification), whilst fully exploiting family firm skills, resources, “name”, and knowledge (by spinning new SBUs out from the central core, or hub). Although not the main focus of this study, this is such an interesting finding in its own right, that we intend to develop the insights further in future work.

Insert Table Two About Here

Family Human Capital and Growth Opportunities

For many respondents, sources of growth opportunities included related-diversification driven by the special skills, interests, and passions of new generation leadership. It was interesting that examples of such growth were proffered during interview by new and old generations alike, and in a variety of commercial settings. As Table Three below shows, the types of family human capital described in this way included business experience outside the family firm, formal education, and interests and passions. Interestingly, explanations for siblings choosing to not join the family firm were very often couched in terms of skills, passions and education not being complementary to the firm.

Insert Table Three About Here

Also, when respondents were considering whether, and on what terms, youth and child family members might join the organization, this issue was again raised. In these contexts, many respondents explicitly stated that youth and child family members should first gather educational and experiential capital to bring into the business, as the basis for future growth, before formal

employment within the business. Some of the children discussed in such terms were not yet at school, whilst others were approaching the end of formal education. In some cases, the children themselves were depicted as expressing a desire to develop fully their own talents and potential so as to be able to offer something (other than just the family name) to the venture. Some younger respondents also emphasized how much they had wanted to bring something special to the venture, to be seen to have earned their position. The interest-specific training, experience and education of children was thus seen to offer multiple benefits to the firm: respect for the new entrants, as well as a foundation for future growth opportunities through the development of diverse human resources.

There was little constraint placed on what areas might be helpful for the firm; rather the focus was on the interests, passions and inherent strengths of these young people. However, the complete mismatch between some sibling interests and the family firm were cited as a rationale for their pursuing a career elsewhere, so the scope for the firm to make use of a range of diverse skills was not seen to be infinite, although wide indeed.

Commercial Capital and Growth Opportunities

Another sources of growth opportunities was the desire to more fully exploit under-utilized assets, such as property, or excess capacity. Again, these stimulated diversification growth strategies, dependent on the nature of the asset. An empty barn in a great location provided the basis for a shop and café; excess capacity in a manufacturing firm drove the development of a new more modern line of drinks; a large family home was turned into a guest house to generate funding for other family start-ups; the family brand name allowed a fast-start for a related business supplies venture. All the family firms which we encountered that utilized this approach were based in rural areas, in both countries studied. It may be that the paucity of other resources available within the rural periphery is such as to enforce an enhanced thriftiness upon such family firms, so that maximizing the potential of all commercial capital is especially desirable.

It is instructive that where financial capital is mentioned, it is the lack of funds which is sometimes presented as a barrier to growth. The family firms in our study, as the research to date would predict, do not have substantial accumulations of financial assets to drive their growth paths forward. However, nor do they typically seek out substantial growth funds – either as debt or equity –from external stakeholders. There seems relatively little interest in financial capital as

a growth tool, nor in developing strong-tie relationships with angel investors, venture capitalists and so forth. One respondent only – Elaine – had borrowed substantially to upgrade her business: but even here her objective was clearly stated as being to make the venture aesthetically perfect, rather than to pursue growth.

Investigating and Enacting Growth Paths

Investigating growth possibilities, making strategic decisions, and implementation of new strategies were largely enacted through on-going, succinct conversations within the immediate group of family-firm employees. However, we also found quite frequent utilization of formal, rational, management techniques for researching, analyzing, and planning growth paths. These two complementary processes contrast with those utilized by non-family entrepreneurs, who often articulate ideas in short intense periods of informal, detailed brainstorming within their firms, with large numbers of their (non-kin) staff. Idea validation and development for non-family entrepreneurs appears to typically occur through close innovative collaboration with external business-friends, especially customers and suppliers.

