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# Crossing The Valley Of Death: A Multi-Sited, Multi-Level Ethnographic Study Of Growth Startups And Entrepreneurial Communities In Post-Industrial Detroit

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**CROSSING THE VALLEY OF DEATH:  
A MULTI-SITED, MULTI-LEVEL ETHNOGRAPHIC STUDY OF GROWTH STARTUPS  
AND ENTREPRENEURIAL COMMUNITIES IN POST-INDUSTRIAL DETROIT**

by

**MARLO RENCHER**

**DISSERTATION**

Submitted to the Graduate School

of Wayne State University,

Detroit, Michigan

in partial fulfillment of the requirements

for the degree of

**DOCTOR OF PHILOSOPHY**

2012

MAJOR: ANTHROPOLOGY

Approved by:

\_\_\_\_\_  
Advisor

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Date

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**DEDICATION**

*For Mali, Imani and Charles*

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## CHAPTER 1

### INTRODUCTION

#### Overview

“One of the things startups have lacked is a definition of who they were. For years we’ve treated startups like they are just smaller versions of a large company. However, we now know that a startup is a temporary organization designed to search for a repeatable and scalable business model (Blank 2012).”

Imagine waking up each morning to a conundrum. You are stuck in a maze and you don’t know the way out. There is the sky above you, high walls that surround you and the earth beneath your feet. You start each day thinking about the paths you’ve taken and trying to gauge your progress. You think you know the paths you want to take to free yourself, but until you are out you can’t really know if they are the best paths to take. There are notes scribbled on the walls where others have been, giving you helpful hints. Occasionally, those who have escaped the maze shout directions at you, or those who are stuck in a certain place tell you where not to go, or those who have studied the maze but never entered it give you their opinions. There are many voices that sometimes can contradict and confuse your progress. You also cannot be sure that the maze itself hasn’t shifted. The walls lengthen, shorten, disappear or appear every so often, just to keep it interesting. The path someone else took that let them out of the maze may no longer exist. The things you did last week that brought you closer to exiting may no longer be relevant because the exit may no longer be open to you.

Every day, thousands of people wake up and choose to play this game. It is called startup entrepreneurship and it is one of the most addictive, frustrating and rewarding games available to play. The maze metaphor for entrepreneurship was

previously used in a research study of Russian business owners during the country's transition to a market-oriented economy (Puffer and McCarthy 2001). However, the maze-like quality of entrepreneurship is not confined to 1990s Russia. The challenges for entrepreneurs today are largely based in complexity rather than hostility. The process that I liken to trying to escape this dynamic maze is finding a sustainable, reliable and scalable way to make money through the provision of products or services. In business parlance, this result of this process is called a business model.

This research is an exploration of the maze of entrepreneurship set in the city of Detroit in the second decade of the 21<sup>st</sup> century. This ethnographic account of Detroit-based startups in their earliest stages focused on the human aspects of business creation. These aspects include the development of organizational culture, the spiritual side of entrepreneurship, and the nature of entrepreneurial communities. Ultimately, the startup process is a human enterprise. My goal is to include this enterprise into our collective anthropological inquiry about the nature of our humanity.

In 2011, about 320 people out of every 100,000 people of the adult population created a new business each month in America. This means about 543,000 new companies were being created every month. Over the past 15 years, the business creation rate fluctuated within the range of 0.27% to 0.31% (270 to 310 per 100,000 adults). The rate has risen slightly in the past four years. (Fairlie 2012).

Entrepreneurship is defined in this study as the pursuit of opportunity without regard to resources currently controlled (Stevenson 1983 and 1985). A startup is a temporary organization designed to search for a repeatable and scalable business model (Blank 2012). It is also a human institution designed to deliver a new product or service under conditions of extreme uncertainty (Ries 2011). Startup entrepreneurship

then involves *people* who are developing a new product or service that can make money reliably, sustainably and with scale under conditions of extreme uncertainty. More business terms are defined in Appendix A: Glossary of Business Terms.

For growth-oriented entrepreneurs, a strong business model is critical. Growth entrepreneurship is defined here as the process of founding and building companies that are trying to achieve national, international or global scale. Examples of successful, well-known American growth entrepreneurship ventures are Google, Facebook and Microsoft.

For high-growth entrepreneurs, their business model often involves some kind of innovation that is significantly better than current industry practices. Innovation is distinctive from invention. Inventions are new ideas and concepts and innovation refers to the practice of these ideas and concepts (Abouzeedan and Hedner 2010). The concept of innovation is taken from Schumpeter's early work. He defined economic innovation as the introduction of a new good or of a new quality of a good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of raw materials or half-manufactured goods, and the carrying out of a new organization of an industry. Schumpeter indicated that for individuals, innovation involves the origination of an idea through to its implementation, at which point it can be transformed into something useful (1934).

Creative destruction is a related concept adapted to the capitalist economic context by Schumpeter but originally based in Marxist economic theory. Marxist economics presage the implosion of the capitalist economic system and the rise of socialism through revolutionary means. Creative destruction describes the way in which – through market forces demanding innovation and growth – capitalism cyclically

destroys existing wealth to create new wealth (Schumpeter 2006). Schumpeter predicted that this process would be the means by which capitalism succumbs to socialism. Capitalism fosters a more educated workforce whose liberal interests eventually make the conditions necessary for entrepreneurship untenable, resulting in a socialist state (if not overtly, then functionally).

This concept has been elaborated upon by social scientists such as Marshall Berman (1988) and Manuel Castells (2009). Berman posited that everything built by bourgeois society is built to be destroyed and repurposed for greater profit (1988, 99). He explains that the social and cultural implications of building and destroying drive our experience of modernity. Castells (2009, 199) adds the dimensions of information flow and networks to recognize the acceleration of building (or investment), and destruction (or disinvestment). The speed of building in the information age is instantaneous. Disinvestment can occur through exclusion from networks and the resources they offer.

A more recent offshoot of the idea of creative destruction is that of disruptive innovation. Disruptive innovation describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves 'up market', eventually displacing established competitors (Christensen 2003).. Such innovations allow a new population of consumers access to a product or service that was previously inaccessible to them. Growth-oriented companies create or change their offerings so that financial, skill-based or geographical constraints are minimized or removed. Disruptive innovation is the basis of the success that growth-oriented companies employ.

Netflix, a movie rental company based in America, is an example of a startup company that developed a business model based on a disruptive innovation. Most



movie rental companies had established retail sites as their primary point of distributing movies in 1997 when Netflix was founded. Netflix was the first company to provide movie selection through a website with United States Postal Service national delivery. They initially priced on a per rental basis with a late fee for movies returned after the agreed-upon time, which was then the industry standard. In September 1999, they successfully introduced monthly subscription-based pricing for movies. They eliminated per rental pricing and exclusively offered monthly subscriptions in early 2000 (O'Brien 2002). Netflix's disruption in distribution significantly lowered cost and geographical barriers for customers. Now anyone with access to the U.S. Postal System could rent movies at a lower price than offered by brick and mortar retailers. Netflix has since expanded to instant distribution through popular game consoles such as the Nintendo Wii.

In their earliest phases, companies like Netflix typically focus on being flexible, fast and innovative. They seek a different operational path than established competitors within their industries. Growth ventures must not only provide an innovative product or service to a customer, they must figure out how to provide their offering consistently and profitably to a large number of customers. As agents of creative destruction and disruptive innovation, their survival is by design more dramatic and illustrative than for franchisees and small-scale operations. The goal of scalability requires more capital, more network connections and is typically done in a more time-compressed fashion than for non-growth companies.

The disruption at the heart of a growth startup is often achieved by leveraging some form of technology, usually in competition with another type of technology. Netflix's technological leverage was using the internet to eclipse the experience of going

to a physical location to rent a movie. The DVD on which movies are stored and viewed was the technology being partially replaced. Through web-based movie selection, Netflix could enable customers to search selections more easily, it could suggest additional movies based on previous selections, and it could achieve a cost structure that would allow customers to keep movies as long as they like without feeling as if they were paying an additional cost. The use of technology to create disruptive innovation adds another layer of challenge to startup entrepreneurship. Entrepreneurs have to ensure that the technology that underlies their business offering has been adopted by enough people to make the business available to the maximum number of people. If the business is based on a technology that is too early for customers, the business cannot be sustained. If it is too late, it is vulnerable to another company with a better business model based on more innovative technology.

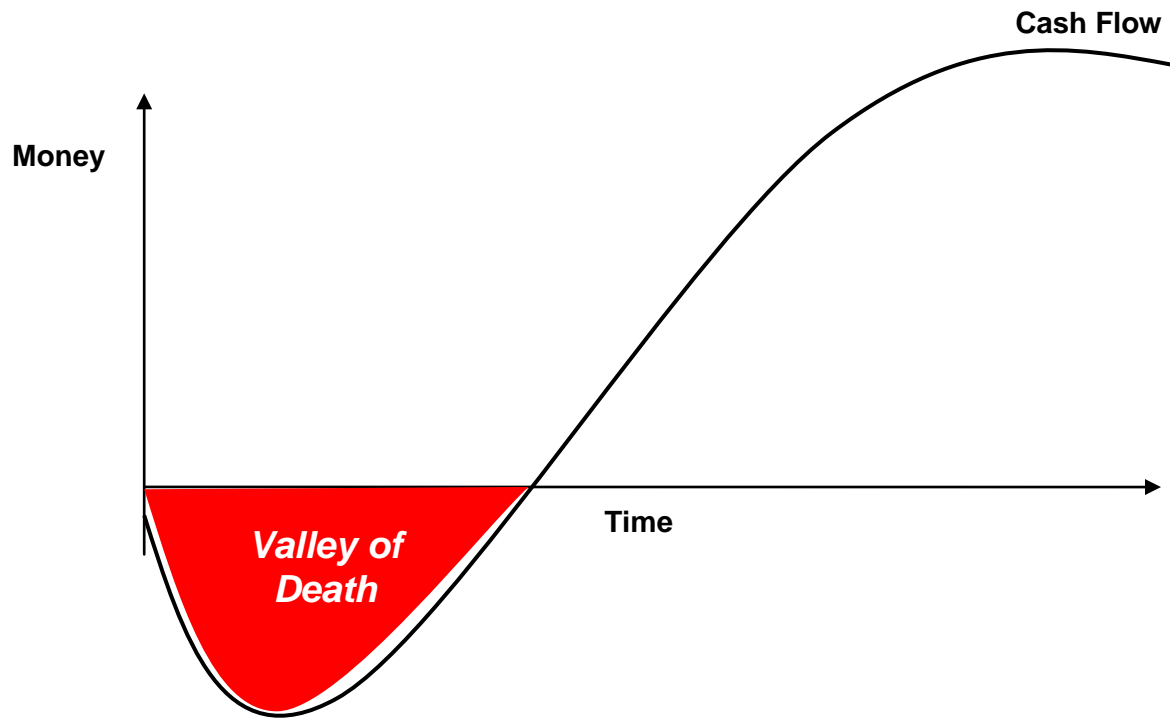
#### *The Valley of Death*

The concept of the “Valley of Death” is a powerful symbol of large scale war, pestilence and suffering that has been applied in many ways over a long period of time. For instance, it is the name given to Cubatão, a city in the state of São Paulo, Brazil. In the early 1980s, Cubatão was the site of Brazil’s largest industrial center and one of the most polluted cities in the world. As many as half its residents suffered from respiratory ailments. High rates of skin cancers, leukemia and birth defects persisted. Five hundred people are estimated to have died from a fire related to an underground gas leak (Bridges 1988). More recently, the Valley of Death has been associated with Afghanistan’s Korengal Valley, a strategic passage which is among the deadliest pieces of terrain in the world for U.S. forces. One-fifth of all combat in Afghanistan occurs in the Korengal Valley (Junger 2008).

The valley of the *shadow of death* is referenced in the twenty-third Psalm of the Bible. “Yea, though I walk through the valley of the shadow of death, I will fear no evil: for thou art with me; thy rod and thy staff they comfort me (The Bible n.d.)” One of the more popular passages in the Bible, the twenty-third Psalm represents the notion that faith can help one survive the deepest despair imaginable. This valley is not a place. It symbolizes life’s most challenging human experiences, no matter the context. That this symbol has a spiritual silver lining within it is consistent with the orientation of the entrepreneurs profiled in this study.

