

Effectual entrepreneuring: sensemaking in a family-based start-up

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ABSTRACT

In this paper we examine the microprocesses associated with a successful business established by two young brothers (16 and 18). The study is informed by recent processual approaches to entrepreneurship associated with effectuation theory and sensemaking. We also draw on literature related to personal dispositions, which are the basis of habitual behaviours. The empirical data are drawn from a longitudinal study of an unconventional family business which was created by the two brothers while still at school. Opportunities were created, rather than discovered, by optimizing limited familial resources during the early stages of start-up. We expand effectuation theory by demonstrating the role of sensemaking (enactment, selection and retention), familial influences on dispositions (habits, heuristics and routines) and experiential learning during the first three years of operation.

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Introduction

New firms founded by family teams are regarded as being distinctive from non-family start-ups (Chang et al. 2008; Reuf 2010). Such businesses are based on various familial relationships including parental, sibling and married couples (Hedberg and Danes 2012; Lansberg 1999; Ward 1997). There is, however, surprisingly little research related to the early stages of family firms (Alsos, Carter, and Ljunggren 2014) or the role of family entrepreneurial teams (Cruz, Howorth, and Hamilton 2013). According to Morris et al. (2010), rather than following a blueprint (Shane and Delmar 2004) the creation of family firms is largely unplanned and unpredictable. In fact, as pointed out by Anderson, Jack, and Drakopoulou Dodd (2005) family business and entrepreneurship are generally regarded as distinct areas of academic attention. Recently, there has been increasing interest in combining the study of entrepreneurship and family business. There is, for example, evidence that family businesses out-survive non-family firms: 'they are more cautious, build-up slack resources, invest in longer-term relationships with stakeholders, and build more cohesive corporate cultures'

(Miller, Steier, and Le Breton-Miller 2016, 447). Therefore, the study of entrepreneurship in new ventures started by families (Steier 2007) as well as entrepreneurship in established

family firms (Jones et al. 2013) is important for understanding those factors contributing to the development of successful entrepreneurs.

Sensemaking focuses on ways in which organizational actors, confronted with ambiguity or uncertainty, 'seek to clarify what is going on by extracting and interpreting cues from the environment' (Maitlis and Christianson 2014, 58). According to Selden and Fletcher (2015, 609) a 'sense-making subsystem' underpins the entrepreneurial process as a business idea becomes embedded in the routines and capabilities of a functioning organization. Furthermore, it is claimed that there has been 'insufficient detailed attention' given to sensemaking in family businesses (Fletcher, De Massis, and Nordqvist 2016, 10). Sensemaking can be combined with process theory to examine the interaction between entrepreneur and opportunity as a journey (Hjorth, Holt, and Steyaert 2015; McMullen and Dimov 2013; Moroz and Hindle 2012). As stated by Rondi (2016, 129) 'process thinking allows researchers to obtain a greater understanding about the microprocesses of change'. Based on effectuation theory¹ all nascent entrepreneurs begin with three categories of 'means': their own traits, tastes and abilities, their individual knowledge sets, and their social networks (Sarasvathy 2001, 2008; Sarasvathy et al. 2014). Hence, 'effectuation' is 'a tool for problem solving when the future is unpredictable, our goals unspecified or simply unknown, and when the environment is not independent of our decisions' (Sarasvathy 2004, 525). Effectuation is based on Simon's (1959) decision theory, which indicates that rather than predicting trends in an uncertain environment it is more effective to acquire information through experiential learning (Fuerst and Zettinig 2015; Perry, Chandler, and Markova 2012; Read et al. 2017; Sarasvathy 2012). In addition, the view that opportunities have an objective reality is rejected by effectuation theorists who argue that opportunities are 'endogenously constructed' through human agency (Ramoglou and Tsang 2016, 414). Hulsink and Koek (2014, 204) also point out that young entrepreneurs can overcome their lack of financial, social and human capital by using 'effectuation mechanisms' to mobilize support from family members and their business associates. An effectual approach to family-based entrepreneurship fulfills a number of 'non-economic objectives' such as the provision of learning opportunities, enhanced status and improved family unity (Miller, Steier, and Le Breton-Miller 2016).

As pointed out by Bryman (2012) good research is informed by the identification or formation of significant research problems. A key research problem associated with entrepreneurship is that there are few in-depth studies concerned with the everyday practices of starting new businesses (Mueller, Volery, and von Siemens 2012). In this paper, we set out to provide a better understanding of how sensemaking contributes to the creation of organizational routines in a family-based start-up. The paper is structured in the following manner: we begin with a review of literature related to family business and then examine sensemaking in the context of start-up businesses. An outline of our research methods is followed by presentation of the *Jazooli* data. We then demonstrate how the family-influenced dispositions of two young entrepreneurs, Sam and Ben Wilson, shaped their sensemaking activities as the business developed from a schoolboy hobby to a growing firm with a turnover of over £4.5 million in seven years. Our focus is the two brothers who formed an effective team and whose entrepreneurial abilities were 'incubated' by their supportive parents (Randerson et al. 2015). The Jazooli case is important because as the authors go on to state: 'there is a paucity of research in family business' based on Sarasvathy's (2001) effectuation theory (Randerson et al. 2015, 151).

The entrepreneuring family

It is argued by Schjoedt et al. (2013) that there are still 'considerable knowledge gaps' related to family teams involved in the creation of new businesses. In fact, they suggest that family-based teams may possess 'critical advantages in terms of access to resources, resilience to obstacles of both an economic and psychological nature' (Schjoedt et al. 2013, 2). Brannon, Wiklund, and Haynie (2013) agree that the impact of family relationships in new venture teams have been overlooked in the literature (see Cruz, Howorth, and Hamilton 2013). Based on a study of 295 team-based start-ups, Brannon, Wiklund, and Haynie (2013) established that couples were more successful than biological teams in achieving first sales because they create 'meta-identities' by combining family and entrepreneurial roles. In contrast, biological teams often encountered role conflict because of the 'salience and rigidity' associated with their family roles. According to Chua, Chrisman, and Chang (2004) the performance of family businesses vary according to where in the life-cycle family involvement occurs. So-called 'born family firms tend to have entrenched values, cultures and structure arising from family involvement' (Chua, Chrisman, and Chang 2004, 38). In contrast, 'made' family firms are founded by an owner-manager and other family members join as the firm evolves.

Based on the principles of social embeddedness, Aldrich and Cliff (2003) develop a conceptual model of the family system incorporating transitions (births, marriages, deaths), resources (financial, human, informational) and the inculcation of norms and values, which influence the process of new venture creation. Consequently, opportunity recognition, resource mobilization and the development of longer-term strategies, processes and structures are strongly influenced by the family system (see Jayawarna, Jones, and Macpherson 2014). Uhlaner et al. (2012, 6) define the 'entrepreneuring family' as one 'that is focused on growing family wealth and protecting shared wealth by way of business value creation' (see Habbershon, Williams, and MacMillan 2003). Entrepreneuring families are generally embedded in 'overlapping social systems' including a broader group of family members. A similar point is made by Johannisson (2011, 142) who describes entrepreneurship as a 'practice' surrounded by an organizing context, which is 'an interactively enacted shared reality that, historically and culturally embedded, manifests and reforms itself by way of personal and face-to-face exchange'. In line with the resource-based view (RBV) Rau (2014) suggests that the family itself is a source of 'valuable, rare, inimitable and non-substitutable (VRIN) resources' that are the basis of competitive advantage. Such a view draws on the concept of 'familiness' (Habbershon and Williams 1999), which incorporates intangible assets such as trust and unity to explain why family firms can outperform non-family organizations (Chang et al. 2008; Reuf 2010). Although Howorth et al. (2010) do point out that 'intertwining' business and family can create liabilities by owners seeking to protect assets at the expense of sustained entrepreneurship.

There is also literature examining the role of conflict (McKee et al. 2014) and emotions (Brundin and Härtel 2014) in family firms. As pointed out by Kellermanns and Eddleston (2004), conflict can stem from sibling rivalry, marital discord and transgenerational tensions. Family members may also be 'locked-in' to the business, which can exacerbate the potential for conflict. The dysfunctional nature of relationship conflict is created by negative emotions such as anger, distrust, animosity and rivalry between family member (McKee et al. 2014). Although relationship conflict is generally regarded as negatively related to firm performance 'cognitive and process conflict' can improve decision-making by increasing the number of

alternatives for the business (Kellermanns and Eddleston 2004). Similarly, emotions can have a positive impact on performance by encouraging a 'collective psychological ownership' as family members regard the business as a collective enterprise (Pierce and Jussila 2009).

It is noted by Nicholson (2014) that family firms are vulnerable to conflict arising from a number of relationships including parent-offspring tensions and sibling competition. Such relationship tensions may not disrupt the family firm because of 'the desire to help and support those who share your genes, whether they be siblings, parents or offspring' (Nicholson 2014, 129). Others suggest early emotional experiences can have an 'imprinting effect' that sets a course for the future of family firms (Stanley 2010). When uncertainty is highest, decisions are based on intuition and emotion rather than the objective analysis of historical data as in established organizations (Miller and Friesen 1984). The specific characteristics of family firms have substantial implications for the governance structures, stakeholders, planning horizons, capital structures and managerial motivations (Morris et al. 2010). In summary, the nature of the family unit and their interpersonal relationships will influence entrepreneurial activities during the creation of a family-based business (Howorth et al. 2010).

Sensemaking and effectual entrepreneuring

It is essential to consider the role of sensemaking (Weick 1995) in defining entrepreneurial responses to the risks and uncertainties associated with new businesses (Hill and Levenhagen 1995). Weick (1969) argues that sensemaking is a skill based on negotiating the meaning of practical experiences by comparing available cues against available cognitive resources (Maitlis and Lawrence 2003, 2007). Drawing on complexity science (Lichtenstein 2011; McKelvey 2004), Selden and Fletcher (2015) conceptualize the 'entrepreneurial journey' as a series of transition points linking entrepreneurial sensemaking to specific artefacts including business ideas and business models. Prior experiences and education help entrepreneurs make sense of, and enact, responses to dynamic environments (Aldrich and Yang 2014; Backes-Gellner and Moog 2013; Kim, Aldrich, and Keister 2006).

When faced with situations where prior experience fails to provide solutions there are opportunities to create new outcomes and, by enacting responses, make sense in new ways (Cornelissen 2012; Holt and Cornelissen 2014). In doing so, entrepreneurs create new traces (evident in new systems, routines and material objects) and are thus deeply embedded in the environment in which they practice their craft: 'They act, and in doing so create the materials that become the constraints and opportunities they face' (Weick 1995, 31). In their extensive review of the sensemaking literature, Maitlis and Christianson (2014) summarize a number of key issues. Some researchers focus on sensemaking as cognitive processes in which individuals make use of mental maps to understand particular situations (Bingham and Kahl 2013; Fiss and Zajac 2006). An alternative view is that even individual sense-making occurs in 'a sociomaterial context' where thoughts feelings and behaviours are influenced by other actors (Maitlis and Christianson 2014, 66). As Maitlis (2005) argues sensemaking is a process of social construction (Berger and Luckmann 1966) in which individuals interpret and explain sets of cues from their environments. Hence, sensemaking is a social process underpinning the actions of entrepreneurs as they begin to establish a functioning business (Selden and Fletcher 2015).