On-going Conversational Process

An important element in investigating growth possibilities was also found to involve conversations within the firm. These were not lengthy, one-off brainstorming conversations, but rather were typically a series of brief exchanges between family members on going over quite a substantial period of time. Many of these conversational snippets took place within the domestic environment, as well as in the work place, for several of our respondents. Larry's long description of the process, shown in full below, is replicated in the processes described by many of our respondents:

“Informal, very informal. We just kind of meet up where we need to. We will just pitch some ideas and go away and think about it some more. Come back again, it is that kind of thing you know it grows in the mind, you touch base and it is this constant to-ing and fro-ing over the same thing. There is no formula, but this is an issue now we need some action. It is a just five or ten minutes, here or there, it is constant throughout the day. Nothing, just incidental, you know I am just going down.....have you thought of this... .yes, that is a good point, anyway I will speak to you later. It is that non stop, the pair of us and he seems to come to me just as much now, it is

very much a two way street, he is as dependent on me as I am on him now, that is the kind of relationship that we have got to”

Respondents told us that they used their family as sounding boards, to verify that their 80% certainty was valid, to present and approve suggestions. Occasionally, we found evidence that a single brief exchange might be enough to trigger agreement that a new opportunity should be tried out immediately. Empiricism seems highly valued, and family trust permits people to try ideas out in practice. This brevity in decision making appears to support perceptions of the family firm using centrality of control as a means to drive commercial flexibility and rapidity, as the scholarly literature has long suggested.

Insert Table Four About Here

Formal Evaluation Process

Market and technology evaluations took place through quite formal, “professional” mechanisms in many cases. Douglas developed his internationalization strategy in the 1950s drawing closely upon “push-pull” conceptualizations to drive his market entry. This is a remarkably early adoption of a formal marketing tool, especially when we recall Douglas’ peripheral geographic location in rural Scotland. Formal market research and feasibility studies were also mentioned by Freda and Elaine. Information search was not left to serendipity, but was highly focused and made use of professional publications, the internet and other media. We were surprised to find that all examples of such formal, rational evaluation were provided by respondents in rural environments (with the exception of Jock). Perhaps this can be explained by the difficulty in building informal growth networks from a peripheral setting necessitating a more structured approach.

Insert Table Five About Here

Weak-Tie Utilization

External to the family, the usage of weak-ties, which has come to be seen of diminished importance for non-family entrepreneurs, appeared more significant for family-firm growth. It is very important to note that even though these relationships were often of very long standing, they seldom developed a social aspect. New weak-ties were identified in a very calculating fashion on the basis of what the firm’s needs were. Communication focused on specific business concerns.

Tie maintenance did not extend into socialization, but was built into the low-intensity routines of everyday life. It should be noted that, on a personal level, our respondents may indeed have close personal friends outside the venture – as Giorgos describes below, in Table Six - but that the family firm does not seem to be on the list of topics routinely shared with such strong ties.

The single exception to this practice that we encountered was Douglas, who showed many similar behaviours to non-family entrepreneurs in this area. Douglas, very early on in his long reign as CEO, recruited senior non-executive directors to his firm, and socialized these relationships extensively through the seductive and judicious use of salmon fishing and Scotch whisky. (It is interesting that here we see Douglas' rurality turned into an asset to deepen his ties with key professional contacts.)

Insert Table Six About Here

Some evidence was also presented that long-term non-family employees had shouldered the responsibility for building and maintaining somewhat stronger network ties, especially within customer and supplier businesses. By spending perhaps an entire working career delivering to, selling to, collecting from and meeting with these partner ventures, trusted non-family employees developed relationships which provided an additional on-going asset to the family firm.

Figure One (Appendix One) summarizes our findings, showing the patterns of family firm networking-for-growth which we identified through this study, and which will be discussed further below.

DISCUSSION

Family firms in several instances appear closer to formal, rational models of interaction with the market place than non-family entrepreneurs (who typically develop well-embedded strong customer, supplier, and other industry ties which act as the foundation for growth). Table Seven compares and contrasts the two modes of networking processes during venture growth, which highlight the importance of social capital in general, and strong ties in particular, for non-family entrepreneurs. Perhaps contrary to pervading stereotypes, it appears as though family firm growth patterns may be far more rational and "professional" than the socialized growth paths associated with non-family entrepreneurs.

As the fieldwork findings above have illustrated, it seems as though for family firms, commercial and family human capital are the starting point for venture growth paths, and not social capital. Idea articulation is carried out over a quite long period of time, via the vehicle of

very brief interactions to frame specific elements in the opportunity conceptualization. The family becomes immersed in an on-going conversation characterized by the exchange of a sentence or two several times a day, until clarity is reached. Much of the communication is tacit, perhaps since kin can “fill in the gaps”, and more easily recognize what has been left unsaid. For non-family entrepreneurs, we have found that a more focused, intense, detailed and voiced form of dialogue is enacted, with a range of (non-kin) employees, over quite a short period of time (perhaps just a few days). Whilst family entrepreneurs seem to make calculative use of weak tie contacts, and formal market evaluation techniques, to validate their new opportunity ideas, non-family entrepreneurs appear more inclined to embrace their strong ties outwith the firm, to fine-tune, development and implement opportunities.