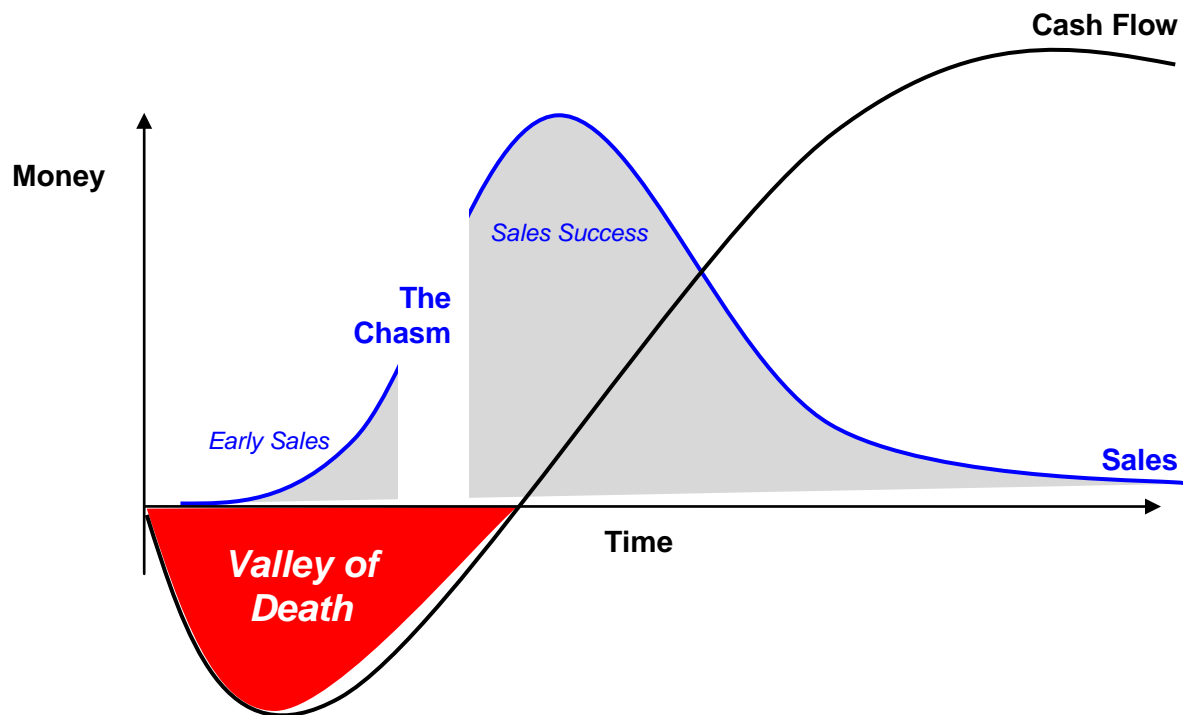
It can be argued that Detroit itself is moving through its own Valley of Death. It has faced countless challenges—particularly over the last fifty years. The most recent economic recession found the city with some the highest rates of home foreclosures, crime and unemployment in the country. Detroit is enduring nearly fatal blows to its primary industries, a massive exodus of residents and failures in its educational, physical and financial systems.

Originally applied by Stephen Markham (2002) to the entrepreneurial context, the Valley of Death is the time between starting a business and finding a sustainable, reliable and scalable business model (see Figure 1). During that time, the business is typically not generating enough revenue to cover its costs. Because it is not generating revenue, it is unlikely to attract significant investment. Most startups do not make it out of the Valley of Death. Almost none make it out with their business concepts unaltered. Business concepts change based on feedback from customers, resource constraints and other human dynamics.

*Figure 1: Valley of Death*

At the same time that entrepreneurs travel through the Valley of Death, the technologies for disruptive innovations must also “cross the chasm.” Crossing the chasm is a concept originated by Geoffrey Moore that describes how new and disruptive technologies move from early adopters to a mainstream audience (see Figure 2). Such technologies do not move to mainstream audiences based on technical efficacy alone, there is a social web connected to technological artifacts, and this web is difficult to navigate by even the most sophisticated and financially secure companies (Moore 1991).

Figure 2: Valley of Death with Tech Chasm Overlay



### Background

Anthropologists are uniquely positioned to explore the human aspect of growth startup entrepreneurship. It is, after all, an activity impacted by human culture and sense-making. The dissertation centers on the sociocultural aspects of the process of growth-oriented startup entrepreneurship, focusing on companies walking through the Valley of Death. The site for the research – the city of Detroit – is not one that most Americans readily associate with growth entrepreneurship. It is the early twentieth century's biggest entrepreneurial success and the late twentieth century's biggest industrial failure. It is a city lacking in resources surrounded by wealthy suburbs. And it is an interesting place to learn more about the human aspect of what growth oriented

startup entrepreneurs do to get the resources they need to make it out of the Valley of Death.

The purpose of this study is to build on the ethnographic record by delving deeply into the human aspects of entrepreneurship. The research was a multi-sited, multi-level ethnographic study focused on entrepreneurs leading growth businesses in three Midwest entrepreneurial development programs. One program is centered on socially-conscious, health-related startups. The other two programs are more general in scope. The units of analysis are the behaviors of entrepreneurs within these programs—complex and culturally-bound activity systems with emergent properties. These activities were examined on multiple levels – the level of the entrepreneurial communities that the programs serve, the level of the emergent business concept, and the level of the individual entrepreneur.

The entrepreneurs participating in this study are in the earliest stages of growth entrepreneurship within an American context. The business concepts that they are developing are intended to deliver products and services to a customer set that is not fixed to a small locale, as would be the case for a small, independent grocery store or restaurant. They also conceptually tend towards some level of disruptive innovation, either in terms of the product itself or the fact that audience that they are targeting has never been served by an existing innovation. The business concepts themselves range from those that are conventional to some that are truly unique and surprising. They are not the typical Silicon Valley concepts – such as Instagram, Square, or Pinterest – that are usually equated with growth startup entrepreneurship. The entrepreneurs have a different sensibility; one that orients their businesses more towards utility than emotion. These Detroit startups reflect the maker culture in which they are embedded. It is

distinctly different from Silicon Valley's charismatic culture – one in which leaders from Apple's Steve Jobs to the notorious mass murderer Charles Manson to former San Francisco mayor Willie Brown to cult leader Reverend Jim Jones thrived.

Given the diversity of cultures and contexts in America, the path for growth entrepreneurship has been popularized in a surprisingly homogenous fashion since the mid-1980s. The meteoric rise of Bill Gates from Harvard dropout to one of the most successful and wealthy businessmen in history captured the imagination of a generation. That his ascent was tied with the dawning of the computer age added an edge of wonderment and awe. Along with this new, distinctly American form of technological prowess came a new form of entrepreneurship characterized by rapid growth and a high profile in popular media. Ten years after its initial public offering in 1986, Microsoft's shares garnered more than a hundred times their original value as the company's Windows operating system and Office applications dominated the PC industry (Bick 2005). Early employees were offered lucrative stock options as compensation. Microsoft created approximately 10,000 millionaires by the year 2000 (*Ibid*). By then, Bill Gates has been featured on the cover of Time Magazine six times (Time Inc. n.d.).

Microsoft is one of the most well-known of dozens of growth tech companies that started in the late 1970s and early 1980s and gravitated to the United States West Coast. As technological innovation moved its center from computer hardware and software to the Internet, entrepreneurs such as Marc Andreessen (Netscape), Steve Case (America Online), Jerry Yang (Yahoo) and Pierre Omidyar (eBay) reinforced the notion that a male college student from a premier university with a knack for computer technology and an idea could become a multimillionaire. Silicon Valley and IPO

replaced Wall Street and leveraged buyout as the celebrated place and mechanism for wealth.

The internet bubble and bust brought with it a parade of entrepreneurs including Sergey Brin and Larry Page (Google), both Stanford computer science PhD students. Reid Hoffman (LinkedIn, also involved with PayPal, Facebook, Zynga and Mozilla) is one of America's most prolific investors and entrepreneurs. He has a Bachelor of Science degree in Symbolic Systems (focusing on artificial and human intelligence and interaction with symbols) at Stanford and a graduate degree in Philosophy from Oxford University. The emergence of these and other highly successful and high-profile individuals reinforced the Silicon Valley path of entrepreneurship—take one, young, male college student with magical technological ability from a storied university, add venture capital funding, create a multi-billion dollar company.

Recently, technological growth and innovation has shifted again. The social network has eclipsed the internet as the object of fascination. Facebook's Mark Zuckerberg is the Bill Gates of his generation. Currently the world's youngest billionaire, Zuckerberg's path to success mirrors that of Bill Gates'. He is a Harvard-educated computer whiz whose programming skill moved him from dropout to celebrated success.

*The Social Network*, a film version of Ben Mezrich's *The Accidental Billionaires*, won a Golden Globe award for best picture in 2010. The movie, a fictional account of Zuckerberg's founding of Facebook, helped to strengthen the concept of American growth entrepreneurship as a rapid and linear path of a tech wizard through Ivy League halls to Silicon Valley, past the competition and on to global success.

Facebook's initial public offering was on track to be the largest IPO in history. It was anticipated to raise \$10 billion in capital and secure the company a valuation of



between \$75 and 100 billion (Raice 2012). However, the May 18, 2012 offering was fraught with problems, from technological glitches to lackluster demand. On August 31, 2012, the stock was \$18.23 per share (a 52% decrease from the offering price of \$38.00) with a total market value of \$38.7 billion.

So what is the impact of this homogeneous characterization of American growth entrepreneurship? Such characterization belies the complex nature of entrepreneurship. Silicon Valley is just one ecosystem for American growth entrepreneurship. The way for computer scientists to successfully start businesses in Silicon Valley has been documented. Well-respected startup business incubators such as Y-Combinator and Plug and Play Tech Center are in place. There are lots of venture capitalists and angel investors—high net worth individuals who have both financial capital and key relationships to confer legitimacy on high-potential startups. But interest in entrepreneurship is strong nationally.

“In 2009, an average of 340 out of every 100,000 adults started a new business each month,” according to economist Robert Fairlie at the University of California Santa Cruz. That’s up 11% from 2007, and well above the average of 290 in the ten years leading up to the recession (Whitehouse 2010).” American startup business owners are located across the country. Most are not Ivy League tech prodigies, nor do they have immediate access to large amounts of financial capital. They are real people having human experiences. Anthropologists are charged with the privilege of documenting the total human experience, yet few have focused on the journey of the American startup entrepreneur. We do not know the human aspects of the journey through the Valley of Death. We don’t know the role culture plays in the way that growth startup entrepreneurs survive? There are situated, sociocultural aspects of the business

development process that, given the diversity of entrepreneurial contexts, are ripe for discovery.

### **Problem Statement**

American growth entrepreneurship is as much a human-oriented process impacted by culture as a business-oriented practice impacted by performance. The variation of local contexts produces a myriad of entrepreneurial cultures, within which are a diverse array of businesses following uncertain paths, led by entrepreneurs with differing motivations, backgrounds and histories.

Entrepreneurship is complex and adaptive. The success and failure of businesses are determined by many factors, each of which can be independent, complementary or in conflict with other factors at any moment—and more so at startup than any other time. On the performance side, businesses can and often do “pivot”—changing core elements such as their mission, product or service, or management team. On the human side, the changes and “pivots” are not as easily negotiated. The human elements of a startup are not as formally recognized as the mission, product or service. The human elements are as important to the enterprise, yet they are not clearly encoded in speech. It seems that there are some critical challenges of the entrepreneurial maze that are not talked about and thus more difficult to anticipate and navigate. It is no wonder that only 51% of U.S. small businesses with employees begun in 2000 survived the first five years (U.S. Small Business Administration n.d.).

One human element of entrepreneurship could be spirituality. Spirituality can be found through formal religious or meditative practice, or through an intentional, informal connection to an individual’s source of joy or contentment. These connections are a conduit to an existence that transcends life’s negative circumstances. For the

entrepreneur, spirituality can bolster faith through the uncertainty inherent in business ownership. Researchers are only beginning to explore ties between spirituality and entrepreneurship. As found in Kauanui, Thomas, Sherman, Waters, & Gilea (2008), most entrepreneurial research ignores or subordinates spirituality. Their findings indicate that spirituality: 1) can provide a context for startup motivation; 2) can mold behaviors of entrepreneurs; 3) can help entrepreneurs define success for themselves; and 4) can help define the values of the business.

Stewart, Lee and Konz's (2008) Daoist-centered treatise is notable in its ambitious attempt to connect activity, spirituality and entrepreneurship in a non-Western spiritual context. They concluded that the aspiration toward "effortless action" could be read as a practical guide for shaping business activity (46). The spiritual context of the entrepreneur can ultimately generate the cultural foundation of a business as evidenced in its day-to-day activity.

### **Goal and Specific Aims**

The intention of this research is to reveal the humanity of the startup experience. What is it about the growth entrepreneurship experience that has been hidden from view? Can we begin to articulate a holistic view of entrepreneurship—including those human universals and culture-bound particulars that must be successfully navigated?

This research examines the sociocultural features of entrepreneurship on three levels. The first level of context for growth businesses to be studied is that of their entrepreneurial community. These communities have unique properties that shape the strategies for companies operating within them. The second level of study is organizational. Understanding the factors that catalyzed the emergence, transitions and

culture of a business can yield important insights. The third level of study is through the perspective of the entrepreneur, understanding their activities and motivations.