Any entrepreneur engaging in the processes of business creation is unlikely to do so without absorbing new knowledge as a result of their learning activities (Karatas-Ozkan 2011; Wang and Chugh 2013). Previous research confirms links between sensemaking and learning when individuals and teams are operating in highly uncertain environments (Haas 2006). Sensemaking is concerned with how actors deal with the equivocality and flux associated with new organizations (Gartner, Bird, and Starr 1992). Drawing on Campbell's (1997) evolutionary epistemology, Weick, Sutcliffe, and Obstfeld (2005) conceptualize organizational change as a reciprocal process based on three stages: enactment, selection and retention (ESR²). Enactment occurs as the actor or actors respond to environmental change by 'noticing and bracketing' available data (Weick, Sutcliffe, and Obstfeld 2005, 411). This is followed by selection as actors combine retrospective attention and mental models to create a 'plausible story'. At this stage the 'story' (mapping out a course of action, developing a business model) remains tentative and provisional. Retention of a plausible story becomes more substantive and objective as it provides guidance for further actions. Weick, Sutcliffe, and Obstfeld (2005, 414) continue: 'The beauty of making ESR the microfoundations of organizing and sensemaking is that it makes it easier to work with other meso- and macro-level formulations'. As sensemaking means organizations 'are talked into existence' (Weick, Sutcliffe, and Obstfeld 2005, 409) Colville, Pye, and Brown (2016, 5) suggest the three stages of ESR can be conceptualized as 'saying' (enactment), 'seeing what I say' (selection) and 'knowledge of what I said' (retention).

'Plausibility' as a basis of sensemaking conflicts with academic theories and managerial practices, which assume that organizational effectiveness is based on the accurate interpretation of available data (Weick 1995). Rather than relying on an objective reality sensemaking occurs as entrepreneurs develop narratives to account for their actions (Garud, Schildt, and Lant 2014; Maclean, Harvey, and Chia 2012; van Werven, Bouwmeester, and Cornelissen 2015). Hence, sensemaking is concerned with 'redrafting an emerging story so that it becomes more comprehensive, and is more resilient in the face of criticism' (Weick, Sutcliffe, and Obstfeld 2005, 415). The authors argue that bracketing occurs in response to an 'amorphous' stream of experience and information. At the same time 'managers' are dealing with a range of problems and concurrently evaluating a series of different situations. While actions can be based on managerial misconceptions this may not 'curtail effective performance' (Mezias and Starbuck 2003, 15). Actions taken on the basis of a plausible story may lead to the generation of new data, creating opportunities for more dialogue, negotiation and learning (Weick, Sutcliffe, and Obstfeld 2005). This depiction of managerial decision-making is even more relevant for entrepreneurs who undertake a wide range of tasks with little time for the collection of accurate external data. This is confirmed by Cardon, Stevens, and Potter (2011, 82) who state: 'Sensemaking may hold particular importance for entrepreneurs, who regularly face ambiguous and strategically challenging scenarios' (Cheng and Van de Ven 1996).

Aldrich and Yang (2014) suggest that there are three interrelated personal dispositions associated with entrepreneurial actions: habits, heuristics and routines. Habitual behaviour is an essential element of human activities as well as being the underpinning future 'organizational routines' (Hodgson 2009). Familial influences on habits include inherited characteristics such as conscientiousness and self-discipline (Shane et al. 2010). Parental values can also shape 'habits such as timeliness and frugality' and these attributes could contribute to 'successful start-up activities' (Aldrich and Yang 2012, 10). Based on pragmatist philosophy,

Hodgson and Knudsen (2004, 287) provide an extensive discussion of links between habits and routines: 'Habits are formed through repetition of action or thought. They are influenced by prior activity and durable self-sustaining qualities'. Individual habits are the basis on which nascent entrepreneurs enact emerging routines in new businesses (Aldrich and Yang 2012; Cohen, Levinthal, and Warglien 2014). As pointed out by Baron (2008) emotions and feelings are central to the habitual responses made by entrepreneurs during business start-up. Heuristics are distinctive from habits and act as simple 'rules-of-thumb' which inform decisions when individuals are short of time and resources (Aldrich and Yang 2012). This means that effective entrepreneurs do not waste time and effort trying to achieve optimal solutions. Rather, entrepreneurs accept they have to compromise and make the best of existing resources (Baker and Nelson 2005).

In the context of new business ventures, entrepreneurs' habitual behaviours and heuristics, rules of thumb for problem-solving and sensemaking, combine to establish rudimentary routines concerned with activities such as developing a simple business model based on the pricing of their products or services (Zahra, Sapienza, and Davidsson 2006). For example, Macpherson, Herbane, and Jones (2015, 282) state that 'activities related to resource accretion and expansion of the solution space can be considered routines that are the necessary antecedents of nascent dynamic capabilities in small firms'. This necessitates a shift of attention to entrepreneurship as a social process involving discursive and social skills rather than personality traits or attributes (Zott and Huy 2007). In the approach adopted here, business creation is considered to be an inherent, co-constitutive and continuous accumulation of activities embedded in the processes of 'effectual entrepreneurship' (Clarke, Holt, and Blundel 2014; Sarasvathy 2001; Steyaert 2004). Steyaert (2007, 467) explains the relevance of effectuation theory: 'it gives weight to those features of a processual understanding that focus on its context of uncertainty where neither means nor ends are predetermined; instead, they are constructed in an incremental way, i.e. in the process of the making'.

In summary, 'effectual entrepreneurship' (Sarasvathy 2001; Steyaert 2007) is influenced by two factors: the entrepreneurs' dispositions reflected in their habits, heuristics and nascent routines (Aldrich and Yang 2012); secondly, the sensemaking processes of enactment, selection and retention (Weick, Sutcliffe, and Obstfeld 2005). Rather than adopting a static view of business creation, we suggest the five inter-related elements discussed above, family, sensemaking, dispositions, experiential learning and effectual entrepreneurship are in a constant state of mutability as a result of the tensions created by a dynamic environment and the firm's resource base (Tsoukas and Chia 2002).

Research methods

Reay and Zhang (2014) identified 78 qualitative family business studies in leading journals of which 15 were single case studies. However, only one paper, Steier (2007) examined business start-up and the company (*ZI Probes*) was not contacted until three years after it had been founded. The authors do argue that there are 'significant opportunities' for process research that addresses 'how' questions related to the dynamics of decision-making within early-stage family firms (see Rondi 2016). Based on a review of case studies in family business research, Leppäaho, Plakoyiannaki, and Dimitratos (2016) identified 75 published papers between 2000 and 2014. The majority of these case studies (67) followed what is described as 'qualitative positivism', seven studies adopted an interpretivist approach and one study

was based on critical realism. Interpretivistic case study researchers reject the quasi-natural science assumptions associated with positivistic approaches (see Eisenhardt 1989; Yin 2009). Researchers following the interpretivist tradition regard knowledge as a socially constructed phenomenon (Berger and Luckmann 1966; Stake 2006). At the same time, it is important that researchers legitimize their methodological approach by clarifying the underlying ontological and epistemological assumptions (Leppäaho, Plakoyiannaki, and Dimitratos 2016, 169).

Adopting an interpretivistic approach means that ontologically the research is informed by reality that is relativistic and created inter-subjectively. Epistemologically, knowledge is subjectively represented as narrative, discursive and textual data (see Lindgren and Packendorff 2009). As Hamilton, Cruz, and Jack (2017, 3) points out, 'Narratives help our conceptual and theoretical understanding by grasping the subtleties and complexities of underlying processes behind the creation and management of a family firm'. The importance of case-based research is stressed by a number of leading researchers including Suddaby (2006). The most widely-cited authors (Eisenhardt 1989; Yin 2009) adopt a 'replication logic' based on the comparison of multiple cases for theory-building. According to Dubois and Gadde (2002, 2014) abduction, or systematic combining, fits broadly within the 'interpretivist' research paradigm (Cope 2005; Riessman 2016). Systematic combining requires researchers to iterate between empirical data and theory. Consequently, abductive methods span the divide between 'theory testing' approaches (Eisenhardt 1989; Yin 2009) and grounded theory (Glaser and Strauss 1967) where theoretical ideas are 'loose and emerging' (Miles and Huberman 1994, 6). Abduction means that concepts, theories and models are used to guide researchers' engagement with the empirical world and improve theoretical insight (see Dubois and Gadde 2014; Fletcher, De Massis, and Nordqvist 2016; Nordqvist 2012; Nordqvist and Melin 2010; Suddaby 2006).

This case is of interest because close family relationships shaped the dispositions of two young entrepreneurs and influenced their sensemaking activities during the crucial period of business start-up. Unlike the majority of case studies focusing on fast-growing companies, the brothers had no tangible sources of competitive advantage such as patents, copyright or brand-name. Creation of the company and its subsequent growth stemmed from Sam's ability to spot profitable opportunities, Ben's ability to build relationships with suppliers and a joint commitment to systemize their internal processes. While the Wilsons were certainly an 'entrepreneurial family' the case is significant as a 'born firm' because the business was initiated by Sam in his early teens and formally established by Ben during his 'gap' year. Even though Martin was eventually employed in the business he and Alison provided guidance, advice and support rather than taking over the company. Another significant feature of the case is that the four family members were not linked to any external support networks. Consequently, in establishing *Jazooli* and managing early stage growth, the family were entirely reliant on their own resources. Therefore, although access to *Jazooli* was serendipitous, we suggest that it fulfils Siggelkow's (2007) criteria for being an 'interesting' case study. It also concurs with Stake's (2006) view that such studies are useful and important because they demonstrate how things work for a particular case in a particular setting. The research focus is '*Verstehen* (understanding) as opposed to *Erklären* (explanation)' in the words of Abma and Stake (2014, 1150).

The first author became aware of the *Jazooli* case as a result of working with the mother of Ben and Sam Wilson during the early 2000s. Alison often talked about Sam's entrepreneurial exploits while in primary school. When his older brother Ben formally established

Jazooli in 2008 it presented a unique opportunity to study the creation of a family-based enterprise. Although Alison moved to another institution she remained in contact with the first author providing regular updates about the boys and their entrepreneurial venture. The 'nuclear family' is the most basic family structure (Akhter 2016) and interviews were carried out with all four family members early in 2010. Because of the interviewer's (first author) previous working relationship with Alison a considerable amount was already known about the boys and the setting-up of *Jazooli*. The interviewer also knew about the close relationships between parents and sons because Alison had often shared stories about their lives together when they were growing up. For example, Sam's entrepreneurial exploits in primary school, the reason Ben began working in *Jazooli* and the sibling rivalry this engendered, as well as their 'effectual' approach to start-up were well-known to the interviewer.