Insert Table Seven About Here

It is especially noteworthy that family firms use diverse existing resources as the dynamic to create growth opportunities, often around some core concept representing the firm’s heart, such as “stone”, “farm”, “produce” or “information”. We have suggested that such hub-and-spoke venture growth may offer family firms a way to combine elements of great importance to them. The core itself provides the stability, continuity and identity which demarcates the specific family firm over time. By diversifying around this core, using the broad interests and passions of family members, risks of over-specialisation are mitigated, reducing risk. New generation members are enabled to build their own identities, and to earn individual respect, through their educational and professional labours. The pursuit of growth through creation of “spoke” SBUs sustains the culture of entrepreneurship, change and excitement which is the lifeblood of the family firm.

It is also important to ask why family firms appear not to make extensive use of strong ties. One possible answer is that some of the market-scanning and relationship management labour in family firms is, perhaps surprisingly, carried out by (non-family) employees. Because employees often spend very long periods of their working life – sometimes all of it – within a single family firm, they are well-placed to develop substantive relationships with customers, suppliers and other market players. We found several instances where trusted, long-term employees were acting to manage such key relationships, rather than the family managers themselves. Could it be that family firms are delegating this most delicate task to their long-term staff? For non-family entrepreneurs we have found it is the everyday management of the firm which is delegated to trusted staff, freeing the entrepreneur to develop, maintain and exploit social capital in the

external networked environment. Do family firm leaders prioritize internal managerial control so strongly that they retain responsibility for this, rather than managing social capital? Does the family firm tradition of control, and secrecy, deny them both the time and the inclination to embed fully in surrounding business networks? At the least, this intriguing juxtaposition demands further study.

A second possibility to explain the lack of networking for growth in family has to do with the liability of newness experienced by non-family entrepreneurs, especially solo founders, who experience a driving need to develop market-place legitimacy. A strong family “brand” delivers a quality-guarantee within the business environment for new family firm ventures / growth paths, which legitimation an entrepreneur can only secure through enacting social capital.

A third explanation may have to do with the intensity of relationships within the family firm. Non-family entrepreneurs often experience professional loneliness and isolation, as they struggle to build their firms. The real warmth with which they discuss the strong tie relationships in their embedded networks indicates the importance of their emotional aspects. Indeed, family metaphors are often encountered as entrepreneurs talk about strong tie alters acting like their brother, grandfather, big sister, and so on. Family firm leaders and members enjoy such close, deep and intense relationships within their own firms, where the strongest of all ties – those of kinship – bind the venture and family together. It seems feasible that the very nature of these strong internal ties limits the possibilities of outside ties. Perhaps a helpful metaphor is to imagine some sort of family barrier which is very hard to permeate.

CONCLUSION

The study highlights the special nature of networking for growth which differentiates family from non-family firms. We find that the highly socialized nature of entrepreneurial growth does not appear to be practiced in family firms, where exploiting internal resources; articulating ideas through special on-going family discourse; applying formal rational evaluation tool; and relying on weak tie network contacts are found instead. Some initial explanations of this phenomenon are proposed, which include family firm leaders’ preference for secrecy and control over embeddedness; the pre-legitimation which a family “brand” provides to new projects; and the emotional intensity of bonds within the family firm. This is of significance for teachers, scholars, practitioners and policy-makers alike.

Limitations inherent within the study include those traditionally associated with the small samples necessitated by qualitative work: especially generalizability and representativeness. Interview methods also have certain drawbacks, such as the potential for post-hoc rationalization of past actions, self-serving bias, and so forth. We have attempted to tackle these limitations to so degree by crafting a sample which is diverse in terms of sector, location, size and generation. The strong consistency of our findings across this diverse sample adds to their confidence and robustness, as well as suggesting some degree of universal isabi l ity.