The study was designed to answer a number of specific questions, including:

1. What activities cultivate early-stage organizational culture for growth companies?
2. How do entrepreneurs represent themselves through stories, activities, artifacts and symbols?
3. How are social networks in entrepreneurial communities used and adapted?
4. What insights can the answers to these questions contribute to the anthropological literature on contemporary American growth companies?

### **Research Significance**

This research contributes to anthropological theory in two primary ways. First, it provides an uncommon context for understanding the sociocultural aspects of entrepreneurship by interrogating American growth-oriented startup entrepreneurship, a familiar construct that has not yet generated enough attention in the anthropological literature. Most ethnographic studies of entrepreneurship focus on non-American small-scale businesses or charismatic individuals that are characterized as cultural or political entrepreneurs based on their personal influence within their local or regional setting. A survey of JSTOR and AnthroSource<sup>1</sup> revealed that 95% of articles on entrepreneurship by anthropologists fit this description (see Table 1).

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<sup>1</sup> Survey involved search in May 2012 of JSTOR databases for articles in Anthropology journals (N=90) with entrepreneur AND ethnography or ethnography AND anthropology in the full text of the article. The articles were scanned for content. The articles focused on the ethnographic study of entrepreneurship or entrepreneurs were extracted and categorized. The articles were not constrained by date, but were limited to accessible sources (in order to verify content).

*Table 1: Distribution by Scale of Ethnographic Articles on Entrepreneurship<sup>2</sup>*

	<b>U.S.-based</b>	<b>Not U.S.-based</b>	<b>Total</b>
Individual entrepreneur	0	4	4
Local business (serve local or regional customers)	2	31	33
Growth business (serve national or international customers)	0	0	0
<b>Total</b>	<b>2</b>	<b>35</b>	<b>37</b>

Second, the research examines the role of symbols, meaning, kinship and ritual in the entrepreneurial process. These anthropological concepts are a useful way to frame aspects of entrepreneurial behavior whose ties to culture have been largely unexamined.

The practical significance of this research is that it contributes to a shift from a standardized view (outside of anthropology) of the entrepreneurship process as one that is performance-driven to one in which the entrepreneurial experience is developed as a function of the interaction of complex internal and external environmental factors of which culture plays a significant part. This shift could inform the development of more holistic and customized economic policies and practice. Given the high failure rates of small businesses, particularly in economically troubled areas, a new approach to business development may result in more business stability and increased job creation. The United States Economic Census indicates that there were 5,717,830 small businesses (those with less than 500 employees) in 2007. These businesses employed about 58 million people, generating \$2.1 trillion in annual salaries (U.S. Census Bureau n.d.). Just a 1% increase in active small businesses in America in 2007 could have resulted in almost 600,000 jobs and \$21 billion in salaries added to the economy.

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<sup>2</sup> Short citations of the articles by category can be found in the Appendix B.

This chapter introduced key terms to be used in subsequent chapters and outlined a rationale for investigating the sociocultural aspects of the entrepreneurial process of American growth startups. The objectives for the remaining chapters of this dissertation are as follows. Chapter 2 provides a review of the theoretical frameworks of the study, including conceptions of culture and the anthropological study of entrepreneurship. Chapter 3 delves into the research design and methodology. Chapter 4 provides some historical context for Detroit, the city where the research takes place, as well as a comparison of its entrepreneurial ecosystem with that of San Francisco. Chapters 5 and 6 summarize findings from three Detroit-based entrepreneurial communities. Chapter 7 is a discussion of the implications, limitations and conclusions of this study. The chapter also outlines recommended future directions for research.

## CHAPTER 2

### CULTURE, ACTIVITY AND ENTREPRENEURSHIP

The goal of this chapter is to review the relevant literature on culture, activity theory and entrepreneurship and to suggest opportunities for conceptual development.

To discover the sociocultural features of resource gathering activities in growth business ownership, it is necessary to first look at the wider domain of culture. Culture is of primary importance because it is the central domain of anthropology, and therefore the area of entrepreneurship to which anthropology is best positioned to contribute. The linkage of culture to entrepreneurship has been an underdeveloped subject both in the anthropological and entrepreneurship literature (Lalonde 2010 and Stewart 1991). Part of the lack of development is due to the lack of a precise and commonly understood definition of culture shared across disciplines (McGrath, et al. 1992).

The most commonly used conception of culture in business and entrepreneurial circles is Hofstede's (2001, 9) notion of culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another." Hofstede's taxonomy of significant cultural dimensions has been used to explain the behavioral preferences of people in business organizations in a wide range of studies, and almost unilaterally been operationalized at the national level (Lalonde 2010) and (Hayton, George and Zahra 2002). Some interesting studies have resulted, including Shane's (1992 and 1993) work relating Hofstede's dimensions of individualism, power-distance and national rates of innovation as well as studies associating culture and new firm-formation rates (Davidsson 1995 and Davidsson and Wiklund 1997).

A weakness of Hofstede's conception of culture is that it does not retain its descriptive strength from the national to the local level. It describes a "collective

programming” which infers a structured, orderly process that is more applicable with national culture. Culture occurs more dynamically in a startup environment at the organizational level. The understanding of culture has evolved to that of a dialectical relationship between people and systems using a dialogue of meaning, activity, and artifacts.

Hofstede also does not explicitly address how these elements interact in the context of an organization. There are power and authority implications that are particular to the boundaries—and by extension, the bounding—of an organization (Van Maanen and Barley 1984). Batteau’s (2000) points out that an organization is a social form defined by goal-oriented instrumental rationality. He goes further to state that

Organizations create structures of meaning not found among anthropology's more familiar communities, those living outside regimes of instrumental rationality. These resources for sensemaking (Weick 1995) consist of cultures of rationality of inclusion, of command and authority, and of adaptation and resistance that exist only in dialectical opposition to each other. This interplay and opposition creates an organizational culture that is continually emergent, continually negotiated, and continually in play, according to the strategic intent of the parties that contest it. Apprehending an "organizational culture" only begins with the collection of shreds and patches of shared meanings: at issue is how these are spun, woven, and stitched together in an evanescent bricolage to accommodate and advance the diverse interests that make up the organization (Batteau 2000, 726).

### **Refining Cultural Conceptions**

To refine our view of culture toward a more anthropologically-based context, it is useful to review the depth and breadth of the anthropological domain. The anthropological perspective of culture is deeply informed through its attempt to catalogue the whole of the human experience.

Anthropology is the study of the human condition, or the nature of humanity, in all times and places. With a data base built upon information from 3,000 societies, anthropology’s time line extends 65 million years into prehistory. Anthropology searches for essential biological and social characteristics shared by all primates, including *homo sapiens*, and attempts to identify unique characteristics of our



species.... Anthropology has accumulated a distinctive data base on human ideas, customs, traits and principles involving human work life (Hamada 1994, 5-6).

The concept of culture was initially developed by E. B. Tylor in the late 1800s. Culture was “that complex whole which includes knowledge, beliefs, art, law, morals, custom and any other capabilities and habits acquired by man as a member of society” (1871). The rise of functionalism and anthropologists such as Radcliffe-Brown, Malinowski, Evans-Pritchard and Nadel marked a systematized view of culture. All aspects of culture worked together to form an integrated whole with varying levels of autonomy and coordination. This functional view of culture is the theoretical foundation of the earliest application of anthropology to industry.

W. Lloyd Warner was the first anthropologist to apply the culture paradigm in an industrial setting. His studies of a bank wiring room at the Hawthorne plant—known as the Hawthorne studies—resulted in “a systematic description of the social organization of an industrial working group” (Chapple 1953). William Whyte’s research of human relations of the restaurant, hotel, steel, automobile, glass and petroleum industries (1961) was a logical extension of a functional view of culture in an industrial context. He and his contemporaries helped to elucidate the human relations that gave life to industrial roles (Gardner 1945). They examined informal relations on automotive assembly lines (Walker and Guest 1952) and work groups (Dalton 1948). They investigated the relationship between supervisors and workers at an IBM plant (Richardson and Walker 1948 and 1949). They studied agricultural farm operations (Goldschmidt 1946). They set the stage for modern ethnographic analysis in an industrial context. Functionalism ultimately declined due to analytical weakness, a

largely tautological approach and an inability to consider the power dimension inherent in social systems.

Economic anthropologists contributed important cultural distinctions. A. I. Richard's (1939) study of land, work and nutrition among the Bemba of Northern Rhodesia and Karl Polanyi's (1957) work on trade and commercial systems uncovered organizational rules of non-industrial societies. In these societies, work is embedded in the totality of social life. In industrial societies, work is seen as being separate from family, religion, politics and kinship (Sahlins 1972). However, for the majority of humanity; work is an integrated part of the whole of human experience. It is melded into social roles and status, magic and rituals, political alliance, family and kinship networks and kinship division.

The decades of work that anthropologists contributed to industry resulted in a wider acceptance of the concept of organizational culture during the latter half of the twentieth century from American schools of management and corporations (Serrie 1984). However, there was a tendency to conflate management specialists' concept of organizational culture with the anthropological conception (see Gamst 1989 and Hamada and Jordan 1990).

They oppose the notion of corporate culture as an additive or as a factor to be manipulated for organizational competitiveness. Instead they advocate the organizational culture study as a way to understand organization not as an economic or political entity but as a socio-cultural entity placed in a particular society within a particular historical context. This socio-cultural entity continues to emerge as on-going relationships among subjective experiences of its members, symbolic communication and representation, manifested socio-political alliances, behavioral patterns, collectively expressed artifacts, and physical, socio-political and economic environments. Thus it is safe to say that many anthropologists are interested in "organizing" as well as "organization" (Hamada 1994, 21).

Baba (1986) called for cross-cultural studies of organizations to build theory about the evolution of bureaucratic structures, the convergence of economic and social forms, and the international transfer of work technologies. She identified the primary tool for empirically meeting this need as organizational ethnography. It is with the intention of investigating *organizing* and adding to the anthropological body of knowledge that this ethnographic study has been undertaken.

### **Meaning, Activity and Materialism**

The debate on the locus of culture is well-documented. On one side, theorists such as Alfred Kroeber, Victor Turner, Ruth Benedict, Claude Lévi-Strauss, Mary Douglas and Clifford Geertz placed culture in the mind. On the other side, materialists such as Marvin Harris, Karl Marx, Leslie White and Julian Steward placed culture in the objective world. Understanding the cultural aspects of the entrepreneurial process requires a synthesis of the material and the symbolic.

The entrepreneurial process is not just social, as has been previously shown (Berger 1991 , Shapero and Sokol 1982 and Steyaert 2007), nor is it simply a function of the manipulations of social networks (see Thorton, Ribeiro-Soriano and Urbano 2011 , 108 for more detail). Organizing is also a cultural process that lives in activity and artifacts. For the purpose of this study, we will adopt Batteau's definition of culture. Culture is therefore "that which is cultivated, the stories, myths, symbols, rituals, and stylized actions and interpretations the group uses to make sense of what they are doing, what they have done, and what they should do (2000, 727)."

This definition of culture, while prioritizing meaning, is about more than meaning. The way to access that which is cultivated is to interrogate the material world. Activity and artifacts are outward manifestations of culture that are particularly relevant to this

study's focus on activities of growth entrepreneurs. The research centers on *activities* as a way of revealing sociocultural features.

### **Activity Theory**

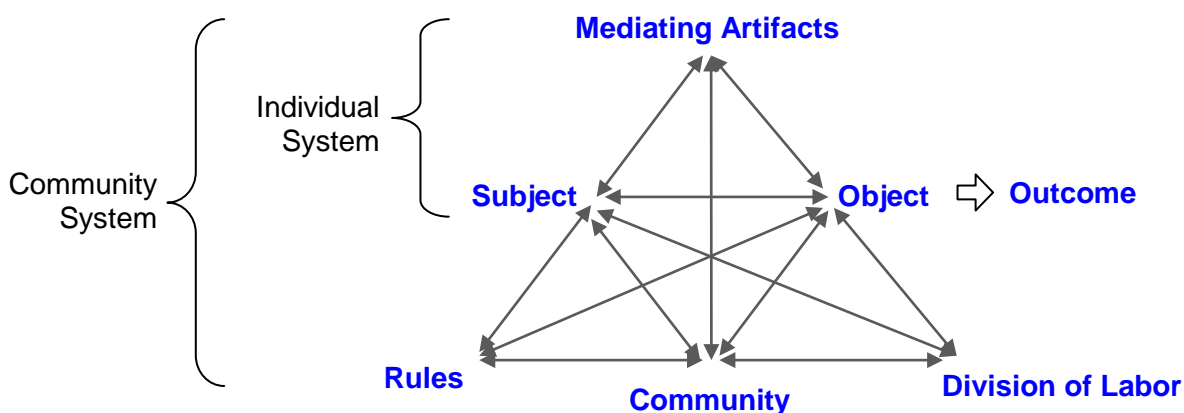
So how can one gain the theoretical fruit available through cultural materialism, which “prioritizes material, behavioral, and etic conditions and processes in the explanation of the divergent, convergent, and parallel evolution of human sociocultural systems” (Harris 1999, 141) while gaining insight into the deeper meaning and interpretations of the people studied? Cultural-historical activity theory (or activity theory) takes the object-oriented, artifact-mediated collective activity system as its unit of analysis, bridging the gulf between the subject (an individual or group) and society (Engeström 1987). The main tenet of activity theory is that the mind emerges, exists, and can only be understood within the context of interaction with the world and that this activity is socioculturally determined. The anthropological application of activity theory has consistently supported building a bridge between material and meaning. This is particularly evidenced in design anthropology. Nardi has built a consistent body of work investigating the link between the technical and the social using activity theory (see Nardi 1996 and Nardi and Redmiles 2002 for examples). Blomberg (Blomberg, Burrell and Guest 2002) has also linked activity theory and anthropological inquiry in her overview of ethnographically-centered design.