This status as family friend meant the interviews were informal and all four were happy to talk about how family life had contributed to business success. Maclean, Harvey, and Chia (2012, 22) confirm that such long-term relationships create a trusting environment where interviewees are more likely to disclose their deeper thoughts and feelings or what Alvesson (2003, 16) describes as the 'experienced social reality of the interviewee'. The interviews provided greater detail about how family relationships underpinned the success of *Jazooli* than would have been possible in a more formal interviewer-interviewee interaction. During the interviews, Sam and Ben were encouraged to narrate their experiences in establishing and developing the business. Martin and Alison, were asked to talk about how they had contributed to the creation and growth of *Jazooli*. Early in 2012 a further round of interviews took place with all four family members. They were asked to reflect on their experiences of establishing *Jazooli* as an operational business. Given the long-term personal relationship with Alison and, indirectly other family members, the interview schedule provided a basic structure. Follow-ups (more depth) and probes (clarifications) were used to encourage the family to share their feelings about the entrepreneurial journey (Rubin and Rubin 1995). The data are not value-free because all observations are socially situated between 'the observer and the observed' (Denzin and Lincoln 2003, 31). Interview responses are products of interpretive practices that rely on 'interaction between participants' rather than emerging 'preformed or pure' (Holstein and Gubrium 1997, 126).

All interviews, each approximately 90 min in length, were carried out, recorded, transcribed and coded manually by the first author. Following the process of systematic combing (Dubois and Gadde 2014) coding of the interviews was based on the five core concepts outlined above: family, sensemaking (enactment, selection and retention), dispositions (habits, heuristics and routines), experiential learning and effectual entrepreneuring (Appendix). The transcribed interviews were sent to individual family members to ensure they were accurate records of each conversation. Early drafts of the paper were also sent to all four family members to confirm they had not been misrepresented. By 2015, the company had continued its growth trajectory and the brothers had begun to consider establishing e-cigarettes as a standalone business. While Sam's early *eBay* trading provided the catalyst for formally establishing *Jazooli* we focus on the key early stages of growth from 2008 to the end of 2011 when the warehouse was fully operational and they had four full-time employees (Table 1).

Table 1. The Jazooli timeline.

	Main activities	Turnover	Full or part-time
2003–2007	Sam begins his entrepreneurial career by selling pens/sweets in primary school and mobile phones in secondary school	Sam's pocket money	None
2008	Ben leaves school and decides to take a year out before university – but is unable to find sales job With Sam's agreement Ben decides to gain business experience by running <i>Jazooli</i> for 12 months. The company is formally registered and begins trading from Sam's bedroom. Main products – cheap <i>iphone</i> accessories. In Ben's first year, turnover exceeds £70,000	£70k	Ben full-time & Sam Part-time
2009	Based on his success during his first year Ben decides to continue working in the company rather than going to university to study construction. Sam continues to work in the company on part-time basis Ben begins to establish more formal relationships with their Chinese suppliers Require more storage space and move from bedroom to family garage	£400k	Ben full-time & Sam part-time
2010	Sam leaves school and formally joins the business on full-time basis The boys decide that they can also invite their father, Martin, to join the company (rather than working away from home) Martin identifies a warehouse with 250 square metre capacity – move from garage	£1.6m	Ben & Sam full-time. Martin also joins the company
2011	Systemizing the internal business processes to enhance links with suppliers and customers The brothers are beginning to diversify into new products: women's cosmetics and beds for pet-dogs	£2.1m	4 full-time employees
2015	Diversified into e-cigarettes and consider creating a separate division. Established business agreements with Amazon to ship products directly from China to <i>Jazooli's</i> customers	£4.5m	10 full-time & 5 part-time employees

Case study findings: effectual family entrepreneuring

The genesis of *Jazooli* occurred when Sam Wilson, while still in secondary school, began to buy and sell mobile phones on *eBay* to supplement his pocket-money. Sam had demonstrated a strong entrepreneurial spirit even earlier in his educational career by selling pencils and sweets to fellow junior school pupils (Table 1). Ben, Sam's older brother, took a year out before going to university to gain sales experience. Unable to secure an appropriate post he decided to acquire first-hand business experience by running *Jazooli* for 12 months. Following these tentative first-steps, Ben quickly established links with a number of Chinese suppliers and, as a result of very competitive pricing, sales began to grow quickly. Business activities extended from mobile phone accessories to include women's cosmetics, beds for pet-dogs and, most recently, electronic cigarettes. As demonstrated in Table 1, Sam's early trading on *eBay* eventually led to the formal creation of *Jazooli* in 2008. Subsequently, the company has grown rapidly and was turning over £4.5 million in 2015 (a growth rate of 6400%). It was apparent that Sam's ability to spot a money-making opportunity and problems at school meant that self-employment was a likely option. At that stage, their parents were keen that Ben and Sam complete their A-level studies so they had the option of going to

university as their older brother, James, had done. Sam was not, however, thriving in secondary school:

I was put down by a lot of my teachers and didn't enjoy school one bit, I hated it. I struggled a lot with learning, English was really bad and I didn't want to do anything. I could have done well but I didn't want to be there I wanted to start earning straight away.

Alison and Martin knew Sam was entrepreneurial from a very young age. In secondary school, he became familiar with the internet and quickly spotted the profitable potential of *eBay*. As Sam acknowledged, online trading had a detrimental impact on his school-work.

I was doing business studies at school and failed! I almost got kicked out of 6th form. I was doing too much probably and on my IT coursework I fell-out with the teacher. I was only there (at school) because my parents wanted me to stay-on in case I wanted to go to university. I was probably a bit 'off' with some of the teachers. When you have a business that's making money and they're telling you what to do it takes the mickey a bit.

Initially, the situation was different for Ben who anticipated spending a year working on *Jazooli* as a way of gaining business experience before taking-up his place at university. He was, however, also ambivalent about school even though he had obtained sponsorship for a degree in construction management.

I always wanted to earn money right from being small. I just saw school as a stepping-stone to the next stage. At that time (leaving school) it was construction management – that gave me the choice. In end I didn't want to go to university and accumulate all that debt. I knew it wasn't necessary for me and I knew that I could do it any time. (go to university) [Ben]

During the first two years he was operating the company Ben continued to live at home which minimized outgoing. There were a number of advantages related to this effectual approach, which involved very little financial investment or even the need for regular income to cover living expenses. First, the brothers were able to 'learn-by-doing' as they gradually gained business experience without being under pressure to generate large amounts of sales. This focus on experiential learning was combined with a desire by Ben and Sam to do things as professionally as possible. Secondly, the absence of direct financial pressures meant that they did not have to compromise by making hasty or inappropriate decisions. Nevertheless, as discussed below, they faced a number of crises and Martin's experience was crucial to *Jazooli's* survival. Thirdly, as the business began to grow they did not have to seek external finances to expand their resource base. In fact, since they began to trade seriously at the beginning of 2009 the company has always been in a strong financial position.

In the following section, we analyze the boys' dispositions (habits, heuristics and routines) and their sensemaking abilities based on the concepts of enactment, selection and retention (see Weick, Sutcliffe, and Obstfeld 2005). This method differs from the more conventional stage model approaches widely adopted in the small business literature (Levie and Lichtenstein 2010). We do suggest there were key periods of transition, which are convenient devices to punctuate the *Jazooli* narrative. Those transition points are their first entrepreneurial steps (*enactment* – noticing and bracketing), formalizing the business (*selection* – creating a plausible story), professionalization³ (*retention* – implementing organizational routines).

First entrepreneurial steps: habits and enactment

The ability to make sense of a wide-range of information is important to the success of any entrepreneurial business. Both parents acted as role-models in terms of their strong

work-ethic and commitment to education. At the same time, they encouraged Sam, Ben and James, their older brother, to think for themselves by developing independence and self-sufficiency while they were growing-up. It is also significant that while Martin and Alison were keen to ensure that Sam and Ben completed their A-levels they did not object to them setting-up and running *Jazooli*. When Martin discovered how much money Sam was making on *eBay* he realized that it was important to formalize his activities.

It started off as a bit of hobby but it became very evident very early on that it was more than that. We didn't realise at first that he was buying and selling things on eBay long before he should have been. I think he was about 13 when we discovered he was buying second-hand mobile-phones, which he knew he could turn around to sell. The amount of pocket money he was making became significant and I said to him I think you should make this into a proper business, which in 2008 we did.

As illustrated above Sam's disaffection with school was partly a result of his frustration at not working full-time in the business. He also suffered from dyslexia, which restricted his reading ability although his parents believed that it also helped entrepreneurial skills.

Sam was dyslexic, which I knew as a mum having taught my other two boys how to read. That was the breakthrough, being on the internet he had to read. He'd hated going to the special classes, he didn't want to be different, there was a bit of a stigma attached to it. (Alison)

We didn't know until he started school that he was a bit dyslexic, not massively but on doing a bit of research we found out that dyslexics see the big picture and they aren't fussed on the detail. Richard Branson is one, Jackie Stewart is another and they have the ability to see the big picture. (Martin)

A central element of the *Jazooli* story is the way parental influence shaped the entrepreneurial careers of Sam and Ben. At one level, this is not surprising as the business originated in Sam's bedroom and even when the business moved to a large warehouse the brothers continued to live at home. Also, as soon as *Jazooli* was financially viable, Martin joined to provide his business experience on a more formal basis. Perhaps more significantly, Martin did not exert parental authority and take-over the business from Ben and Sam. He allowed them to take the lead and only stepped in when asked for advice. The responses of both brothers indicate that their upbringing was a crucial influence on the ways in which they managed the business. Equally, both boys knew their parents were available to provide emotional support as well as business and life experience. The Appendix provides quotes from all four family members demonstrating that Martin and Alison encouraged good 'habits' related to hard work, persistence and common sense. Sam could have continued this activity as a hobby but recognized the potential for making serious money from online trading. Therefore, what distinguished *Jazooli* from other teenage ventures was the ability to see the bigger picture related to buying and selling goods online. As Ben indicates (Appendix) they began by operating a very simple heuristic: 'buying something for less than you can sell it'.

From an early age Sam had an innate ability to 'notice and bracket' available data and that skill was the basis of his entrepreneurial career. Whether buying bundles of pencils and selling them individually to fellow pupils or finding incorrectly named mobile phones on *eBay* he was constantly looking for ways to make a profit. These habits underpinned the early stages of Sam's attempts to supplement his pocket-money by learning to play the *eBay* system. He applied two simple heuristics to his *eBay* trading: first he tried to find mobile phones that were wrongly identified by sellers (incorrect brand name or model number). Secondly, he delayed making a bid for the device until the last moment to ensure he could

buy at the lowest price. The phones were immediately resold at a small profit using the correct name and model designation.

When I was 13 I started buying misspelt things on *eBay* and selling them with the correct spelling, dead easy! Then I started buying in bulk and selling the single ones. Memory cards was the best, 2000 memory cards when the PS3 came out and over the Christmas period I sold them all, absolutely fantastic.