In terms of future research, we identify three main areas of potential interest. Firstly, discourse within the family firm environment appears to play a special role as a mechanism for investigating and enacting growth. It seems likely that further research in this area would be beneficial, perhaps enriched by insights from other disciplines, most notably anthropology, into kin discourse. Secondly, the insight that the related diversification described by so many of our respondents seems to form some kind of hub-and-spoke pattern also offers substantial potential for deeper analysis. Whilst many new venture opportunities were pursued by the family firms we studied, they all seemed to centre around some sustained, core vision of what the family firm is and does.

Finally, the focus of the current analysis was to compare all our sample with data concerning non-family entrepreneurs. Having established this basis it will now be both feasible and desirable to carry out some comparisons within the sample, to explore potential differences along cultural lines. Both rural-urban, and national divergence and similarities will next be investigated. Our readings of the data hint at quite substantial homogeneity across borders, which again differentiates family firms from non-family entrepreneurship. However, the utilization of commercial assets as a driver of venture growth seems a special feature of rural family firms. Furthermore, co-location of home and place of work for rural entrepreneurs in all 3 countries studied appears to bring the family and business systems still closer together. This is an underexplored dimension in family firm scholarship, which we look forward to examining further.

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Table Three - Family Human Capital and Growth Opportunities

Illustrative Example	Respondent	Type of Human Capital
<p>“My daughter... runs the company, she was a management banker, so she is very good with money, that is why she does the takeover things”</p>	<p>Douglas ScotFood</p>	<p>Business experience outside the family firm fuelling growth opportunities</p>
<p>Andreas, like his father, studied chemical engineering. He wanted to be a scientist, to stay in the University, but was tempted back to the family business because “I liked the scientific aspect, not the financial one”. Andreas uses his scientific knowledge - and the large lab he build, to drive new product development.</p>	<p>Andreas HellasDrink</p>	<p>Inclination and education fuelling growth opportunities</p>
<p>“I came back into the business... and my skills complemented theirs, that was to do with people and systems and strategizing... I think my heart was here really, I had a strong connection with the place and was very passionate about what my parents had started here”</p>	<p>Freda EngFarm</p>	<p>Inclination, passion and education fuelling growth opportunities</p>
<p>“Based on my own inclination to science, I managed to combine the experience that was scattered in the business with science. So, nowadays the company has fully covered the product in terms of organization, trading and scientific knowledge”.</p>	<p>Ioannis HellasDeli</p>	<p>Inclination and education fuelling growth opportunities</p>
<p>Babis' sole proprietorship is a sales and service representative for his former employer, but it is so closely linked to the family firm (which sells a different range of specialized supplies) that “we have the same customers, we share some suppliers; and the network”</p>	<p>Babis HellasSupplies</p>	<p>Adding new product range to existing firm, based on new generation prior employment</p>
<p>“That experience of working outside of the business was vastly important to me... going out and measuring yourself against other people and creating your own identity and learning where your skills are... Then knowing what you really want to do, can you do that within your own business?”</p>	<p>Elaine EngFarm</p>	<p>Business experience outside the family firm fuelling growth motivation</p>
<p>“My whole thing was doing things with my hands when I was young, it was making models...it is a very manual business...so when potential suppliers were coming in here with a new product and saying “you should sell this”, because of my technical background, you know, we could take it to bits, see if it was a good product”</p>	<p>Jock ScotHome</p>	<p>Screening new product opportunities using skills which have their roots in childhood passions</p>
<p>“I could have not studied correctly, could have flunked through school and then thought, it is alright, I can just go and work for my</p>	<p>Keith</p>	<p>New generation desire to prove</p>

Dad... I went to University, I got a first, I got my Masters, went and worked for a big investment bank...so I always did everything to prove myself, so no one could say it is a silver spoon”	EngService	itself generates the resources which fuel later growth
“I think if they went out and learnt something that they could bring to the business that would be better. If you are interested in... what we are doing, then go and find yourself a qualification first... something that you can bring to the business, so you are not tied to it”	Larry EngArtisan	Children, their education and the future of the family business (aged 5 and 8!)
“I used to have lego and make things and she would sit with her ponies and her dolls. Just not interested in this. It is not what drives her; she just likes babies so she is a midwife”	Keith EngService	Sibling chooses to NOT join family firm since interests & skills do not suit
“I have got the common sense, and he has got the intellect...he would be far too advanced for what this company needs...as a kid I was always the one mucking about helping my dad, and he was always the one reading a book or on the computer”	Jock ScotHome	Sibling chooses to NOT join family firm since interests & skills do not suit