Cultural-historical activity theory was developed by Lev Vygotsky, A. N. Leont'ev and A. R. Luria in the 1920s and 1930s. Their approach was designed to transcend the prevailing understanding of psychology which was then dominated by psychoanalysis and behaviorism. This new orientation was a model of artifact-mediated and object-oriented action. The underlying premise was that the relationship between a human

agent and objects of environment is mediated by cultural means, tools and signs (Vygotsky 1978).

There are four main principles of activity theory. First, activities are directed toward and oriented around objects. Second, there is a hierarchical structure to activity—the most abstract level being activity, the next level being action and the most concrete level being operations. Activity is typically carried out at the community level. Actions are carried out at the organizational or individual level. Operations are routinized and automated, but can be performed by humans. Third, there is an expansive cycle of internalization and externalization of activities, where objective forces are internalized and ideal representations are realized and communicated. It is within this cycle that sense making and meaning generation occurs. Last, activities are mediated by artifacts, and there is a dialectical relationship between the tool and the user.

*Figure 3: The Structure of a Human Activity System*

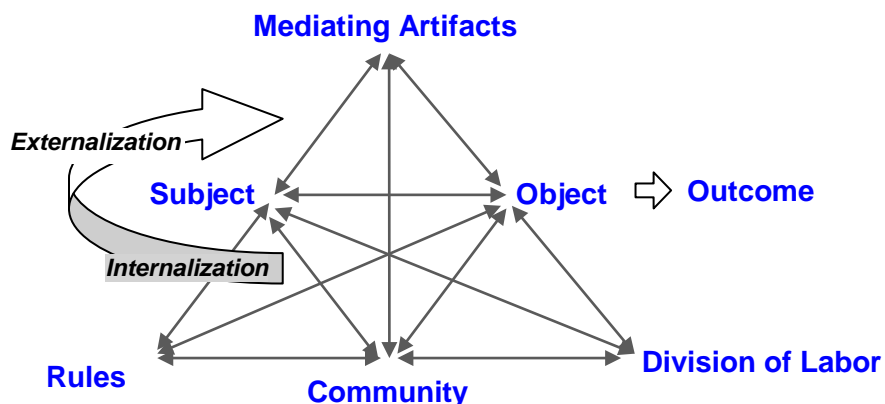


Activity theory is typically represented using a model developed by Engeström (1987, 2008) to portray both the elements of an activity system and its fundamental tensions (see Figure 3). This model is a powerful way to conceptualize activity because

it recognizes the multiple sources of context for action. Newer conceptions of this model envision multiple activity systems with shared objects/outcomes.

Activity theory is a pathway to the holistic epistemology that is a hallmark of the science of anthropology. Its holism is realized through a balanced, system-based approach to activity rather than an overemphasis on either the social or the material. The methodology associated with activity theory is also consistent with another signature feature of anthropology, primary data collection through fieldwork. Activity theory is most compatible with a methodological articulation where active participation is combined with monitoring the development of the object studied (see Davydov 1999 , Engeström 1999 , Kaptelinin, Nardi and Macaulay 1999). The structural flexibility of the human activity system also allows for the integration of more explicitly cultural dynamics. Finally, activity theory's expansive cycle—in which internalization (the intellectual aspect of activity) and externalization (the embodied aspect of activity) processes are dialectically enmeshed to produce new social structures and cultural meaning—is logically correlated with the process of organizing a startup business.

*Figure 4: Internalization and Externalization of Activity*



Internalization and externalization are concepts that are not new to anthropology. Bourdieu (1977) developed the notion of “habitus” to capture the internalization of the social order in the human body while recognizing the agency of the body to invent and to improvise. He studied the way that culturally-defined gender and other roles impact the presentation of the body. Another useful concept of Bourdieu’s was the notion of a “field.” *Fields* are specialized domains of practice (such as business or professional basketball) governed by their own set of rules that are constituted by their unique combination of types of capital—whether financial or social. Within the context of any given field, the *habitus* of the individual (both as the internalization of social order and improvisation within that structure) is a key determinant of successful practice in that *field*.

Another concept, *doxa*, is a key component of Bourdieu’s conception of internalization. *Doxa* are deeply internalized, unwritten, societal or field-specific presuppositions that are not up for negotiation (Bourdieu 1998). According to Bourdieu, practice is “based on the dispositions inherent in *habitus*” and unfolds as “strategic improvisations—goals and interests pursued as strategies—against a background of *doxa* that ultimately limits them” (Parkin 1997). Ortner (1984) reinforced Bourdieu’s balance of individual agency and societal structure while emphasizing the importance of a historical perspective, highlighting the significance of the concept of power, and critiquing practice theory’s limited articulation of the concept of culture.

Activity theory’s cycle of internalization and externalization (see Figure 4) is also a way to conceptualize how businesses organize. This may manifest in the way that representations of the business and actions of the entrepreneurs are assigned meaning.

It can also be found in the way that the charisma and activity of a founder have a significant impact on early organizational culture-building (Schein 1999).

An example of this dynamic can be seen in a study by Renzulli & Aldrich (2005) which showed that high status individuals can gather resources more easily within their social networks than can low status individuals. Those who begin new ventures lack the legitimacy necessary to facilitate resource accumulation because of the lack of evidence supporting their new activities (Gartner and Low 1990). Entrepreneurs can develop venture legitimacy by building external stakeholders' trust in the organizing process (Aldrich and Fiol 1994). This is typically done using representations such as business plans and founder communication. So these external representations of the business are assigned meaning, resources are provided to the business based on the meaning assigned to the representations, the resources then contribute to the creation and organization of the business.

Lounsbury and Glynn (2001) examined the importance of storytelling to the resource-gathering process. Stories and representations generated by and about startup companies represent an important cultural feature that can confer legitimacy and provide a chain of meaning from the firm to its larger context. These studies highlight the importance of the dialectical nature of business-building. The capacity of entrepreneurs to gather resources from without is intrinsically tied to the ability to represent them from within.

### **Situated Action**

The idea of the dual nature of action can be traced back to George Herbert Mead (1934), a social psychologist who delineated situated and *ad hoc* improvisation (the



physical act) from representations of action manifested as recollections or future plans.

Suchman refined this idea.

The fact that we can always perform a *post hoc* analysis of situated action that will make it appear to have followed a rational plan says more about the nature of our analyses than it does about our situated actions. To return to Mead's point, rather than direct situated action, rationality anticipates action before the fact, and reconstructs it afterwards (Suchman 1987, 52-53)

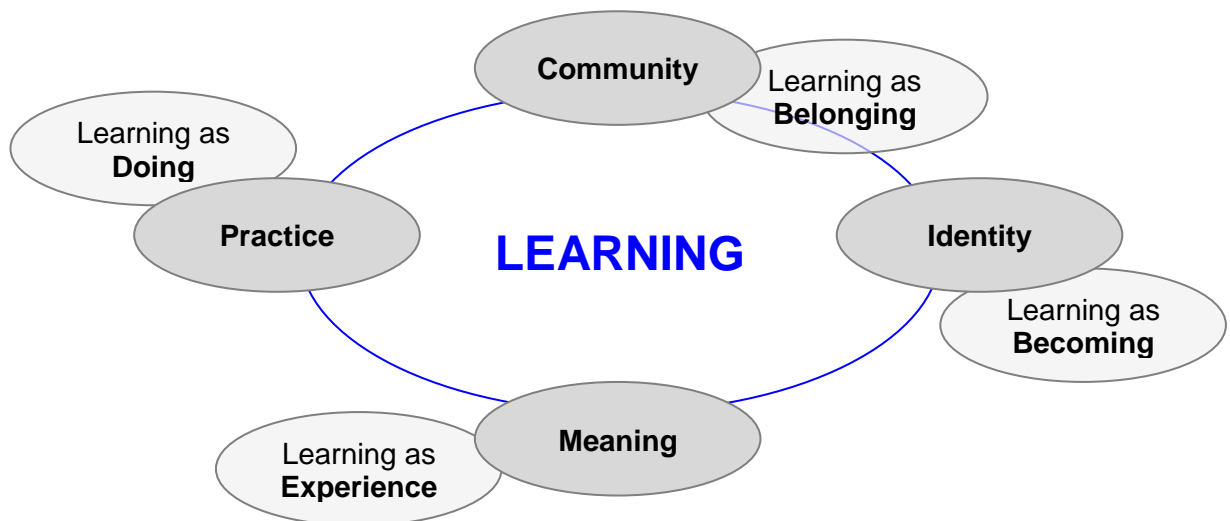
For entrepreneurs, management of the distinction between plans and situated actions is central to the entrepreneurial process. Business plans are highly important artifacts, particularly for outside stakeholders who may have some investment of time, money or effort in a business. Plans are the primary means of communicating the intent and objectives of a business. The nature of their typical form—static, primarily text documents with a standard format that are updated a few times a year at most—may not be the best representation of an entrepreneurial process that can be highly variable.

Suchman notes that “when action is proceeding smoothly, it is essentially transparent to us” (1987, 53). Conflict, disjuncture, lack of knowledge and disturbances make activity more visible. As breakdowns in activity occur, rules and procedures are articulated and the activity is made subject to them. Breakdowns in activity are a natural part of the entrepreneurial process and invite formulation and reformulation of the basic infrastructure of a business. Recognizing and rewarding the ability of the entrepreneurs to effectively “pivot” their business and deviate from previous plans to try to achieve a better outcome is an implicit acknowledgement of the importance of skillful situated action.

But how does one learn skillful situated entrepreneurial action? Lave and Wenger's concepts of legitimate peripheral participation and communities of practice are consistent with the learning mode for entrepreneurial action in the dissertation research.

Legitimate peripheral participation is a process in which learners participate in communities of practitioners, first as novices at the edge of the community, then gradually increasing their level of participation in the community as well as their mastery of the practices of the community (Lave and Wenger 1991). Communities of practice are pervasive—they are the means by which human learning and meaning generation occurs (Wenger 1998). The theory of social learning that communities of practice introduce posits learning activity as interwoven with community, meaning and identity (see Figure 5). The entrepreneurial communities involved in the research are formal communities of practice. They are also inextricably connected to less visible webs of other communities of practice connecting family members, co-workers, neighbors, friends, funders, advisors and others. The capacity to participate in formal entrepreneurial communities can be impacted by other communities. The ability to reify a growth business can be impacted by similar social forces.

*Figure 5: Components of a Social Theory of Learning*



The concept of reification, or “the process of giving form to our experience by producing objects that congeal this experience into ‘thingness’” (Wenger 1998, 58) tracks with the dual aspects of activity. The objective of the entrepreneurial process is to reify a concept into material reality. Consistent with Suchman’s observations, the plan made for a business does not direct its creation. Apprehending the mechanism for business creation requires an acknowledgement of the complex nature of the entrepreneurial process.

In this section we have distinguished culture and related it closely to meaning, activity and artifacts. We have also discussed the situated nature of activity. In the next section, complexity is explored as a conceptual framework that accommodates the uncertainty of emergence in situated contexts. The emergence feature of complexity is especially applicable to the growth startup environment, and may help us to more fully describe how companies begin, sputter out or thrive.

### **Technology and Culture**

Whether it exists as the World Wide Web, a system of water irrigation and rice paddies, or a dryland pastoral commons, technology inspires the structure that provides the network and multiplicity of agency inherent in a complex environment. Technology is object-oriented, networked activity that involves stylized aesthetics, evokes stylized behaviors, and generates shared meanings. Technology has meaning when considered in action (though not necessarily requiring use). In countries around the globe, we have not only become used to the sight of people with blinking blue earpieces having conversations with the air and teens hunched over their phones with thumbs flying; they also have a common sensibility about what these activities mean. The character limitations inherent in text messages and status updates have spawned the large-scale

alterations of language and enabled a new set of communication nuances. This definition includes: 1) a distinction between artifacts/tools/objects and techniques/activities/behaviors; 2) sociality and standards in the forms of networks and style; and 3) moods and motivations captured in meaning.