He certainly spotted the potential business opportunity presented by selling cheap accessories for mobile phones and tablet computers. Since joining the company full-time in 2010 he has regularly demonstrated the ability to identify opportunities to introduce profitable new products. For example, by 2011 he considerably extended the range of products by initiating the sale of dog-beds and women's cosmetics; both ranges are now sold under *Jazooli's* brand name. Sam explained the basic *modus operandi*:

We look at our competitors on *eBay* and if they sell similar items to us, we'll get a product in as they've done the research. Our make-up brushes are called 'Urban Decay Naked' and the supplier charges us \$3.6 US. They're really good quality and we sell them for £9.99 and people see the quality. Another company charges £96 when they put their brand on the brushes. But for us, it's about making a decent profit, don't be greedy but sell the quantity. That is where the money is, shift quantity that has always been our model, make £1 on each item and sell hundreds of them a day.

During the first nine months of operations Sam's bedroom in the family home was used for storing products. By this time, the brothers were concentrating on accessories for *iphones* and *ipads* and were selling to customers from their website rather than using *eBay*. Buying directly from manufacturers meant their products were priced competitively and sales volume increased rapidly. As his bedroom was no longer adequate their parents, Alison and Martin, agreed to convert the family garage into storage space.

Formalizing the business: heuristics and selection

As the quote above demonstrates, a very simple heuristic underpinned the *Jazooli* approach to doing business: make a small profit on a high volume of products. This approach was influenced by Sam's early experience of buying and selling phones on *eBay* (Table 1). The boys used heuristics for a range of tasks associated with starting and running the business. Heuristics were applied to their 'business model' for making money, maintaining cash-flow, being self-funded, identifying contacts in China and concentrating on quantity rather than quality (see [Appendix](#)). Another core business heuristic was to sell directly to customers rather than using wholesalers. Low overheads meant that they could sell their products substantially cheaper than established online traders. Consequently, Sam and Ben were able to create a 'plausible story' about the way they managed their finances:

Whatever was in my bank was just spent and at that stage we weren't thinking we needed to start looking after it until a little bit later. We thought we need to start working out what money goes where and what we need to spend it on. Taking what we want, investing it and putting it back so we could buy more products and make more money. [Sam]

Until working in *Jazooli* during his gap-year Ben displayed little affinity for entrepreneurship and did not engage in similar money-making schemes as his younger brother. Nevertheless, after setting-up *Jazooli* in September 2008 he quickly developed both his business-related and his entrepreneurial skills. He realized that if the business was to succeed

they had to source products directly from Chinese manufacturers rather than acting through intermediaries ([Appendix, Selection](#)). Ben described how he created a plausible story for the Chinese companies that were supplying products to *Jazooli*. Clearly in the very early stages (2008/2009) he was ordering relatively small batch sizes and he explained the narrative he provided to suppliers:

This could grow to something so let's build a relationship: the Chinese love that! Let's build a good working relationship. If the goods arrive and we're happy with them we all win and every time we doubled and tripled or whatever and just built on that. They'll deal with anybody of any size – you will pay a higher prize for a smaller quantity but they don't turn away business because who knows?

Interestingly, the Chinese companies would not advance credit and *Jazooli* had to pay in advance for all the goods they ordered. The first shipment from China required an advance payment of £1500.

It was a lot of money but we made £6000 back on that. The next time we put in £3000 and then £6000 and it just builds from that. I think everybody has a vision and it is good to have a vision about where you want to be and where you want to get and that evolves day to day as you don't know how things might go. (Ben)

At the end of his year spent managing *Jazooli* the business was doing so well that Ben decided to continue his entrepreneurial career rather than take-up a place at university. The business was growing quickly and by 2010 their father, Martin, began working full-time in the company. His long experience of self-employment proved invaluable in the early stages of the company. Sam completed his A-levels in 2010 and also joined the company on a full-time basis. By this time turnover was rapidly increasing and they were outgrowing storage capacity in the family garage. Martin identified a 250 square metre warehouse with office space and good transport links for deliveries and mail collections.

Professionalization: retention and routines

Moving from garage to warehouse represented a significant scaling-up of the business, including taking on four employees and turnover reached £1.6 million in 2010. In the early stages, Alison had taken on responsibility for the accounts and this was important in ensuring the business did not become over-stretched. Martin also played a crucial role by using his business experience to ensure that the boys did not get into serious difficulties with more powerful companies. Martin's history of self-employment enabled him instigate a number of activities to professionalize the business. These included helping manage suppliers, taking over the accounts from Alison and hiring new staff. Martin also provided a 'steady hand' and an experienced voice to help Sam and Ben deal with a number of difficult issues as the business expanded. A well-known Japanese company filed a law-suit against *Jazooli* because the brothers were selling unauthorized memory cards that allowed customers to download games from the internet. Martin successfully negotiated with the Japanese company's representatives to ensure that legal proceedings were halted. Without Martin's business experience and his organizational skills other crises, such as an accident in the warehouse, could easily have resulted in the business being wound-up.

That incident led on to us having a visit from the Health and Safety Executive and then there were all the things that go with that like putting fire extinguishers in, 'no-running' signs, smoke detectors. Keeping the warehouse clean and tidy and things like the fire escapes. These are

things I dealt with in my former career – the design and planning of offices so I knew they were important.

A major problem facing business start-ups is moving from high-levels of informality to more systematized ways of working. Entrepreneurial businesses with potential for future growth must begin to create nascent organizational routines as soon as they begin trading. This has certainly been the focus of attention in *Jazooli*, with Ben, in particular, keen to ensure the business worked efficiently. As illustrated in Table 1, their approach had two strands: first, establishing efficient links with suppliers and customers; secondly, ensuring that labour costs were minimized by applying software solutions.

We've actually just changed our software to one we think is going to serve us better and cost less. These things are extremely powerful, it would probably take about 6 people to manage that amount of work. So if you think on that, whereas we shell out £700 a month on this system, but if we had to pay six peoples' salary, we are so much more efficient and streamlined.

This commitment to systematize *Jazooli*'s internal processes was central to Ben's desire to professionalize business activities. One of the most distinctive features of the case is their use of social media to engage with customers and suppliers:

When we started the business we could probably send out 200 orders a day. One person here can send out 900 orders a day because of the systems that are in place. Our most recent thing is where we use a system which sends out our messages across all of our social networks including twitter and facebook. You can have a great vision, but if the systems aren't there it won't ever work.

Sam also recognized the importance of formal systems and procedures to streamline their internal processes. In his case, he was particularly interested in identifying new products that they could stock:

I don't have a set formula for looking at competitors – it depends on the product. For example, if I go on Amazon I look through the site to see what is selling well, so go on the category and see what is selling well. I know it sounds tedious but it's useful to know what is a selling.

To summarize, the data provide extensive evidence of links between personal dispositions (habits, heuristics and routines) and the three levels of sensemaking: enactment, selection and retention. These sensemaking processes formed nascent routines within *Jazooli*, which enabled the brothers to integrate new systems and new employees without threatening the basic principles of their business. They recognized the importance of moving from a 'plausible story' to the creation of a more focused narrative which underpins the transition from a schoolboy venture to a professionally managed company.

Effectual team learning

The most significant element in the professionalization of *Jazooli* during the first three years of operation was that it was based on only the family's resources. As we have illustrated, Martin's experience of working for a UK bank followed by 20 years of self-employment was a key element in this process. It also became apparent during the interviews that an effectual approach to business start-up provided considerable opportunities for 'on-the-job' learning. Both Sam and Ben recognized the importance of ensuring the business ran efficiently by adopting formalized systems to maximize cash-flow as well as managing their logistics and stock control (see above). Ben provided a number of graphic examples of learning from mistakes including this problem with UPS:

We were going through a bad patch when we moved into the garage. About October a UPS plane that was bringing in our stock went down over Dubai and we never saw the stock. Because it appeared to be an act of God UPS wouldn't pay out any insurance and we didn't have the finances to fight that. It was unfortunate but it was a lesson learnt because we realised we could buy external insurance for all our other inbound shipments and regardless of whatever happens we know that we're covered.

Sam also engaged in experiential learning during his early online trading experiences as well as when the company became more established.

I learned because of the amount of time I spent on *eBay*. I was addicted and would go on every minute I had free – I was always looking for a deal and a lot of the deals I found were unbelievable. Even to this day, I can still go on and find deals. [Sam]

I'm not fussed about being called an entrepreneur. I just want a life where if I make a mistake it's on my own head. It's my own fault and at the end of the day I have to learn from it because that is what you do – the best thing you can do is learn from your mistakes. [Sam]

Clearly the fact that there were both young and computer literate helped with the professionalization process because they understood the power of applying software solutions to their organizational problems.

You take the difficult processes that take a long time for people to find and sort out in a retail store and strip them down and get rid of all that is unnecessary. Everything is a process – customers buy, orders come into the system, system prints it off, it's picked, packed, they are told it is on the way, they collect it and the customer gives you feedback that they've received it.

Sam and Ben's motivation to acquire new skills through experiential learning in order to systematize their internal processes is a key feature of this case. The ability to do so is even more remarkable given their lack of formal business education, training or experience. We have demonstrated that their family background was fundamental to making the transition from schoolboy hobby into a multi-million-pound business.

Discussion: effectual entrepreneuring in family firms

Our identification of the links between dispositions and sensemaking is important because intangible resources (knowledge, expertise, relationships and decision-making) are more 'salient' for start-up businesses than tangible resources including equipment and finance (Lichtenstein and Brush 2001). As a result of our engagement with the data, the interrelationships between five original concepts, family, sensemaking, dispositions, learning and entrepreneuring, are represented in Figure 1 (Dubois and Gadde 2014). This representation is consistent with the view that academic communities learn from the process of building and manipulating conceptual models (Morrison and Morgan 1999). It is also consistent with our interpretivistic research approach in which we are primarily concerned with understanding rather than explanation (Abma and Stake 2014). Therefore, Figure 1 is itself a sensemaking device for both authors and readers of this paper. The model helps explain links between individual dispositions and sensemaking during the process of business creating. *Jazooli* is an unconventional family firm because it was initiated by Sam's online trading when he was thirteen. The business was formally established by his older brother Ben (when he was 18) and Martin, their father, also joined within two years of start-up. Despite their youth, *Jazooli* was Sam and Ben's business with Martin adopting an advisory and mentoring role (Rau 2014). Therefore, the relationships and decision-making processes were very different than

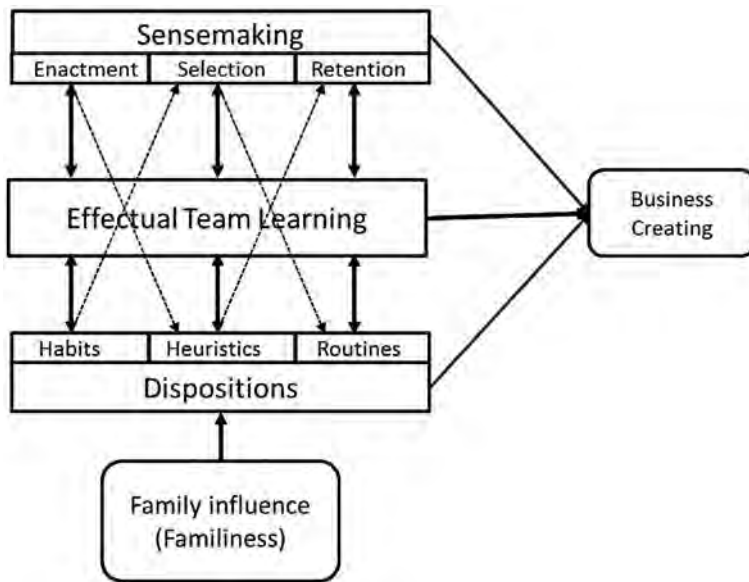


Figure 1. Effectual family business creating.

most family-based start-up teams (Brannon, Wiklund, and Haynie 2013; Chua, Chrisman, and Chang 2004). For example, in Cruz, Howorth, and Hamilton (2013) study of seven Honduran 'family entrepreneurial teams' the second generation all joined long-established businesses founded by their parents.