Table Two - Commercial Capital and Growth Opportunities		
Illustrative Example	Respondent	Type of Commercial Capital
“we realized that our location on this very busy main road was an opportunity for us and so my parents developed this idea of the farm shop, and having this building, a redundant barn, in which to develop the shop”	Freda EngFarm	Location and Empty Property drive new opportunity
“This building my Mother ran as a guest house for 10 years to make money for my Father to start his business... this building became the offices for my Father’s company which was growing... then.. the shop in “CountryTown” which had been doing well for a few years, it came into the ground floor	Elaine EngStone	Multiple uses over time for a specific piece of family property; the largest capital asset in the family.
Jock decided to cease one type of activity, upon which the original business had been founded, because it was an inefficient use of an expensive asset (space, capacity): “because **** was only a small part of the business as it is now the decision was basically made to utilize the space it was taking up”	Jock ScotHome	Under-utilized capacity and capital can also be re-configured to facilitate venture growth
“we decided to expand as we had the capacity”	Andreas HellasDrink	Excess Capacity drives expansion motivation
“everything was on ration...at the end of the war... we just had a small business, just doing some jam when we could get	Douglas ScotFood	Post-war growth totally driven by the production

sugar and... putting beetroot into vinegar when we could get jars”		in-puts made available during rationing: resource-driven
<i>Q: Advantages of family firm?</i> A: “Financially its capital is limited and small...it cannot grow and it can raise limited debt”	Babis Hell asSuppl ies	Lack of financial capital is a barrier to growth in family firms
Giorgos (and later his siblings) developed a diversified business around their produce trading, moving into B2B, distribution, and gourmet importation as their skills, contacts and resources developed (eg, from running their own produce distribution to managing B2B logistics for others)	Giorgos HellasProduce	Family firm skills, resources and contacts used as springboard for venture growth
“I inherited a good name. A brand name... .This helped me and I grew fast”	B a b i s HellasSupplies	Family “core” as foundation for growth
“Stone has always been part of what we do here. There is that thread of continuity and the people who have been coming here for 30 years remember it as such”	Elaine EngStone	Hub and spoke development of diversified ventures around “core” of stone
Hari’s family firm has developed a range of diversified ventures around their core skills and brand in the information field, including conferences, print media, e-communication.	H a r i HellasI nfo	Hub and spoke development of diversified ventures around “core” of information
“The company has widened its product base, by including, apart from *****, products with *****. And we have also taken over distribution for some products. This has given the increase in turnover and has provided a broader base for endurance and growth”	Ioannis HellasDeli	Hub and spoke diversification explained as providing the protection of a broader base.

Table Four -On-going Conversational Process

Illustrative Example	Respondent	Aspect of Conversation
“We use each other as sounding boards, you know what are you thinking, what are your thoughts, give it a go”	Larry EngA rti san	Sounding boards
“One of us will come up with a suggestion and we go away and try it, so we do it between us”	Larry EngArtisan	Empiricism – trying ideas out
“We might say a word, “we must do this thing. What is your opinion? Yes. Lets do it.” With very brief processes”	Giorgos HellasProduce	Brevity in decision making
“When I am 80% sure that I want to do something, I ask and then I might be certain that it is the right move”	B a b i s HellasSupplies	Confirmation, validation across the generations.
“There are still always things that go on in your own head that still only involve discussion to get a conclusion in your own mind, by speaking to my father”	J o c k ScotHome	Confirmation, validation across the generations.
<i>Q: When were you actually introduced to the family business?</i> A: “A large part of what is talked about within the	Elaine EngStone	Ubiquity of family-firm conversations, in business and private life