Batteau (2010) offered a cogent anthropological critique of technology as metonymical construction, exposing its soft underbelly as a modern totem enabled by and enabling its networked context. However, the discipline as a whole has yet to take up the challenge of problematizing technology. Anthropologists' initial reluctance to delve deeply into the essence of technology is rooted in its rejection of material culture as a desirable field of study in the early twentieth century. The previous anthropological obsession with artifacts was at that time being repudiated by a focus on language, art, ceremonies, and social organization (Pfaffenberger 1992). Malinowski was among those who were less than excited about the "purely technological enthusiasms" of material culture ethnologists, stating that the study of "technology alone" is "scientifically sterile" (Malinowski 1935).

In the late 1980s and early 1990s, a resurgence of interest in technology by social scientists was sparked by works that highlighted the social aspects of technology. This resurgence was informed by the earlier work of researchers at the Tavistock Institute who developed the idea of sociotechnical systems from fieldwork at coal mines (Trist and Bamforth 1951). Bijker, Hughes and Pinch (1987) extended the idea that technological innovation and development is not a purely objective, scientific process. They illustrated how technological introductions can be heavily influenced by social forces. Hughes (1987) further developed the idea of the sociotechnical system, fashioning a conceptual model for the interplay of economic, political, technical and

scientific factors and illustrating their interaction in a study of the development of the electric lighting industry. Appadurai's technoscapes concept recognized the borderlessness of technology and the multiple contexts that arise because of its hyper-portability (Appadurai 1996). In Pfaffenberger's critique of a strictly materialist standard view of technology, he built on the concepts introduced in *The Social Construction of Technological Systems* by synthesizing sociocultural meaning with material culture. He called on anthropologists to more fully investigate cultural aspects of technology. He also explored the ritual aspect of technology in his work (Pfaffenberger 1992). Gell (1988) provides an explicitly sociocentric definition of technology as those forms of social relationships that make it socially necessary to produce, distribute and consume goods and services using 'technical' processes.

More recently, Batteau (2009) adds the crucial element of standards to our understanding of technology. Standards transform tools into technology, providing them agency and social portability. The strength of such standards is a function of the network through which they are propagated. The primacy of the network impacts the agents that act within it, shaping their individual and collective actions to network constraints. The primacy of the network can also be seen in the way it reconfigures connections, facilitating those mediated by the network and recontextualizing non-mediated connection as somehow slow or inefficient.

In a further elaboration of the relationship between technology and complexity, Batteau examines the concept of cycle of technological exuberance, attractors and emergence. At the beginning stages of a technology, inventors tend to spawn numerous variations on a single theme (Batteau 2009). The Internet startups that developed in the late 1990s and early 2000s is an example of technological exuberance. We saw

startups selling everything from dog food to grocery items online. The physical, economic, social and epistemological environment could only support a few themes, or attractors. Internet businesses began to cluster around themes such as social communication. Companies like MySpace, Twitter, Pinterest, Facebook and many others are examples of the social communication cluster. These attractors become templates for subsequent innovators. The cycle of technological exuberance, attraction and emergence is much like a fitness landscape in which a few winners emerge out of a chaotic beginning.

For contemporary American growth entrepreneurs, technology plays a significant role in early resource gathering. Sites like LinkedIn and Facebook augment the networking process and provide rules and standards for engagement. A dedicated domain name and web presence can confer legitimacy. Technological literacy and internet search proficiency can translate to more resources in a company's early stages. There is meaning embedded in these activities that extend their functionality. Technology can help to transform a company from a concept to a viable, ongoing business—first in the minds of stakeholders and other observers, then in “reality”. The rituals that aid this transformation are technological activities. Technological alchemy is an important entrepreneurial skill.

In the previous sections of this chapter, I expanded the discussion of culture to include meaning, activity and materialism. I also discussed the situated and complex context of the meaning, activity and artifacts created. In the next section, I will provide an overview of the development of anthropological theory intersecting entrepreneurship and culture.

## **Entrepreneurship and Culture**

At this point, it is useful to set out the conceptual boundaries of the field of entrepreneurship. Based in some part on the interdisciplinary nature of entrepreneurial research, there is not one universally accepted definition of entrepreneurship. As noted by Shane and Venkataraman (2000, 218), the lack of a useful definition of entrepreneurship has been a barrier to its conceptual development. In the same study, they provide a good foundation for understanding the field of entrepreneurship.

We define the field of entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited. Consequently, the field involves the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them (2000, 218).

Anthropological research interest in entrepreneurship was a product of post-World War II concerns with social change (Cochran 1965 , Finney 1973 , Firth 1967 , Greenfield and Strickon 1979 , Greenfield and Strickon 1986 , Lewis 1976 , Turton 1988) and economic development (Aitken 1963/1964 and Greenfield and Strickon 1979), and centered on explaining entrepreneurial processes from an anti-structural functionalism perspective (see Stewart 1991 for a detailed analysis). This stance produced an array of studies focused on the entrepreneur as individual, and entrepreneurship as a centered on the individual (see Belshaw 1955 , BurrIDGE 1970 , Cochran and Reina 1962 , Finney 1973 , Nafziger 1977 and Salisbury 1970). With a person-focused framing of entrepreneurship, less organizationally-centered definitions of entrepreneurship emerged.

For the anthropologists of this period, entrepreneurs were individuals... who create change in normative orders. The study of entrepreneurs thus permitted the anthropologist to focus on individual intentionality, agency, and willful goal-seeking and strategic behavior. Frederick Bailey (1969, 18) wrote, in a general work on political anthropology, that "I feel uneasy when faced with any analysis

which does not allow man a central role as an entrepreneur." The concept of entrepreneur here was broad, metaphorical, and evocative (Stewart 1991, 73).

Other research at that time looked at entrepreneurship from a societal level, searching for instrumental, explanatory formulae for how institutional and sociocultural factors impact the degree of entrepreneurial activity (Tocqueville 1961), how such factors—in conjunction with psychological influences—correlate with the growth and decline of civilizations (McClelland 1961), and how innovation and entrepreneurial activity can emerge as a response to traditional authoritarian values (Hagen 1962).

Middle-range anthropological entrepreneurship theory has been concerned with topics such as the accumulation of knowledge and skills, informal methods for resource accumulation, and imitative entrepreneurship as a precursor to growth enterprise (Stewart 1991). Other research emphasized the importance of entrepreneurial opportunity. This *opportunity structure* is “both an 'objective' structure of economic opportunity and a structure of differential advantage in the capacity of the system's participants to perceive and act upon such opportunities (Glade 1967, 251).”

Subsequent research prioritized the opportunity structure over individual-level willingness or skills (Stewart 1991). This opened the door for research on differential access to entrepreneurial activity (Nafziger 1977 , Nafziger 1978 , Szelenyi 1988) and spatial clustering (see Stewart 1991 for an extensive list of articles). Further development of related concepts was also made outside anthropology, notably Shane and Venkataraman (2000) and Casson and Wadeson (2007). Casson and Wadeson's conception of opportunities as projects, rather than nonspecific activities is notable because it considers resource allocation and adjustment.

An activity involves a continuous flow of inputs and outputs. When an activity is in a steady state, the rates of input and the rates of output are constant over time. The level of the activity is variable; if conditions change then the scale of



the activity can be either increased or decreased instantaneously with no cost of adjustment, so the system can easily move from one steady state to another...

By contrast, a project involves a stock of resources which are committed to a particular use over a considerable period of time... Setting up a project may incur substantial sunk costs: it involves a commitment of resources which cannot be recovered if the project is abandoned later. The scale of a project cannot be easily changed... the value of flexibility, form part of the overall value of the project. (Casson and Wadeson 2007, 288)

This project construct and its resource allocation implications add a temporal dimension to the human activity system central to activity theory. Casson and Wadeson relate the project concept to reputation.

To undertake large projects, entrepreneurs need reputation, because they require access to resources they do not own—in particular, to other people's funds. Reputation means that other people accept their claims. An entrepreneur becomes a specialist decision-maker when other people place their resources under the entrepreneur's control by lending funds (Casson and Wadeson 2007, 288).

This line of thinking complements the idea of reification as it applies to entrepreneurial activity. Reputation is in some part generated by the stories told by the entrepreneur about their business. Such stories can bring a business into being. Reputation is also visually manifested via online social networking and exchange.

Contemporary anthropological work on new venture creation falls in two basic categories: 1) the influence of cultural elements on the creation process, and 2) the influence of cultural factors on the decision to start a business (Lalonde 2010). These first category of studies include work on how entrepreneurs find capital (Alveraz 1998 , Brett 2006 , Sofer, Scnell and Drori 1996); the start-up decision making process (Bletzer 2003); the relationship between cultural signals, opportunity, and new venture creation (Grieshop 2006); human capital mobilization around enterprise development and cultural mechanisms (Alveraz 1994 , Alveraz and Collier 1994 , Lutkehaus 1990 , de Lourdes Villar 1994). The second category of studies include cultural enabling and

inhibiting factors such as macho ideology (Browne 2001), new conceptions of individualism (Farquhar 1996), morality (Konstantinov 1996), external cultural pressures (Lepowsky 1991) or legitimacy (MacDonald 2005).

Today, Alex Stewart has emerged as the leading scholar focused on entrepreneurship and culture. He is the Coleman Chair in Entrepreneurship at the College of Business at Marquette University. He holds bachelor and master degrees in social anthropology, as well as a MBA in entrepreneurship and a PhD in political science and social anthropology. He wrote a guide to ethnographic methodology (1998). His primary research interests are family businesses (2003 , 2008 , Stewart, Lumpkin and Katz 2010 , Stewart and Miner 2011 , Stewart 2012 , Stewart and Hitt 2012) and kinship and entrepreneurship (Stewart 2010 and Stewart and Hitt 2010).

Stewart has contributed to the wider field of the anthropology of entrepreneurship in two ways that are highly relevant to this dissertation research. First, he provides a deeper development of the relationship between kinship and business (Stewart and Hitt 2010). His call for a more rigorous use of kinship theory to interrogate business has significant implications for today's highly networked businesses. The new forms of kinship that have been brought about by the pervasive creation and use of social networks are ripe for the type of anthropological inquiry he advocates. The analytical approach I take to investigating networking activities observed in the communities researched is informed by his work.

The second contribution of Stewart to this dissertation research is the connection of business activity to spirituality (Stewart, Lee and Konz 2008), briefly mentioned in Chapter 1. Indications of spiritual practice were persistent among respondents. The 2008 study provides a way of thinking about spirituality and entrepreneurship that is

practical, embodied and accessible. This research intends to build upon that conceptual framework.

### **Opportunities for Contributions to Anthropology**

This dissertation is intended to make other contributions to the anthropological literature on entrepreneurship. First, previous studies have focused on national, professional, local or regional cultures—each of which is external to a new venture. This dissertation research examines culture from an internal, organizational perspective. This stance builds on the insights available in organizational culture studies, an underutilized area of study (Hamada 1994) that has much to contribute to the field of entrepreneurship.

Second, the research attempts to model the complex nature of growth-oriented new ventures, focusing on technological artifacts and activities as the loci of complexity. No anthropological study of entrepreneurship has explicitly explored how technology relates to the cultural aspect of new venture creation.

Third, the dissertation research links cultural-historical activity theory to a rigorous conception of organizational culture. The intention is to describe culture in a manner conducive to theory-building.

Last, the research is conducted in post-industrial Detroit, a city that has undergone a vast amount of transformation over the past 100 years. Detroit is the proverbial canary in the mineshaft, a place whose widely-publicized problems are an urgent reflection of problems happening in urban centers across the country. How Detroit handles both its problems and opportunities has relevance both nationally and globally.

This purpose of this chapter was to review the relevant literature on culture, complexity and entrepreneurship and to suggest opportunities for conceptual development. The next chapter will outline the methodological framework employed in the dissertation research.

## CHAPTER 3

### RESEARCH DESIGN AND SETTING

This chapter includes 1) background information on research context as well as the entrepreneurial communities studied, 2) a description of the research methods, data collection procedures and sample, and 3) the data analysis procedures used.