The family business literature stresses the importance of 'overlapping social systems' Berent-Braun and Uhlaner (2012, 106), which include extended family members as well as other business networks (Johannisson 2011). For the period covered by this study (2008–2011) the boys relied entirely on the family's own resources including significant contributions from Martin and Alison. They were not embedded in local or regional business networks which could have provided additional support, information and advice (Berent-Braun and Uhlaner 2012; Johannisson 2011; Korsgaard, Ferguson, and Gaddefors 2015). There is, as Skyrme (2011) points out, virtue in the virtuality provided by the internet, which overcomes constraints of time and distance. Founding the business was not based on conventional approaches to opportunity identification in either a Schumpeterian sense of disruptive change or a Kirtzenian view of mistakes by incumbents (Mason and Harvey 2013). The opportunities were gradually 'created' by Sam and later Ben utilizing their own limited resources in an effectual approach to business start-up (Sarasvathy 2001).

Because this was a family-based business emotions and conflict were certainly in evidence (Brundin and Härtel 2014; McKee et al. 2014). Sam was clearly irritated that Ben took the lead in developing *Jazooli* from his hobby into a serious business venture and this certainly contributed to his frustrations at having to remain in school. Ultimately, these tensions did not lead to any breakdown in relations between the boys when Sam joined the company on a full-time basis. Given that Ben was only two years older than Sam, there was always strong sense of sibling rivalry between the brothers. However, rather than being disruptive or dysfunctional this competitiveness had a positive impact on the business (Kellermanns and Eddleston 2004; McKee et al. 2014). They were stimulated into constantly trying to outdo

each other in increasing sales and turnover. Sam's entrepreneurial ability to identify profitable new lines was complemented by Ben's efforts to implement a range of IT-based systems, which contributed to business efficiency and enhanced customer links. To characterize them as 'entrepreneur' (Sam) and 'manager' (Ben) would not be accurate as Sam also recognized the importance of internal systems and Ben developed the e-cigarettes opportunity which has recently become a major element of the business. Even at the very early stages of the business (2008) both recognized the importance of professionalizing their activities by ensuring the business was managed as efficiently as possible. Once Martin joined the company, his long-experience of self-employment aided the professionalization process, which, in addition to the application of IT systems, included more formal recruitment practices, financial planning procedures, formalization of decision-making and a clearer organizational structure (Dekker et al. 2015). As Howorth et al. (2016, 812) state, 'professionalism is a process and not an event'. *Jazooli* was clearly at the early stages of that process as there were no plans to recruit non-family managers, develop a corporate governance structure or appoint a board of directors (Gersick and Feliu 2014).

The dispositions (Aldrich and Yang 2012; Backes-Gellner and Moog 2013) of young entrepreneurs are shaped by their parents' values and attitudes (Aldrich and Cliff 2003) during the process of effectual entrepreneurship (Sarasvathy 2001; Steyaert 2007). The concept of 'familiness' helps explain how 'valuable resources' such as experience and tacit knowledge are transferred between generations (Alsos, Carter, and Ljunggren 2014; Habbershon and Williams 1999). Biological ties mean that family team members are likely to share values which influence behaviours and decision-making (Anderson, Jack, and Drakopoulou Dodd 2005; Rau 2014). As pointed out by Sandberg and Tsoukas (2015) it is important to locate sensemaking within the institutional context where such activities actually take place. We, therefore, suggest that this study does address an important research problem by demonstrating the role of sensemaking within the context of a family-based start-up (Fletcher, De Massis, and Nordqvist 2016).

A number of authors confirm that establishing a successful start-up businesses requires entrepreneurs to engage in process of experiential learning (Wang and Chugh 2013; Wolff, Pett, and Ring 2015). Making decisions based on limited information, which may be unreliable or, at least, of uncertain provenance, is an essential feature of effectual entrepreneurship (Sarasvathy 2001). The ability to make sense of a turbulent environment must be combined with the ability to learn from the positive and negative experiences of starting new businesses. An 'entrepreneurial sense-making subsystem' leads to the creation of artefacts in the form of business ideas or concepts (Selden and Fletcher 2015, 606). As demonstrated above, dispositions, habits, heuristics and routines (Aldrich and Yang 2014) influence the sense-making processes of enactment, selection and retention (Weick, Sutcliffe, and Obstfeld 2005). We do not suggest that relationships between dispositional factors and sensemaking elements are linear (Figure 1). Rather, habits including conscientiousness, self-discipline, time-liness and frugality (Aldrich and Yang 2012; Hodgson and Knudsen 2004; Shane et al. 2010) influence enactment, selection and retention. While enactment, the 'noticing and bracketing of data' (Weick, Sutcliffe, and Obstfeld 2005) will also influence the entrepreneurs' dispositions. These interactive influences will be mediated by the 'effectual team learning' processes as entrepreneurs gain experience from their efforts to establish a new business. Ultimately, the influence of close family members will decline as individuals seek wider expertise and experience (Macpherson, Herbane, and Jones 2015; Überbacher 2014).

As Hernes (2014, 39) explains, it is conventional to conceptualize organizations, particularly smaller ones, as adapting to environmental change between 'successive stable states'. Adopting a process perspective on the creation of entrepreneurial firms means that attempts to understand 'stabilization' is compromised by 'uncertainty and ambiguity'. Clearly, if a new firm is to become established as a functioning entity there needs to be tentative connections, with suppliers and customers which begin to develop into 'stabilizing configurations' (Tsoukas and Chia 2002). The principles of sensemaking help entrepreneurial actors navigate a balance between 'unabated flux' and 'unmoderated stability' by means of narratives, which explain transitions from one set of organizational circumstances to another (Maclean, Harvey, and Chia 2012, 20). Therefore, in developing a better understanding of how entrepreneurial firms such as *Jazooli* become established we move beyond assumptions of stability by focusing on the dynamics and fluidity of entrepreneuring and sensemaking, which we describe as a process of entrepreneurial business creating (Tsoukas and Chia 2002).

Conclusions

Jazooli provides an excellent example of the microprocesses underpinning effectual approaches to entrepreneuring in a family-based start-up (Rondi 2016; Sarasvathy 2001; Steyaert 2004). Our unique research access was obtained as a result of work-based friendship between Alison and the first author. As demonstrated above, the brothers did not start with a clear goal to set-up their own business. Rather, the formal business idea gradually evolved as Sam's on-line trading brought his money-making activities to the attention of his parents (Selden and Fletcher 2015). We contend that their ability to manage the transition from a lucrative supplement to Sam's pocket-money into an operational business with real growth potential was strongly influenced by their parents (Bradley and Corwyn 2002; Jayawarna, Jones, and Macpherson 2014). Dispositions, based on habits, heuristics and routines, important in any entrepreneurial context, are particularly relevant in family-based start-ups (Aldrich and Yang 2012). Effective entrepreneurs know they must make the best of ambiguous information and limited resources (Cardon, Stevens, and Potter 2011). Therefore, we draw on Weick, Sutcliffe, and Obstfeld (2005) conceptualization of organizational change to illustrate how the sensemaking processes of enactment, selection and retention (ESR) formed the basis of their nascent organizational routines. The processes associated with ESR led to opportunities for dialogue, negotiation and learning (Weick, Sutcliffe, and Obstfeld 2005). We also suggest that opportunities for experiential learning (Kolb 1984) resulting from an effectual approach to business start-up are important in the *Jazooli* case. Sam and Ben acknowledged the significance of learning from their mistakes as the business became operational (Appendix).

In a recent evaluation of qualitative research practices, Fletcher, De Massis, and Nordqvist (2016, 23) point out that 'we know very little about how decisions are made or behaviours manifested in family firms'. For example, one of the most significant research problems in the entrepreneurship concerns the debate about whether opportunities are identified (Shane and Venkataraman 2000) or created (Korsgaard, Ferguson, and Gaddefors 2015; Tasavori, Zaefarian, and Ghauri 2015). Adopting a realist philosophical approach, Ramoglou and Tsang (2016, 430) attempt to reconcile these conflicting positions, which they suggest have been 'hindered by inadequate theorizing and

overpowered by empiricist preconceptions'. Our research indicates that Sam and Ben did not 'create' the demand for cheap smartphone accessories amongst young people. Rather, they created the means by which they could exploit the opportunity to build a successful and profitable business (Sarasvathy et al. 2014). However, our key contribution in this paper is to deal with the problem of how sensemaking contributes to the creation of organizational routines in a family-based start-up. Rather than following the 'entrenched values, cultures and structures' (Chua, Chrisman, and Chang 2004) usually attached to family involvement, we demonstrate that the entrepreneurial actions associated with family business creating are underpinned by continuous processes of sensemaking and experiential learning. It is generally accepted that the business and management literature takes organizational stability as the norm and periods of change are regarded as exceptional and unusual events. In contrast, Tsoukas and Chia (2002, 580) suggest that there are always 'ongoing processes of change in organizations'. This perspective shifts the focus of attention from the static, fixed stages associated with life-cycle approaches to small firms (see Levie and Lichtenstein 2010). Instead, the *Jazooli* case shows that the social aspects of effectual entrepreneurship are central to the process of creating new businesses (Sarasvathy 2001).

Finally, there are policy implications which emerge from this case. It certainly demonstrates the importance of supportive mentoring for young, inexperienced entrepreneurs (see Hulsink and Koek 2014). The case also demonstrates the significance of embedding good habits such as hard-work and persistence during childhood. Support and guidance need not be parental but advice should be available from those who possess a good understanding of the challenges facing young, novice entrepreneurs. It also demonstrates the benefits of early work experience in gaining a good understanding of the way in which the world of business works (Hickie 2011). Hence, Sam's frustrations at the lack of practical relevance he experienced when studying for his A-level in information technology. Finally, *Jazooli* was not embedded in any regional support networks and this is a reflection of their internet-based 'business model' and the strong support provided by their parents. While we do not suggest that this approach could work for all digital businesses, it does indicate the need to consider whether or not conventional support systems for start-up businesses are still relevant.