family... family meals and the like, so you just absorb a lot”		
“it is very informal...Christmas dinner, all the time, somebody will just spark something, a comment or discussion”	Freda EngFarm	Ubiquity of family-firm conversations, in business and private life
<i>Q: How do discussions take place?</i> A: “Everywhere. We might meet by the stairs, in a meeting, at home over lunch”.	C o s t a s HellasLogistics	Ubiquity of family-firm conversations, in business and private life
“When you are in an entrepreneurial family you will talk for a while about football, for a while about politics and then it is just your business you talk about”	C o s t a s HellasLogistics	Very high quantity of business conversations within the family
Q: Now your daughter runs the business do you communicate with each other?...is it more formal or informal? A: “Yes, every second or third day... she will just say “hello Dad” and we have a cup of coffee and we chat, the other thing is that we trust each other, you have got to have trust”	Douglas ScotFood	Continuous, detailed, informal conversations
“In a family business, the most significant issue is to make use of the experience, and...in order to use it, you need a continuum. You cannot walk up to someone and say “Father... what would you do in this case?” They need continuous information and details. Otherwise they cannot offer you detached advice.”	H a r i HellasI nfo	Continuous, detailed provision of information, to keep other family members informed enough to converse / contribute effectively
“With my sister and my aunt we discuss everything: thoughts, opinions, views”	Ioannis HellasDeli	Continuous, detailed conversations
“I would say do you not think that we ought to have meetings, and I can remember them both bursting out laughing and saying “good God she wants meetings, what on earth do you want meetings for?””	Elaine EngStone	Resistance to formalization of communication, conversational form of decision making.

Table Five - Formal Evaluation Process		
Illustrative Example	Respondent	Type of Evaluation
“My brother did a feasibility study into pick your own strawberries”	Freda EngFarm	Formal Feasibility Study
“Harvard had come up with this idea of push-pull sell” (this refers to a market entry strategy in the 1950s)	Douglas ScotFood	Theoretical basis for market entry strategy
Q: Sources of information and support? A: “The Internet. The mass media”	B a b i s HellasSupplies	Rational, focused market information search
Jock literally takes potential new products to pieces to test them thoroughly, “to see if it was a good product, or whether it was going to fall to pieces when it was sold you know”	J o c k ScotHome	Formal, physical new product testing
“You build up a database and I would do questionnaires and I would get them to fill them in and get some responses...”	Elaine EngStone	Formal Market Research
“I did a lot of work myself in finding out about customers and developing a brand to get people	Freda EngFarm	Planned, managed, rational research and marketing activities

interested in coming here”		driving growth
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Table Six - Weak-Tie Utilization

Illustrative Example	Respondent	Type of Tie and Utilization
“ I might discuss business, with much less detail, with people I work with...mostly general discussion...'how do you see the new tax measures?' ...simple stuff”	B a b i s HellasSupplies	Simple on-going scanning via weak ties
Costas met key contacts – suppliers and customers – in a purely business setting “not..at a café or a tavern...while working; delivering, receiving, etc”. He continues to rely on these business contacts: “daily contact with the customer in the market ...tells me whether I need to change something”	C o s t a s HellasLogistics	Even after many years, these key weak ties have not become socialized, multiplex, friendship relationships.
“Company issues...that is just kept in house and you sort things out... There are probably only two people that we get involved with outside of the company”	J o c k ScotHome	Very limited external ties, ascribed to inherent secrecy
“We get on, we don”t brag about what we do, we keep things in house...some customers know that “Peter” (father) has retired, some probably aren”t aware; you know	K e i t h EngService	Very limited external ties, ascribed to inherent secrecy
“The magazines would come and visit and try and get business from you, so I would make them sit there for 2 hours whilst I asked them everything about... who buys your magazine, why do they buy, adverts work”	Elaine EngStone	Calculative development of weak tie to meet specific business need.
“There were always people who helped us with their knowledge, for example...a professor at the University in <i>GreekTown</i> , a good contact, who helped us set up the quality control laboratory”.	Ioannis HellasDeli	Calculative development of weak tie to meet specific business need.
“I heard that Mr. So-and-So is a specialist...and I invited him here. We had long discussions. ..I took the initiative”	Andreas HellasD rink	Calculative development of weak tie to meet specific business need.
“I did an awful lot of searching out people to speak with while I was doing LEAD...it was laying the foundations for what I am doing now”	Freda EngFarm	Creating a purposive weak tie network to support business growth
Hari talked with enthusiasm about an older long-standing “acquaintance of the company” from the industry who had been helpful because of “how free his mind is”. But he then said that frequency of contact was “rare... formal... not once a month or every two months”. When asked what the alter takes from the relationship he answered “they get satisfaction from the fact that the company has not discharged them”	H a r i HellasI nfo	Even the network relationships which are perceived as especially influential, are - given closeness of ti e, formality, and frequency of contact – weak ties.
“Our business can get very close to very large customers, and we have got a very low turnover of staff, very many people have been here for over ten plus years. So we have got good continuity, when customers ring up it always the same person that they are dealing with”	K e i t h EngService	Non-family employees maintain many customer and supplier ties
“Three very good friends that I love... special people,	Giorgos	Strong ties may be