I began data collection for the dissertation research as an entrepreneur who had not quite claimed herself as such. I remembered being a full-time entrepreneur from 1999 to 2003 and I did not want to have the same kind of intense, all-consuming experience. I started a marketing firm specializing in web and other digital development at a time when few women or African Americans were established players in the industry. In my previous stint as a co-founder and CEO, I moved through the entrepreneurial maze aimlessly, knowing that my partners and I were doing something cool, but without the kind of vision necessary for success. Despite some modest achievements, my memories of that experience are colored by all the mistakes I made, all the stress and the crises. I remembered the payless paydays, being hungry but not wanting to ask for a handout from my parents, dealing with my business partner's sudden and severe health challenge—something she faced without the benefit of insurance or a supportive family, as well as my own public and private tests of faith. I took the failure of my company to thrive personally. I knew that it was my execution of the idea that sunk the company, not the idea itself.

It took almost a decade before I could work up the nerve to found another company, yet I never lost the desire to try. There were a few high points in my old business that remained. There was the time that a middle-aged white guy at a customer expo kept asking who the actual owners of the business were. He could not quite

believe that the touchscreen kiosk interface our company designed could have been done by three African Americans in their twenties and thirties. There were small victories and celebrations, cookouts and music at our office—my small condo in downtown Detroit. I had spent most of the time in the interim working at a business incubator, helping entrepreneurs every day. The dissertation provided a good opportunity for a tentative foray back into the entrepreneurial maze, mitigated by the goal of participant observation instead of business success. I was older, wiser and less sure of myself this time. I focused on the idea of creating mobile games that connected to real-life activity. In January 2011, I joined two Detroit-based entrepreneurial communities—Urban Health and Detroit Tech. My exploration of Detroit Tech led me to discover that IncUinator, though located within Detroit Tech, was its own separate community.

I engaged with the Urban Health entrepreneurial community as a participant in its business plan competition. The Detroit Tech community was led by the Detroit Tech nonprofit organization in which I was previously employed in various roles including leading aspects of their entrepreneurial programming, coaching entrepreneurs directly, and serving as managing director. I re-engaged with the community as a participant in Detroit Tech Launch, a training program for entrepreneurs with less developed business concepts. My interaction with members of the IncUinator community was through observation and interviews. The names of these communities as well as other distinguishing features have been changed to protect the identities of the study participants.

*Entrepreneurial Community #1: Urban Health*

Urban Health is an entrepreneurial leadership and business development process that offers participants an opportunity to receive seed funding for business startup or expansion. It is a continuation of an entrepreneurship initiative that was launched in Flint, MI in 2008. This initiative supported members of the local community in order to build sustainable businesses as the first U.S. application of the Base of the Pyramid Protocol (BoP), as well as the first U.S. healthcare-related BoP initiative. The main premise of BoP is that, in aggregate, low-wealth people at the base of the economic pyramid are a viable yet underserved consumer group. The innovation is to develop products and services that fit their specific needs and spending patterns. The BoP protocol is a process in which a project team partners with people in vulnerable, underserved communities to identify community needs and to co-create, test and evolve innovative enterprises and ventures. The BoP process—originally called the Bottom of the Pyramid—was first popularized by University of Michigan professors C. K. Prahalad and Stuart Hart (2002), with further elaboration by Ted London (London 2008).

The first iteration of Urban Health did not produce any sustainable businesses and was revamped. A new team of consultants was brought in to manage the second iteration, based in Detroit. The lead sponsor of Urban Health is Trinity Care Partners, a large Catholic health care organization headquartered in Milwaukee, WI. Michigan is its largest market, with five systems and over seventy hospitals, clinics and health centers.

The educational portion of Urban Health was a seven-week workshop followed by two levels of competition. The first level of competition was open to all the teams that attended the workshop. Participants had to develop a plan and pitch to a panel to receive funding to develop prototypes of their business concepts. Funding was for up to

\$10,000. The winners from the first competition were announced at the graduation event for the entire community. Those winners were eligible to compete for unspecified follow-on funding. The funding required the development of a plan and an additional pitch.

Most training sessions were held in rented training rooms affiliated with Detroit satellites of the University of Michigan, Michigan State University and Wayne County Community College. As the final competition came to a close, Urban Health moved into a spare, 3,200 square foot loft space in Detroit. It had large floor to ceiling windows that looked out on a quiet but busy street in Detroit's burgeoning Midtown area. The loft had light stone tile floors, purple accent walls and several white walls on which notes can be jotted with dry-erase markers. It was decorated in bright purple patterns—purple being the favorite color of Urban Health's executive director, Dr. Julia Winters Clarke. Dr. Winters Clarke designed the space with contemporary office furniture that was all on wheels and intentionally reconfigurable. She brought personal items from her home into the space—a small, purple Asian-inspired cabinet in the bathroom, kitchen knick-knacks near the sink and a drawing from the child of a community member to stick on the shiny new refrigerator. There were always healthy snacks and drinks free and available. The space was kept fastidiously clean. Situated around the block from Detroit Tech, the Urban Health office was in the geographical heart of Detroit's entrepreneurial renaissance. The entire Urban Health entrepreneurial community was invited to use the facility as a co-working resource. The loft was also located kitty-corner from the corporate headquarters of a major health system from which Dr. Winters Clarke had retired from an embattled tenure in the executive ranks. She relished the idea of doing something new and innovative within sight of her old office.



Of the three entrepreneurial communities profiled, Urban Health is easily the one that most reflected the demographics of Detroit. It was primarily African American, drawing people from all parts of the healthcare spectrum. There were a number of people who stood out of the more than hundred participants.

There was a handsome young man in his twenties who spoke in the polished cadence of the well-educated but streetwise. Jamaican-born and Brooklyn-bred, he was a former college fencing champion who ran a program to teach Detroit kids the sport.

There was a six-foot, five inch rehabilitation worker in his early forties with round face, ready smile, dimpled cheeks and a gift for gab. He frequently wore his dark purple scrubs from the hospital and jokingly called himself Barney, referring to the purple dinosaur popular on children's television. His booming laugh and slang catchphrases always livened up the conversations.

There was a highly regarded physician, hospital administrator and die-hard technophile who came with his pretty, twentyish daughter to every meeting. Slim and elegant with classic sartorial style, he was always attached to his iPad and phone, but he never gave the impression of being disengaged from the process. His insightful and authentic commentary usually challenged our community to think deeper. His presence and playful interaction with his daughter inspired me to be better.

There were others who stood out—a boyish, white yoga instructor in his early thirties with a mop of dirty blond hair and his toddler daughter in tow, a sixtyish community health food advocate with an Afrocentric wardrobe, glowing copper skin, long locked hair and wisdom in her smile, a thirtyish man who seemed to carry a chip on his shoulder that always questioned the motivation of the sponsors. The Urban Health entrepreneurial community was an interesting and diverse mix of Detroit citizens.

Urban Health's focus was explicitly mission-based social entrepreneurship. It was more about impact than net income. The pace of the community was slower than for Detroit Tech and IncUlator. The problems to be addressed seem to require urgent solutions, yet they are presented in all their mass and complexity. Further into the research, as the people positioned themselves to take their piece to solve, the pace quickened. The entrepreneurs moved with assertive purpose and a calm sense of their contribution to the larger goal. Urban Health intended its entrepreneurs to transform healthcare in Detroit and in urban centers across the country. Slowly, quietly, through a fledgling program on the periphery of Detroit's entrepreneurial ecosystem, a revolution was starting.

*Figure 6 Presentation from Urban Health Session*



*Entrepreneurial Community #2: Detroit Tech/Detroit Tech Launch*

Detroit Tech was incorporated in 2000 and originally designed as a research and technology park to stimulate job growth and small business creation by supporting

entrepreneurs and developing companies in emerging industries including advanced engineering, life sciences and alternative energy. The 12-block area, the original home to a number of automotive startup companies in the early twentieth century, was intended to be a mixed-use community including schools, renovated and new housing, shops, lofts, an entertainment complex and dozens of small technology-based startup and early-stage enterprises. A local health care system, foundations and a university also made significant contributions and remain involved with its operations.

The primary building, dubbed TechHouse, was donated to Detroit Tech from an automotive company and opened in 2004 after extensive renovations. It is a classic Albert Kahn-designed structure. Kahn—whose engineering innovation of replacing wood in factory supports, walls and roofs with reinforced concrete to enable larger unobstructed interior areas—was the primary builder of large scale factories in Detroit and around the world in the early twentieth century. TechHouse offered over 100,000 square feet of office space, dry labs and wet labs.

*Figure 7 Exterior View of TechHouse*



As you enter the TechHouse vestibule, you can see a large wall sign with over fifty businesses listed on polished aluminum slats. A green accent wall with several framed information posters is opposite the signs. One poster at the end is in memory of a long-time tenant who had recently passed. A feisty octogenarian with a passion for connecting kids with computers, she was a memorable character who I could never forget from my time as an employee.

The vestibule leads out into a lobby with a prominent reception desk. There was a glass sliding door with a large Detroit Tech logo enclosing some of the offices and cubicles. A company that had begun as two guys sharing one of the back row cubicles had now grown to take over most of the eight or so cubicles and three of the formal offices. The other side of the lobby has a communal work space with about a dozen high tables. Two or four chairs accompanied each table. The free, open, high-speed wireless internet access and limited number of community desktop computers made the lobby a favorite spot for the entrepreneurs who knew about it. There were usually at least two or three people camped out with their laptops and another one or two surfing on the desktops.

Detroit Tech Launch was the most recent iteration of Detroit Tech's entrepreneurial education and development programming. For new entrepreneurs, participation centered on an eight-week workshop designed to have entrepreneurs test the feasibility of their business concept. There were also a number of focused educational sessions on topic such as entrepreneurial sales and bootstrapping your startup.

Members of Detroit Tech Launch, including myself, also had access to a group of mentors that they could recruit as their startup advisory board. Once committed to a

company, these mentors were obligated to meet monthly—at no cost to the entrepreneur—to help them with their businesses. The meetings would last for six months, the duration of the Launch membership. After the Launch membership expires, the company is evaluated and invited to join Launch again, with the hope that they would be more advanced in their businesses and enter at a different level of the program.

I was an employee at Detroit Tech from 2004 to 2009. I saw it from its beginnings through the initial stages of accelerated growth that would manifest more fully during the data collection period. My first role there was as the managing director of a team that included an executive director and two other staff people. My first day, I was put in charge of operations pretty quickly. New air conditioning equipment was being mounted on the roof and I was asked to inspect the installation since the executive director did not come in that day. Following the contractor, I gingerly made my way up the narrow stairwell past the fifth floor to the roof door. As I stood on the gravel-covered roof with the wind whipping past on the cold November Monday in Detroit, I thought that working at Detroit Tech may be an even bigger challenge than running the startup that I had founded. It was close. My five year tenure at Detroit Tech was almost every bit of the rollercoaster ride that my four year full-time entrepreneurial experience had been.

Returning to Detroit Tech as an entrepreneur and research anthropologist felt both nostalgic and new. The small group of entrepreneurs that had come to Detroit Tech during my tenure on staff had become wiser, stronger and more secure. There were many new faces added to their number. The large grant that was secured at the time that I resigned had boosted operations significantly. There was now a staff of more than a dozen people. The responsibilities and tasks that I had during my early days at Detroit Tech were being done by three people, far more effectively. The blueprints and

projections were now real offices, people and cash flow. Detroit Tech had gotten recognition from media outlets nationally and internationally. It still stands today as one of the city's bright beacons of hope.

*Entrepreneurial Community #3: IncUbator*

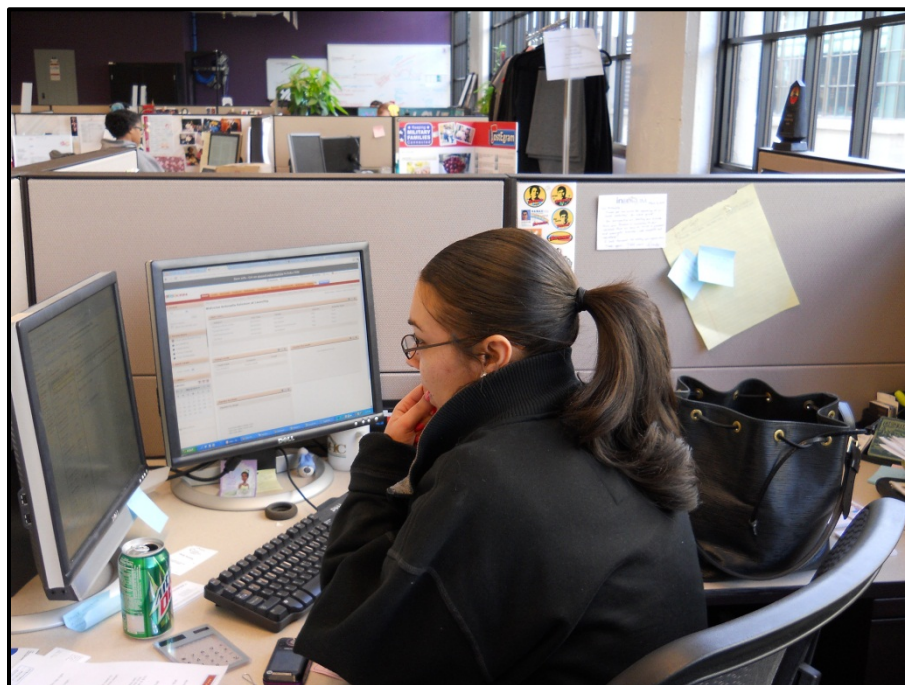
IncUbator was established in Detroit in 2007 by Tom Stephens, a billionaire and high-profile serial entrepreneur. The non-profit academy trains, mentors and finances Detroit-based startup entrepreneurs full time during a four month time period. It provides a stipend of \$1,500 per month during the length of the program. Laptops and office space are also provided. IncUbator opened a second location in downtown Pittsburgh in 2011. Entrepreneurs who complete the educational program can present their plan and receive equity start-up funding of up to \$100,000. IncUbator maintains a share of ownership in each business, using its share of the proceeds to sustain the program.