Notes

1. See Arend, Sarooghi, and Burkemper (2015) for a critique of effectuation theory and 'response' by Read et al. (2016).
2. Breslin (2015) describes this process as variation, selection and retention.
3. In the literature on family firms, professionalization commonly refers to the shift from family control to the presence of non-family members in the management team (Dekker et al. 2015; Howorth et al. 2016). In the context of *Jazooli*, professionalization refers to the brothers' systematization of internal activities as a basis for the creation of nascent organizational routines (Aldrich and Yang 2014).

Disclosure statement

No potential conflict of interest was reported by the authors.

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Appendix

Concept	Quotes
Entrepreneurship/ effectuation	<p>BW – We didn't have a grand strategic plan. It (the business) evolved and we are now at a point where we do put structured plans in place – we are about to launch brands</p> <p>SW – One day we sold about 60 of them – we were making about £10 each on them or something like that and when you are doing those kinds of sales you think you can make a lot of money out of this, but it was also because of Christmas and also PSP came out that year and we got some very cheap memory cards to go in that so it was more luck than anything and also the right product for the right price and it was pretty impressive. That was the point for me really when I thought we can make a lot of money out of this and that is when we started looking at suppliers</p> <p>SW – I actually started selling gel pens when I was in primary school – I was always dealing and dibbling in things. I have always been like that, if I can see money I would always do it – it's how I look at things I suppose. It isn't just about the money it's the fact that it is easy to make people think it is hard to make money, but there is an easier way to make money – you just to have to work hard and think about it – there are loads of people sitting around on their backsides, there are loads of things you can do, you have just got to give it a go – it's worth giving it a go – that is what I say to my friends, there are plenty of things on e-Bay you could buy and sell for a profit, just give it a go and there is quite a high profit on one or two items. e-Bay was great for misspelt items, you could go in there, spell something wrong, search it, bid it, pay £10 and then go and re-sell it the following week for £70 just because it has been misspelt</p> <p>SW2 – I originally started it all, I had always done stuff since Primary School, selling sweets, whatever. I always found it easy to make money from the word go. I was put down by a lot of my teachers which I think motivated me, and I didn't enjoy school one bit, I hated it. I struggled a lot with learning, English was really really bad. I didn't really want to do anything, if I tried I could have done well but I didn't want to be there, I wanted to start earning straight away. When I was 13 I started buying and selling mis-sold things on eBay like if it is on with a misspelling, buy it and sell it on with the correct spelling, things like that, dead easy. Then I started buying in bulk and selling the single ones, memory cards was the best one, 1000-2000 memory cards, and it was when the PS3 came out, over the Christmas period I sold them all, absolutely fantastic. I found them all on eBay, fantastic, my mate was doing it as well at the same time we were both interested in it, we both motivated each other and found different things. Some things you would make a loss on, or break even others you would make a fantastic profit, it is just finding the right balance</p> <p>MW – Yes it was strange really because as Sam has probably told you, it started off as a bit of hobby, but then it became very evident, very early on, that it was something more than a hobby. We didn't realize at first what he was up to which was buying and selling things on e-Bay long before he should have been – I think he was about 13 when we discovered what he was up to which all started with second hand mobile phones, and only specific ones, which he knew he could turn around to buy and sell. Anyway it became evident the amount of money he was making as pocket money was becoming quite significant and I said to him, I think you should make this into a proper business if you are going to do it which was in 2008 which is what we did</p> <p>MW2 – I think I told Ossie this, but basically we discovered Sam was the original entrepreneur of the two of them and we discovered that whilst at primary school he was buying and selling. It started off with gel pens when they came in and sometimes they had scents as well, basically what he would do is go to the local pound shop – he was never one for doing a paper round but I am talking much younger than that, before he was ten, and he would go with his pocket money, buy a pack 5 or 6 for a pound and would sell them to his pals at school and sell them for 25p each so make 50p per pack. When he exhausted that we had a local Netto and they sold sugar lollies, several colours in a band, and they are a dome shape, I mean not great quality, and I think they were £1 for 40 and he sold them at 10p each which is 400% on a bag. So I was thinking I wonder if he has something, we didn't know until he came out of school that he was a bit dyslexic, not massively but on doing a bit of research we found out that dyslexics see the big picture and things, they aren't fussed on the detail. Richard Branson is one, Jackie Stewart is another one, Richard, his parents send him out of the car at the age of 4 and said find your way home, they so they have the ability to see the big picture</p> <p>BW I think to some extent, let's try it and see, but also forced into it because I couldn't get a job or nobody would give me a job, I wanted a sales type job just for a year to see how I did that, but I also think just common sense – back then it was just simple trading, buying and selling, buying something for less than you can sell it for</p> <p>BW Of course they would, it's about competition, where you are getting your supplies from – obviously China was the big break for us – not that we were the first to do it by any stretch of the imagination, on this platform of trading, but we were quite early on the cusp of people who did that and we made headway very, very quickly</p>
Enactment	

BW I was cleaning my car on Sunday when a chap called Rory came up to me and we just got talking about things and he actually realized this guy lived in China and it went on from there, they got chatting and they became good friends and Lloyd actually put me in contact with Rory before I went out there so when I got there he helped me arrange hotels and whenever we wanted to go anywhere he would come with us and we have since established quite a good business relationship, and understanding of where everybody fits in and how they make their money, and it has gone from there and developed and will be very good over these next twelve months – I would imagine

BW For Contracts and things we have Lawyers and I have been to conferences and things, but I think talking to people, like as I say when I met Lloyd from the Freight Agency, we just talked for 3 – ½ hours and it just flows and he comes out with things and I come out with things and from that we have established another relationship that he and another colleague – a friend of his – are establishing opportunities for Fresh Cig internationally from their past which was heavily in the property game all over the world of which they have got many, many contacts with endless possibilities so I would say, we haven't gone out there and asked for external advice, what you take from these situations you could probably class that as external advice to some extent

BW I did business studies and economics – business studies taught me nothing about business – nothing at all. Economics more so around numbers, but business studies – you were taught things like how to do your profit and losses and balance sheets and all that, which is incredibly important, don't get me wrong, but it taught me nothing about running my own business and that is where in some respects I think, within School certainly and the level they teach it to you there, is not good enough. How do you give somebody that type of experience, it is very, very difficult and when I started this I thought, I can do this and I can do that and I never used any of it – we always have to have an accountant and things like that although we run the numbers and check the numbers and know that each day we are in profit, but it is one of those

SW – It all started because of one of my old School friends, when I was about 13 – 14 years old, my friend Lawrence, who was always buying and selling stuff, he sold me some phones and I started selling them on e-Bay for about £10 and so that is where it began because you can see the money you are taking and you think, I can do this it's easy and so I started buying and selling grander things, anything I knew I could sell on e-Bay and it just started from that really

SW – That was my dad who did all that (registering the company name) as I didn't really know what was going on because I was quite young, I just needed to know how to make money if you know what I mean – that was the only bit that really interested me and that was purely because I didn't like working for somebody else – I didn't like being told what to do

SW – We knew there was a lot of money in this, it was just finding suppliers: that was the biggest step. We only bought from other e-Bayers, mainly in bulk, and that is what we were doing and you didn't know what was going to be coming up as it wasn't a guaranteed sale – you didn't have guaranteed stock, and if you haven't got guaranteed stock you cannot really set up a business on that unless you have somewhere that is getting all kinds of stuff from a regular supplier, but we didn't have that so it did take a while for us to look and find somebody which was the hardest thing

SW – It's hard because you do have a vision, but you cannot rely on it completely because things change – products change and you can take it down a pathway and that pathway could quite easily have been stopped, if you know what I mean?

SW – I kept him involved all the way (a school friend) and I told him about the memory cards – he had the same memory cards as us, he made a lot of money, but he started getting involved with having girlfriends and stuff like that and lost interest – recently he tried to start up again but stopped. Doing it from the start now would be a lot of work – I don't know if I could do it myself to be honest – I am glad we did it when we did because it was a lot of time then – we spent a lot of time doing research and I wasn't that bothered then as I had more time to do it – I had less of a social life, I would just sit at the computer – I was more interested and focused, whereas now, I am still focused, but when I come out of work, I can have a break

MW – It became quite clear that he did have this entrepreneurial spirit, and I would say a lot more of an entrepreneurial spirit than I had because I certainly wasn't doing what he was doing at the same age. I think you have got to be born with it to a certain extent and I think it is certainly there with Sam because he had this ability to see the big picture which for somebody who was so young, it was really quite surprising

MW – Basically we agreed that we needed to put a bit of funding into the business so we put about £1000 in I think or thereabouts into the company and I really wanted to be involved; one so that I could keep an eye on them and what they were doing and also I thought hopefully, my experience will be of some benefit – I think they have both succeeded any experience I have been able to part with. Ben basically took it from a couple of boxes which developed into a couple of shelves in his bedroom in that year, and then, towards the end of that year we moved into the garage because it was obvious there wasn't enough space where he was and also I think he wanted to get it out of his bedroom, but it wasn't in the garage for very long when we had to look at coming here, especially once we took on our first employee and then our second employee

(Continued)

Appendix. (Continued)