sometimes they know more than my brothers and sister. It has nothing to do with business. It can even take a year till I discuss something with them that has to do with the business”	HellasProduce	personally very important friendships, but interactions are not often related to the business
“When I went to America another discovery that I made was non-executive directors, to have important people, more significant people... these were men of great experience who were able to advise me...about 1964 I had my first non-executive director... they came fishing with me, they used to say we had our board meetings on the river bank, you had a glass of whisky in your hand over lunch”	Douglas ScotFood	Unlike the rest of our respondents, Douglas acts like high growth entrepreneurs, bringing in very senior non-execs and using socialization to develop rich, multiplex ties with them.

Table Seven
Networking Processes during Venture Growth: Family Firms and other Entrepreneurial Firms

	Family Firms	Other Entrepreneurial Firms
<i>Identifying Growth Opportunities</i>	Driven by under-utilized, or newly available, commercial and human capital held within the family firm	Driven by explorative interactions with a wide range of network strong-ties: social capital is key
<i>Articulating Growth Opportunities</i>	Articulate ideas in longish periods of disrupted conversations: a few words here and there to move thinking onwards and clarify specific points	Articulate ideas in short intense periods of informal, detailed brainstorming within their firms, with large numbers of their (non-kin) staff
<i>Investigating Growth Opportunities: Formal techniques</i>	Frequent utilization of formal, rational, management techniques for researching, analyzing, and planning growth paths	Close innovative collaboration with external strong-tie business-friends, especially customers and suppliers
<i>Investigating Growth Opportunities: Weak-Tie Development & Maintenance</i>	Family members take market readings as a routine part of their interactions with weak-tie contacts, who are kept at arms” length. Seek out relevant specialists purposively, as new weak ties	Business ties develop strongly affective relational ties with key customers and suppliers, who then act to gather, filter and transmit information and other resources for the firm Large pool of potentially helpful latent ties, pre-checked for the all-important affinity “chemistry”

Table One – Sample Summary

Respondent Alias	Respondent Age / Sex	Respondent Generation	Role of Respondent	Urban / Rural	Country	Company Alias	Sector/s	Number of Employees (FTEs)
Andreas	53, Male	5 th of 5	President	Rural	Greece	HellasDrink	Manufacturing Drinks	22
Babis	31, Male	3 rd of 3	CEO	Rural	Greece	HellasSupplies	Business Supplies	2
Costas	32, Male	3 rd of 3	Function Head	Rural	Greece	HellasLogistics	FMCG Shop Supplies	40
Douglas	89, Male	3 rd of 4	President (was CEO)	Rural	Scotland	ScotFood	Food Manufacturing	1,500
Elaine	60, Female	3 rd of 3	CEO (was SBU head)	Rural	England	EngStone	Diverse Ventures around Stone: production & sales	10 (in spin off) 40 (in family group)
Freda	39, Female	2 nd of 3	SBU Head	Rural	England	EngFarm	Diverse Ventures around Farm: production and sales	28
Giorgos	42, Male	2 nd of 3	SBU Head	Urban	Greece	HellasProduce	Diverse Ventures around Trading Produce	17
Hari	44, Male	2 nd of 2	CEO	Urban	Greece	HellasInfo	Diverse Ventures: Information & Media	300 (+)
Ioannis	55, Male	2 nd of 3	CEO	Urban	Greece	HellasDeli	Manufacturing branded gourmet product	110
Jock	35, Male	2 nd of 2	CEO	Urban	Scotland	ScotHome	Home Improvements Artisans	70
Keith	29, Male	2 nd of 2	Senior Manager	Urban	England	EngService	Complex Industrial Supplies and Service	18
Larry	36, Male	2 nd of 2	Director	Urban	England	EngArtisan	Business Service Artisans	6 (+ contractors)

Appendix One
Figure One: Family Firms - Networking for Growth

ORIGINS OF GROWTH OPPORTUNITIES

INVESTIGATING AND ENACTING GROWTH PATHS