The promotional YouTube videos for IncUbator play the same catchy tune as we move through quick clips of IncUbator entrepreneurs and staff extolling the virtues of entrepreneurship. The video is presented in the style popularized by reality television, a little bit of action, followed by a straight-on shot of a participant providing their reflexive insights about what is happening. The staff shown is primarily young and Caucasian. The entrepreneurs shown are primarily young and African-American. Phrases like “innovative scalable businesses” and “execute at a high level” are sprinkled throughout.

The IncUbator office space is located inside TechHouse, yet the IncUbator entrepreneurs do not see themselves as part of the Detroit Tech community. They see themselves as IncUbator companies within the larger Stephens family of companies. Large logos of each of the IncUbator companies are stenciled on the wall outside of the office suite. The suite consists of a cluster of connected cubicles, with signs for each of

the companies hanging from the ceiling above their allocated space. The connectedness of the cubicles gives the sense that the people working in them are not part of separate companies, but that they are all employees of a larger company. There is a separate suite of formal offices for the IncUinator program leadership.

*Figure 8 IncUinator Office Suite*



There are more Caucasian entrepreneurs in the IncUinator office suite than what was reflected on the video. It was only the businesses who received follow-on funding that were located in the suite.

IncUinator reflects the “can-do,” “pull yourself by your own bootstraps” attitude of Tom Stephens, the self-made billionaire who founded it. One IncUinator instructor says that part of the training involves helping the students “achieve the fullness of their personalities” before they move into the more technical aspects of entrepreneurial operations. Sacrifice, hard work and personal growth are explicitly valued. Stephens, a third-generation Detroit entrepreneur who grew up watching his father run a

neighborhood bar and his grandfather run a local car wash, knows about the everyday hustle of small business ownership. Stephens' aura of accessible success brings a palpable imperative toward action to IncUinator. Entrepreneurs are challenged to "get out there" and "realize their full potential". IncUinator, fueled by Stephens' star power and business successes, was poised to move past Detroit Tech as the hot place for Detroit startups.

### Data Collection

The data collection strategy for this research was designed to better understand the sociocultural features of growth business ownership. The data sources are outlined in the table below and associated the level(s) that they inform.

*Table 2: Data Source Summary*

<b>Data Type</b>	<b>Description</b>	<b>Number</b>
<i>Interview: Entrepreneurs</i>	Semi-structured, (primarily) in-person interviews with participants in structured entrepreneurial development programs	14
<i>Interview: Support Staff</i>	Semi-structured, in-person interviews with personnel providing direct technical support to business owners in structured entrepreneurial development programs	9
<i>Interview: Advisors</i>	Semi-structured interviews with mentors and advisors invited by program staff or entrepreneurs to assist and evaluate entrepreneurs, either formally or informally	2
<i>Interview: Funders</i>	Semi-structured, in-person interviews with personnel providing funding support to business owners	2
<i>Artifact Collection</i>	Collection of relevant documentation including training materials, relevant memoranda and emails, marketing materials, photos and press releases	464
<i>Participant Observation: Training</i>	Active participation in and observation of formal entrepreneurial training sessions with selected audio, photo and video recordings	21
<i>Participant Observation: Other</i>	Active participation in and observation of entrepreneurial contexts with selected audio, photo and video recording of relevant activities	15
<i>Researcher Narrative</i>	Narrative of entrepreneurial experience	N/A



### **Multi-sited Ethnography**

The primary methods employed in the dissertation research were ethnographic interviews and participant observation conducted in multiple sites. Qualitative methods provide context and meaning to observed behaviors. Ethnography, the hallmark qualitative methodology of anthropology, is particularly suited to cultural discovery given its holistic orientation and required cultural immersion. Multi-sited ethnography is a means to characterize the complex nature of the environment studied. Marcus' (1998) conception of multi-sited ethnography was a step forward in rationalizing post-modern sensibilities with traditional ethnographic methodology. It can also help to rationalize ethnographic methods with complexity theory. The recognition of the gap between global and local context development had been previously established (Marcus 1986 and 1989). Historically, anthropologists have sought the exotic Other in societies characterized as simple and detached from the global context. Multi-sited ethnography reframes the research to capture abstract fields constructed through the linkage of people and meaning across communities. It situates the global aspect of the typical global/local dichotomy within this abstraction, committing wholly to the local for cultural articulation. Multi-sited research seeks to distinguish and compare cultural features through the juxtapositioning of multiple contexts inherent in this process of ethnographic specification (Marcus 1998). In his explanation of multi-sited ethnography, Marcus offers practical methodological strategies that can guide the researcher's process of narrative construction. These techniques are relevant for this dissertation research.

The dissertation research applies multi-sited ethnography in its study of three entrepreneurial communities embedded in a larger city (Detroit) with its own cultural particularities and national context. Considering these communities on multiple levels,

as separate bounded spaces and part of Detroit's total entrepreneurial ecosystem, adds context and meaning—a more holistic set of evidence from which cultural aspects of the entrepreneurial process can be discovered.

There are limitations to Marcus' perspective. He identifies the force impelling the movement toward multi-sited ethnography as “empirical changes in the world” and “transformed locations of cultural production”, yet there is no mention of technology as a driving force in the movement towards increased complexity (Marcus 1998, 80). While he references Appadurai's work, which clearly points to the confluences of technological mediation and globalization, he fails to identify, much less problematize, the role of technology as a catalyst for increasing complexity. By paying specific attention to the role of technology as part of my ethnographic investigation, I sought to strengthen my data collection strategy.

### **Participant Observation**

The participant observation training sessions were for two distinct entrepreneurial courses. The Urban Health course was seven 3-hour sessions. The Detroit Tech Launch course was eight 3-hour sessions. I attended two initial informational sessions as a prospective member of the Urban Health community. I met with Detroit Tech mentors who served as an informal advisory board helping me to further my business concept three times during the research data collection period. I attended four supplemental workshops as a part of the Detroit Tech Launch community. I participated in two formal business pitch meetings as a part of Urban Health and one formal pitch meeting as a part of the Detroit Tech community. I also attended four Detroit Tech First Fridays gatherings as well as a pitch competition that was promoted by Detroit Tech but not formally affiliated with either entrepreneurial community.

A purposive sampling strategy was employed in order to understand the early resource-gathering activities of growth businesses at multiple levels. Table 2: Data Source Summary also lists the number of individuals interviewed for each group sampled as well as the number of observations and artifacts. The final list of groups and observation types were driven by informant recommendations. Entry into the Detroit Tech Launch and Urban Health communities began in January 2011. Data collection was complete by the end of June 2011.

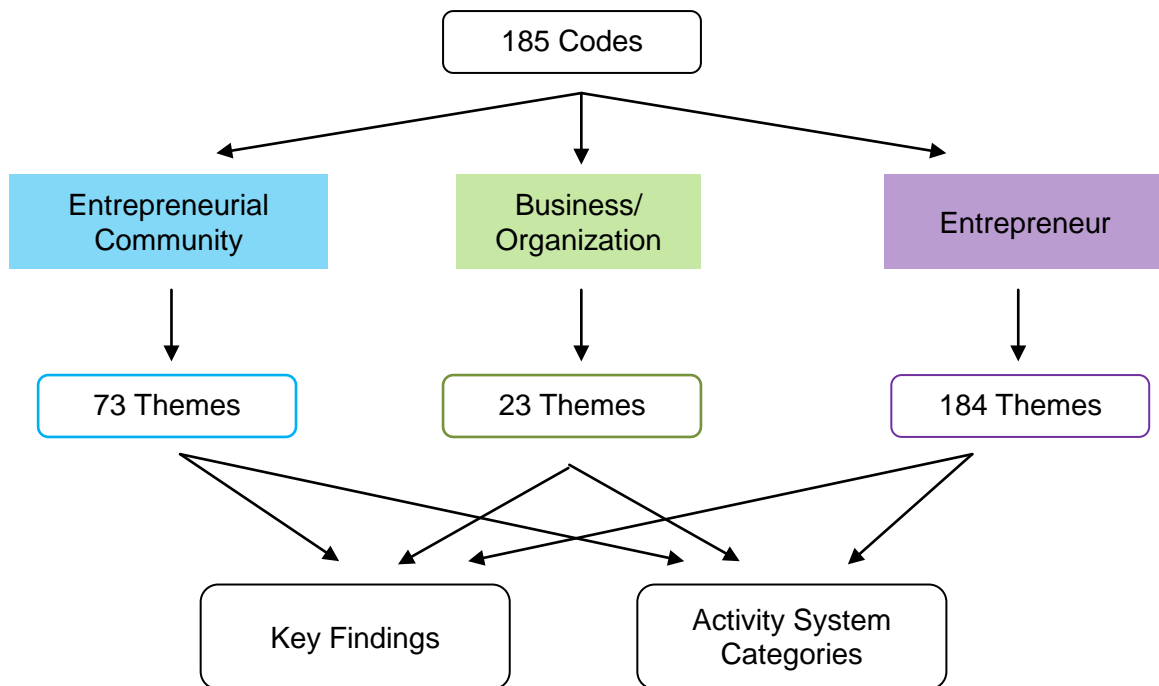
### **Data Analysis**

The process of data analysis began during data collection. This strategy is consistent with inductive research and allows linkages and relationships to emerge that could require additional information (Eisenhardt 1989). The interviews and observations were transcribed into Microsoft Word 2010 documents for import into Atlas.ti, software that facilitates the process of storing, sorting and coding qualitative data. Pictures and documents were also analyzed in the program. Using the software, I inductively created a list of 185 codes to classify 1,035 text, photo and document quotations. Quotations could be assigned multiple codes if the data within the quotation was consistent with multiple meanings or classifications.

The meaning units and codes were grouped and arranged in three categories representing the three levels of analysis: community, organization and entrepreneur. Codes could occur in more than one category. As outlined by Corbin and Strauss (2008), the data were interrogated for causal conditions, phenomena, intervening conditions, context, strategies and consequences to identify relationships and ultimately model theory. As part of my interrogation, I revisited the relevant literature, reviewed the data with new insight and discovered relevant themes. At the community level, 73

themes emerged. At the organization level 23 themes emerged. A total of 184 themes emerged at the entrepreneur level. Based on this analysis, I developed findings by studying the patterns of the data found in related codes and themes. I also generated activity system categories based on this analysis. These activity systems were analyzed to note contradictions and collaborative elements. Evidence of cycles of internalization and externalization were also discovered and described. Figure 9 illustrates the data analysis process.

*Figure 9: Data Analysis Process*



Several tactics were used to maintain the quality of research design and ensure high methodological standards (Yin 2009). Construct validity, or the alignment of the correct operational measures for the concepts being studied, was achieved through data triangulation, establishing a chain of evidence, and having key informants review the draft of the key findings of the research. Internal validity, or the establishment of a clear causal link, was accomplished through pattern matching and explanation-building in the data analysis phase. External validity, or defining a domain to which findings can be generalized, was also realized through theory-analytic logic. Reliability, or a study's operational repeatability, was managed through documented and followed protocols (see Appendix for research protocols).