Concept	Quotes
Selection	<p>SW2 – We went to a competitor of ours who is much bigger and saw they had changed their system, got them in for a meeting and it seemed dead good, we would be saving the paper costs so we went with it. We look at our competitors as the biggest help</p> <p>BW Yes searches, finding websites – you have websites like, 'Ali Baba' and 'Global Sources' which weren't as prominent as when we started – they have now come on leaps and bounds. I found the first couple of suppliers we used just through web searches and finding what we wanted and it was difficult to trust and I think I said this last time, we started very small and risked what we could afford to lose and if it hadn't worked out we might never had dealt with China again, but it did</p> <p>BW Attention to detail is key – you have to know who is doing what and what is doing what at every single point so when you look and check and something isn't done, you can say, well it wasn't done because either that person didn't do it or that person didn't do it or the system failed and then you have got an issue to sort and as a business owner, you are stupid not to get involved in the mechanics, to leave it to somebody else ... the benefit we have now is we have lots of employees who can cast their opinions on things because they do some of the jobs that we do not do every day which we oversee and so they come to us with ideas – one thing we did earlier in the year is an emailing system which was basically any emails that came in they all come into the one place</p> <p>BW We want to build brands as recognized brands and I think really that is our medium aim, to keep going and keep growing and keep increasing our figures and the numbers and go from there. Although we do have a structured plan in place, it does evolve and change especially as new things come up and new ideas come up, and we come up with new ideas and have things we want to develop instead of just buying in generic products, we do want to get involved in the manufacturing and design of things because we feel that, ok we have two concepts and if we put them together and we come up with a good idea and a good product that would work and so it has become much more than just a money generator which is what it was built for, but it was built like that so we could develop our own products and our own brands</p> <p>BW I have a very nice life and things like that. I have a very nice life now, but it can't be there forever because if I decided not to work, it wouldn't last long – so that is where I want to get to and maybe one day it would be nice to sit on the Dragon's Den panel in one of those chairs and invest in young people who have vision. It has always been a sort of dream of mine, but whether that will be achieved or not, I don't know. I also want to go to University one day and do a Psychology Degree</p> <p>SW It developed further when I started looking on e-Bay for good deals and eventually you start thinking, there has to be suppliers somewhere and that is how it led on really – I can't really remember it that well, just doing a little bit and then taking a big step in buying</p> <p>SW – Yes and whatever was in my bank was just spent, nothing was done properly and even at that stage we were not thinking we really need to start looking after it until a little bit after when we thought we need to start looking after it and working out what money goes where and what we need to spend it on and taking what we want, putting it back in and investing it and putting it back in so we can buy more products and make more money</p> <p>SW – We knew it would be worthwhile having the memory cards especially with it being Christmas time which is obviously a mental time, but you have other times of the year as well and if you have the right product ... it is just about finding the right supplier and we knew we could make a lot of money it was just a question of finding the right product and buying it often which is the difficult bit and this was the bit which took the research and took the time</p> <p>SW – Yes- you have got to keep your options open with products and stuff and things like that, that is the biggest thing – it's like with Fresh Cig, that is a pathway which could go very wrong in the future because of the Government – like with cigarettes if things suddenly become a bigger thing then the Government aren't going to like it and they start taxing it or even worse, and I know this hasn't been confirmed yet, but there are safety issues with them which the Government are still concerned about, which could become a problem in my eyes or a worry and that concerns me every day, but that is Ben's side and I am happy with that and he will do his best for us and at the minute we are making money on it so that is all that matters – as long as we are not investing money into something which isn't going to go anywhere, but we are not we seem to be turning a profit on that now</p> <p>MW2 – Ben said I'll take a year out and work in the business, and he developed the first relationships with the Chinese suppliers which is absolutely key. He started to development with accessories for phones, kettle leads for computers, phone covers and quickly there wasn't enough room in here, so we bought the shed, everything we need for the garden is in there, everything else we put in storage in Hazel Grove, and we turned the whole garage over to the office and warehouse, it lasted less than 6 months as sales were ridiculous</p>
Retention	<p>BW Yes, let's build a good working relationship, if the goods arrive and we are happy with them, we all win and every time we doubled and tripled or whatever and just built on that, but they will deal with anybody of any size – you will pay a higher prize for a small quantity, but they don't turn away business because who knows!</p>

BW Yes at that time to us, and to me personally, it was a lot of money, but when we made £6000 back on that – the next time you put in £3000 and then £6000 and it just builds from that. I think everybody has a vision and it is good to have a vision about where you want to be and where you want to get and that evolves day to day as you don't know how things might go

BW It is a big outlet (moving to warehouse) and you think, what else could that money be used for which is wages, more products, more turnovers and really we didn't need to make this jump, but a disruption of moving again if we had gone to a small size warehouse wouldn't have been worth it based on how quickly we had filled this space, so yes, a big jump and I was probably more worried than the others because we had worked hard for his money and now we are going to give it to somebody else, but that is just the way business goes

BW Holding more stock (following move to warehouse) meant we could relax a bit more, and I know it sounds strange but why would you ever sit back and relax and the thing was we now had the space to hold more stock and the money to hold more stock, and the rate at which you order more stock, there is more space between doing so

BW I think the biggest thing about seeing people who are of value to you and people understanding about that, is how passionate you are about what you say and what you're doing, and if you are, that gets through and you see people getting fired up about things in front of you and then obviously the opportunities present themselves. Yes, I am never scared to talk to anybody or worried about what they might think or say, let's just see what comes of that. Always have been a sociable person right from being very young – I have always talked to anyone and I was always happy to

BW Obviously we sell many things through different platforms on many sites and consolidating your customer service for us was vital and so we found a system which suited us and fortunately we could pay it as a one off payment so there was no on going costs – we implemented this and it has reduced the time it takes people to deal with and answer emails by 75% so the amount customer services can get done in a day is pretty remarkable because of that and the saved templates within that system and now it is just a case of two clicks and the response drops in and I know it probably sounds like a really boring part of it, but it is a system that works, it saves you time and effort and saves you money – again it is all about being streamline and being efficient and getting the mechanics right because we feel now we are pretty much there because we have sorted our mechanics and our business and although new systems come along which we have to implement, we feel we are as efficient and as systemized as we can be to the extent that we can now just concentrate solely on building our brands and our products and selling more. So yes, get the mechanics right and you can do anything then on that platform

BW2 – So Sam wanted to prove himself, I had been the Chief of Afrapoco since its inception and Sam had made good money in it by dabbling on eBay, I saw potential and to take on China as it were, and look to see what we could get out of them and make decent margins, and that was timed perfectly now for the launch of the iPhone accessories etc. I went through that and did it for 3 years, as we weren't branding goods and building a brand ... I always like to build something that has some value, just for the brand, regardless of what people think of it. Whereas if you are just selling product and generating cash, you are not generating a customer base of loyalty etc., so that is the point I got to. I can do this forever and make a decent living, but I wanted to build and sell a business as that is the only way that you make serious money. You have to build it and sell it

BW2 – There has to be something that is the next product, that will be big, when we started it was iPhones were big, so ok we can't see them cheaply but we can sell the accessories, we can sell the lead for £2 as opposed to £17 and sell 1000 a day and still make money, let's do it. It's about how quickly can you see an idea, believe in it, do it and see something from it. Rinse the market for that period in time, that is probably the wrong word to use, but you know what I mean, aggressively

SW – It was more enjoyable because I had always been a big fan of e-Bay and interested in how it worked. I was on e-Bay every day, sat there every evening – that is how you learn it – you become a certain pro don't you

SW – Yes basically, but my vision has always been evolving and changing – when I was younger I thought about having a Warehouse with lots of products, my own website and selling them online, but now the internet is so competitive and websites like Amazon, e-Bay and Play.com have got a lot of money to put into advertising and so they have a big market share and this makes it a lot more difficult to have your own website and trade on your own and not through them. Amazon is going to grow even bigger and e-Bay will probably grow – e-Bay's growth rate has slowed down, but Amazon is still growing at an incredible rate

SW – Hopefully I just want to expand the company, what we now have to grow bigger. It works well: we have had a lot of issues in the past which we have overcome and now it works quite well. We have had a lot of issues and we thought we were the only people who did, but we weren't as lot of the other sellers were having the same issues, but we have worked quite well in working around them – we have got good members of staff which I hope we can keep and where I would like to see us going is hopefully we will just grow bigger and get more products – that is where I want to go and keeping it safe, not doing anything too silly

(Continued)

Appendix. (Continued)

Concept	Quotes
	<p>MW That one incident led on to us having a visit from the Health and Safety Executive and then there were all the things that go with that like putting fire extinguishers in, running-man signs, smoke detectors and the like and that in itself in terms of keeping the warehouse clean and tidy and keep things clear in terms of escape, that led to the fire safety. These are all things I have dealt with in my former career – the design and planning of offices so I knew they were important, but it is trying to keep up with what is relevant for the size of the business as it stands at that particular time and of course the rules change. Again, accounts – this is something I do – don't particularly enjoy doing it, but at the moment that sits with me</p> <p>MW2 – I just said, you have a cracking business idea here, lets formalize it, get you VAT registered, get it all set up and everything by the book we need to start doing accounts, you can't keep on earning what you are like you are it is impossible</p> <p>BW Yes – it has to be when you have got employees and they need to know what they are supposed to be doing when they come here every day, they need to know what they are to be getting on with or working towards and sharing that vision with you which I think is important</p> <p>BW I think the systems contribute a lot in making that efficient because there are systems we use which will invoice customers on the day which will then say you have 30 days to pay – it will then send reminders which are coming up and issue a statement on the day saying we are now ready to collect money from you</p> <p>BW The software is not expensive either, not these days: there are companies who will charge you a fixed monthly fee or you buy the package off them for a one off fee which is not expensive – and then there are the people who oversee that and check them to see if it has come in which we are going to automate as well with an accounting package which you buy online, so soon it will all check itself showing what is owing and what we owe at any given point or snapshot in time basically which is quite valuable and it is just about developing systems really, and this sounds bad, but to reduce the human important error that can occur and we rely totally on all the systems we use</p> <p>BW The biggest thing is we went from a very labour intensive company to a systems base which was about 6 – 8 months before we moved here when we implemented a system which enabled us from one stock source, to sell across all of our channels and to know at any point in time what we had in stock and when an item was sold, when it would be deducted , it would create an invoice, print a dispatch note and addresses, and it would be able to tell us our daily sales, plot a graph and that basically took 90% of the labour out of it which was just incredible</p> <p>BW We paid monthly for the software and we have actually just changed to one we think is going to serve us better and cost us less and these things are extremely powerful because you can do with this system what we do now, if we had to do without it, it would probably take about 6 people to manage that amount of work so if you think on that, whereas we might shell out £700 a month on this system, but if we had to pay 6 people's salary, we are so much more efficient and streamline</p> <p>BW We have made two recent changes to the way we identify suppliers – although he isn't a direct employer, we do have a contact – a chap on the ground in China – who works with us and helps us find products and he is either involved to some extent in that brand or that product and that is going to change us massively over the next 12 months having somebody who can go and meet these people and when they are not meeting your deadlines for delivery there is somebody there, literally, to kick them up the bum and say, 'come on get this done' and this will change things. We use a lot of these source sites like Ali-ba-ba and – Global Sources</p> <p>BW There are now factory audits available via UK companies showing this factory is real, they will provide you with the goods, and they have a trading history and so on and so forth. Now, for us, the risk is much less because if we ever do have a history we have somebody over there who is a very good contact and friend now who can go and see these people and sort it out and we always inform our new suppliers that we have that person there</p> <p>BW Yes I knew everything, although we couldn't do it at the start because money wasn't there, we had to have everything in it systemized and why would we chose to do this when a system can cope with it and we can pay for it with less than we would have to pay somebody to do it – it speeds up that processes – before when we started up the business we could probably send out 200 orders a day – one person here can send out 900 orders a day because of the systems that are in place and you have got to spot that and you always have to be looking for – what is next, what else can I put into a system and this goes down to our most recent thing where we use a system which sends out our social messages or whatever we are trying to say cross all of our social networks though out twitter, through our facebook, by typing it once whereas before, you had to do each one individually which is double the time, but you don't realize what you can achieve in that time saved and that is it, it just enables you to do more and continue to grow and focus on the growth. Like I have said, eventually all our accounts will be automated as everything is on line, everything will have a process and everything will relate to money in and money out and that will work out a VAT return and that will save my dad having to do the books to the stage were we hand them to the accountant which is 3–4 days a month worth of work and so you take that out of it again – again you pay £18 per month for this programme, but the amount of time saved is cheap and again, it is all about systems and processes – you can have a great vision, but if the systems aren't there, it won't ever work</p>

Habits

- BW2 – It is all about systems, automation, more machines, we have one fully automated production line and I want 4 inside three months so it is all about money, and setting it up but if we can I have more spare capacity than anyone in the UK and so I can sell to anyone, then we can have 6 and up to as big as we can. Having access and controlling through supply is what I believe will make my business valuable to someone else. Really between you and me, the big brands I right label for, they have nothing without my supply so if someone is interested in them they may as well buy me as I produce the product, I have the IP
- MW For a larger business you have to account for it from the tax point which is what is showing on the invoice and we are at that stage now where we have to change. We have been doing it on an Excel spreadsheet, but now we are having to employ proper software and it is all the challenges that goes with that which is having a new system. It is very interesting and it is very exciting but it is also very full on all the time – the conversation at home is always the business and Alison gets very frustrated – or it is, this is happening and that is happening – sometimes it is good, sometimes it is something that is not so good so and I think Alison feels that she is totally on her own at the moment
- SW2 – Yeah we always kept them going, when we were in the garage we started implementing a system which sort of overlapped moving in here, an order processing system, we were copy and pasting addresses off and on to a download printer and it was literally copy/paste which wasn't ideal when you can have a computer system to do it all for you – that is what we have now. Obviously that was a learning curve because they charge a percentage of your turnover
- SW2 – There is a lot of premium make up out there which is expensive, we can do it for half the price if not less, so if I find something that sells well I will put it on with our own brand and go up against them but with a cheaper price. On Amazon the key to being successful is with product reviews, so the way to do it is email customers and say, 'if you leave a review I will give you 30% off your next order'. We do that, and it is in the system, so they are emailed 10 days after having the product and we say if you have had any issues please contact us before leaving something negative, we would rather sort it out as if you get negative reviews it ruins the product
- BW I would say before this I was a completely different person, most people would say that I was lazy, doesn't do anything, didn't try hard at School and I could have done much better, but I took School as a stepping stone GCSEs, they were stepping stones, A Levels, I always got what I needed to do what I wanted and was offered a place at University, obviously declined for a year and set this up, and as soon as I set this up I would watch TV programmes like Dragon's Den, I would read articles and things and I just took from that all I needed was hard work, determination and common sense
- BW I guess hard work was always in me and just took a while to come out and I get that I think from my mum's side of the family rather than my dad's. I am not saying my dad isn't hard a worker because he actually is, but from about 11 or 12 when my mum started doing her MA she has worked 16 h days non-stop all the way through and she still does today. I am virtually like that, but the way I choose to do it is different-people email me at 10pm and they have a response within 5 min and I just think if you own your own business you can expect to be on call 24 h a day and if you don't deal with the problems there and then, you don't care enough about what you do. You have to get up and love what you do as well and I think that is key – I wouldn't do this if I didn't like it and if I didn't love doing it and you have to have your heart in it – in your brands, you have to believe in what you are doing – assume that if you don't nobody else will!
- BW I think it has to stem from your personal life – if you have been brought up in a nice sheltered life, you think that will always be there, where if you haven't been, not that I was, but if you have been subject to harder times maybe, when actually there was a period of time when I was as a kid and I didn't have a lot and I had a job and I was an idiot and spent everything and then from that I thought, I can't live like this and you watch people and you see things, even going back to the guys in Dragon's Den, I think all of them came from nothing and it is about having a vision to make things better, and to better yourself, better what you have and to want more, it is there for the taking, but you have got to want it and I think the most important thing, obviously in business, is your consumer, more than anything because if you get it right with them they will come back and reward you by making that purchase – it is all about the customer experience
- BW2 – I'm 24/7 I live and breathe it, my mind never stops, so anyone who wants to achieve their own thing, put everything into it, make it your life
- SW – For a large part of my life teachers have put me down and that was more the reason why I wanted to work for myself – an awful lot of people go to University but there isn't going to be a lot of jobs around when they come out – a lot of people think University is the B all and end all and there was an awful lot of people at School who thought this wasn't actually going to work – I have had a lot of people say to me, you are stupid and all this, but a few people recently have said 'well done you are doing very well, we have heard' and that is very good to hear when somebody changes their opinion of you and it's good to do well for yourself
- MW You know Alison very well, and she is very good on academic stuff and she has pushed them to do quite well at School – I have remained a bit more hands off because I was never quite that great in School. I would like to think I have a bit of an entrepreneurial spirit myself because I have been self-employed for 20 years so whenever I have seen anything in the boys I have always tried to encourage it and that happened with Sam, even before he was 13 when he was at primary School

(Continued)

Appendix. (Continued)

Concept	Quotes
	<p>MW Ben has always been the most outgoing and the most engaging with people, but in terms of entrepreneurialism I wouldn't have said at the start that he had it; but obviously there was something there because he definitely has it now and he has the drive and ambition to make this business a real success. Sam I think probably feels a little bit miffed because he had to have time off. We said to him you have to step back away from this and do your GCSEs and your A levels; I mean he still had his fingers in the pies, but ... so he probably feels that his nose has probably been pushed out at little bit, but it was obvious that somebody had to have the role of Managing Director and it had to be somebody who understood all of the processes at the time from literally start to finish and of course Ben was the only one who had that because I was still working away and Sam was doing his exams. So I guess when I say a certain amount of it is in the genes maybe it is, but maybe also it needs to be drawn out with some people and Ben is a good example of that. I hear him saying things now that astound me- I wouldn't have even considered them and I think of myself as being entrepreneurial, but I don't think I am compared to those two: we need to be doing this, we need to be doing that – really! And what they say makes a lot of sense and I can agree with them, but I wouldn't have thought about it – maybe I am just getting a bit long in the tooth! It is fascinating and for them to get things to where they are – and I take no credit for this at all, other than being their father and help bring them into the world – they have in the hardest times we have known for a very long time developed a very successful business and I think if only we could get that across to a lot of other youngsters out there who are complaining about the state of things</p> <p>MW – Both Alison and I have both said we think we have good common sense and obviously we have tried to instil that in them and it comes through. I guess it is all about how you bring up your children – how much time you spend with them – people today – they are friends they don't sit down to eat with a plate on their laps in front of the television – they don't have social time, they sit around the table and discuss the day's events or whatever, and if the television was on it would go off and we have always done that as a family</p> <p>BW Once again it does stem back to common sense – that is where everything is made and everything is made at the very lowest possible cost – if we were going to start dealing with wholesalers in the UK we wouldn't be in business today – we wouldn't have made any money as it is all about extending those margins – we get it direct out off the factories and sell it straight to the consumer rather than the margin being split between a wholesaler or a distributor and then you ...</p> <p>BW We have moved on. The thing with China is there are a lot of agents who are middle men and they take a couple of percent and unless you can get the factories, you can't build a relationship and make them understand about good quality and what you expect from them and so a lot of them we have moved away from and changed because other people will give us better prices – we still use some agents actually because of bringing in vast quantities of products and you would find it a lot of work to find independent factories which they have already done, but we now try to deal with the core factory that manufactures the product rather than those agents</p> <p>BW Yes and fortunately we have always been quite cash rich – we have never ever taken the business to the wire and never will because we are not comfortable doing that because we would rather restrict out growth or slow our growth in order to make sure we know exactly where the money is and we have enough to cover things and that we have plenty left in the pot</p> <p>BW2 – I would say so, we have never borrowed money from outside, we have never had a loan or even an over draft or credit card against the business, not required, and if you run a business properly and are not greedy then it is not required. I mean we run our businesses how we want to, but we work damn hard, and I lot harder than most people even appreciate to have the houses and the cars, whatever it is. I think that knowing that ... life at the moment, opportunities are great at the moment and I think most people are blind to that at the moment</p> <p>SW With more high value markets you do have more profit, but you sell less of them, but with low value items we have high sales, but you have to sell a lot to get the profit. You also have to consider if one of them gets broken and you are not selling enough of them, the return of one of them has actually taken away all the profit – because there isn't that much profit in it especially if you are replacing stuff</p> <p>SW We have only ever taken what cash we needed and not just what you wanted to take if you like, live off what you need and then you have the best chance of survival, but it is hard to do that – it has not been easy and anybody can do it, but it is not going to be easy – you can't be greedy when it starts, at the end of the day, if you put the effort in now later on in life it will pay</p> <p>SW2 – It is about making a decent profit, don't be greedy but sell the quantity, that is where the money is, shift quantity that has always been out model, make £1 on each item and sell hundreds of them a day</p>
Heuristics	

Learning

BW We were going through an unfortunate bad patch actually, we had just moved into the garage that summer and it got to about October time and a UPS plane that was bringing in some of our stock went down over Dubai and we never saw the stock and as it appeared to be an act of God, UPS wouldn't pay out any insurance claim which is barmy but we didn't have the finances to fight that – it was an unfortunate thing, but since then it was a lesson learnt because we realized we could buy external insurance for all our other inbound shipments and regardless of whatever happens we know that is covered

BW You always take good learning things from a bad experience and learn for next time, but it was hard because we needed the stock at that point, because Christmas was coming and we needed another two weeks before we could get it in again which we did. But it was several thousand pounds – we cannot remember the exact figure, but it was several thousand pounds and yes, it was a blow and a week after that, unfortunately, the Royal Mail van that collects our mail was actually stolen and stole all the products in it as well – and they didn't pay out

SW – I'm not fussed about being called an entrepreneur, I just want a life where if I make a mistake it's on my own head it's my own fault and at the end of the day I have to learn from it because that is what you do – the best thing you can do is learn from your mistakes

SW – I learned because of the amount of time I spent on e-Bay, I was addicted and would go on every minute I had free – I was always looking for a deal and a lot of the deals I found were unbelievable and even to this day, I can still go on and find deals, I don't really go on much now because it takes a lot of time, but the deals are there SW I believe in experience a lot of the time, if somebody has got experience I would rather employ them because the experience is there and experience is everything. I know my mum sees things in a different way, but I see things both ways. I see a qualification as being great, but personally I would rather have experience

SW – Yes (learning from experience) we have made a lot of mistakes without a doubt. We have just had a new software system put in and on the address labels on the front have our return address as well and instead of them all going to their address they all come back here and I said, well that is quite an obvious one when you look at it, but none of us realized it. So really it is about not looking over things properly so it can all go wrong very easily and so yes we have made mistakes, but it is all about just not checking, but once you know and once you have done it, I don't think it is easy to do again, if you know what I mean. Anybody can do this I believe, it is just putting the time and effort in – if somebody is willing to put all their time into it, all day 7 days a week, they could easily set up and do it, but nobody is.

SW2 – Yeah we always kept them going, when we were in the garage we started implementing a system which sort of overlapped moving in here, an order processing system, we were copy and pasting addresses off and on to a download printer and it was literally copy/paste which wasn't ideal when you can have a computer system to do it all for you – that is what we have now. Obviously that was a learning curve because they charge a percentage of your turnover