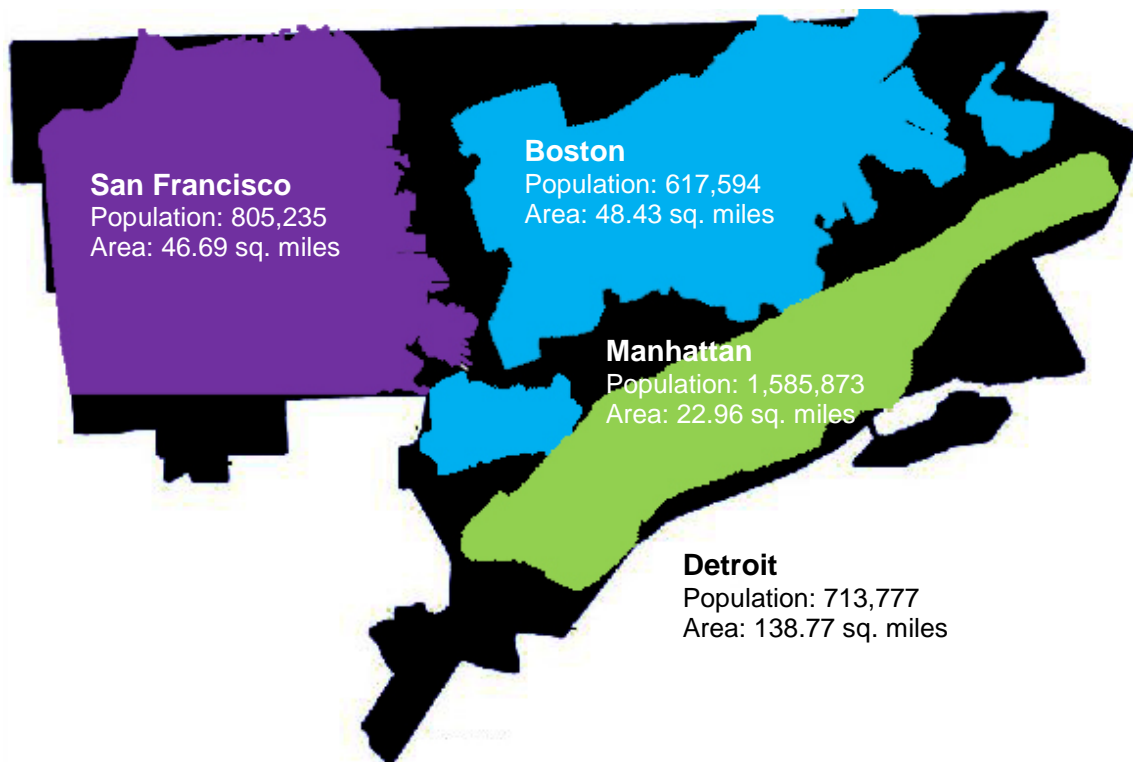
This data analysis and the resultant findings outlined above were informed by the historical context presented in the next chapter.

## CHAPTER 4

### RACE, RUSTBELT, RECESSION AND RENAISSANCE

The goal of this chapter is to provide a historical context for Detroit, Michigan, the site of the dissertation research, and for its entrepreneurial ecosystem. While a more extensive review of Detroit's history is provided by Sugrue (1996), the sections below explore key points which contribute to a greater understanding of the dynamics of the city. To provide context, Detroit's entrepreneurial ecosystem is then examined in comparison with San Francisco's ecosystem at the end of this chapter.

*Figure 10: Detroit Land Mass Comparison*



#### A Brief History of Detroit

Detroit is the largest city in the Midwest state of Michigan. It is a port city, with a major waterway (the Detroit River) that separates the United States from Canada.

Detroit, although an urban center, is not as densely populated as many American cities. It has a land mass of just under 140 square miles—it can fit Boston, San Francisco and Manhattan inside its borders with room to spare (see Figure 10). In 2010, Detroit's population density was 5,144 people per square mile, well below Boston's 12,752 people per square mile, San Francisco's 17,246 people per square mile, and Manhattan's 69,464 people per square mile.

Detroit earned the monikers “Motor City” and “Motown” because of its close relationship with the automobile manufacturing industry. It is home to General Motors Group, America's largest and the world's second largest car company, which is headquartered in the Renaissance Center in downtown Detroit. Ford Motor Company and Chrysler Group LLC make up the rest of the “Big Three” as the three largest American automakers are collectively known. They are headquartered in the Detroit suburbs of Dearborn and Auburn Hills, Michigan.

The global success of the auto industry catalyzed a major shift in the city's early economy. Detroit was founded in 1701. It was destroyed in a fire on June 11, 1805 and completely rebuilt. By the late 1800's, Detroit had established itself nationally as a manufacturing center for a diverse array of goods. The region was also an entrepreneurial hub for the most cutting edge consumer product of the twentieth century, the automobile. In the late nineteenth and early twentieth century, there were a number of small automotive companies concentrated in the southeast Michigan region. Auto pioneers such as Henry Ford, William C. Durant, Josiah Dort, the Dodge brothers, Henry Bourne Joy, the Packard brothers and Walter Chrysler were some of the area's earliest growth entrepreneurs. Durant (who later founded General Motors) started the Flint Road

Cart Company in 1886 and over 15 years transformed \$2,000 in start-up capital into a \$2 million business with sales around the world (Folsom 1998).

In the second half of the nineteenth century, Detroit and its environs developed a substantial and diverse industrial base. Bulk product industries made iron and steel, copper ingots, salt, chemicals, and a bewildering variety of wood products. The city's industrialists achieved great success and national fame by manufacturing a wide spectrum of goods seldom remembered today as products of Detroit. The city was home to substantial manufacturers of consumer goods such as shoes, tobacco products, paint and varnish, packaged seeds for flowers and vegetables, beer, pharmaceuticals, heating and cooking stoves, and big ticket capital goods including ships and railroad cars. The sudden emergence of automobile manufacturing after 1900 changed the city's industrial character nearly overnight.

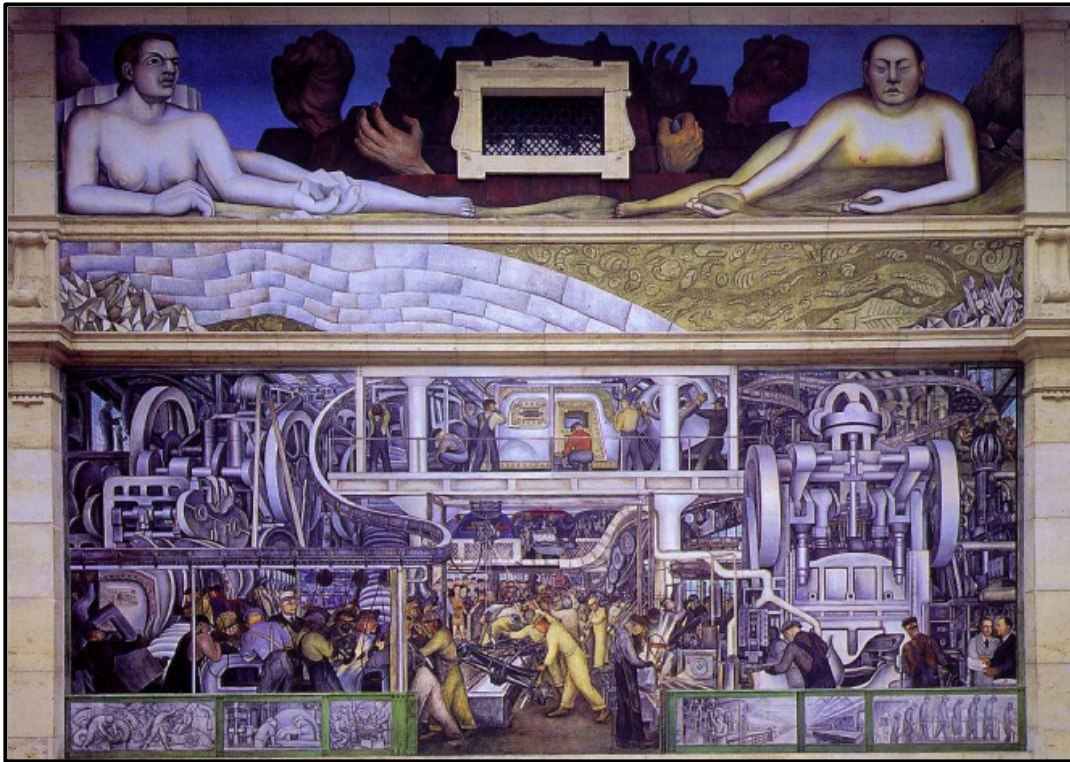
By 1915 Detroit was the automobile manufacturing center of the United States, and the auto industry dominated Detroit's economy. For the rest of the twentieth century this single industry determined the city's fate and defined its character. (Hyde 2001)

The emergence of the automobile as a popular and profitable consumer good pushed the region toward an economy with a singular focus by the early twentieth century. The automakers consolidated from many small, entrepreneurial companies to three large scale global enterprises.

Detroit's industrial might was physically codified in the scale of its factories. Ford's River Rouge complex, developed between 1917 and 1928, was 1.5 miles wide and more than a mile long. At its peak in the 1930s, about 100,000 employees worked in 93 buildings which totaled 15,767,708 square feet of floor area crisscrossed by 120 miles of conveyors. The Rouge had its own railroad with 100 miles of track and 16 locomotives (The Henry Ford n.d.). The scale of the plant was captured in muralist Diego Riviera's *Detroit Industry*, still on display at the Detroit Institute of Arts.

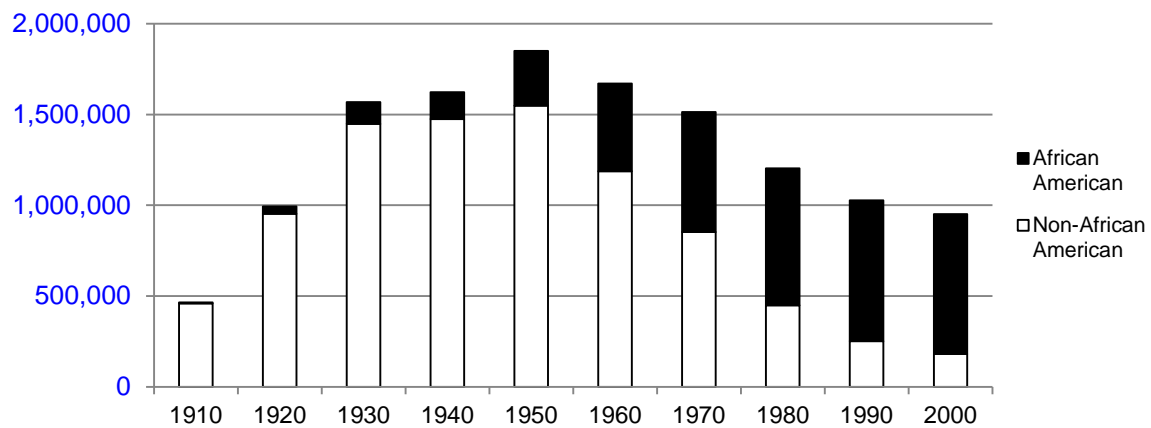


Figure 11: Detroit Industry by Diego Rivera



Detroit's economic success as a manufacturing center attracted African Americans from the south looking for the steady job and relatively high wage that came with factory work. Detroit's perception as a city of great economic opportunity, a downturn in the southern economy and the comparative personal freedom afforded African Americans ensured that the city's black population would expand during the Great Migration of rural southern blacks to the urban North during World War I (Sugrue 1996). African Americans went from less than 2% to more than 16% of Detroit's population in forty years. By the close of the century, Detroit was a primarily African American city (see Figure 12).

Figure 12: Detroit's Population during the 20th Century (Total and African American)



Source: US Census

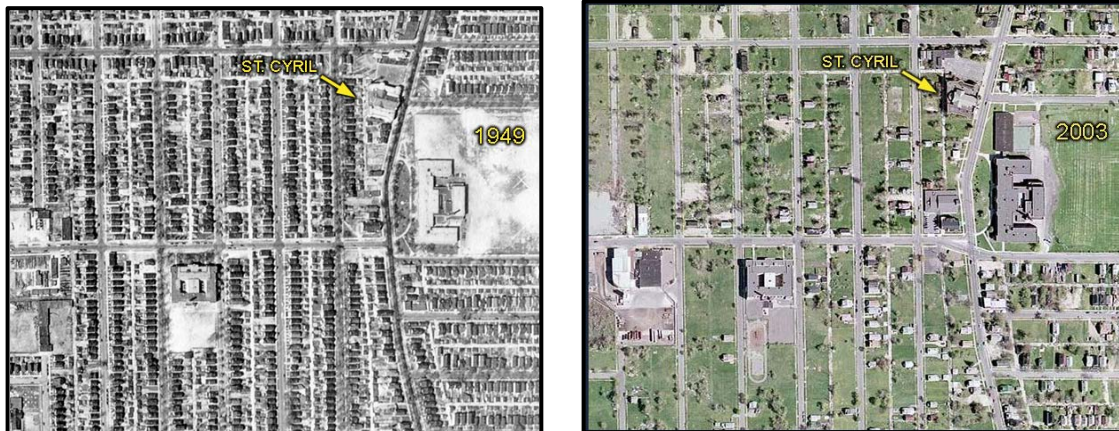
Detroit's economic and cultural shifts contributed to tensions that still reverberate to this day. The next sections of this chapter will examine their origins.

### *Black Bottom*

The influx of workers into a rapidly expanding Detroit was not limited to southern African Americans. Rural whites from Appalachia as well as others from the Midwest region responded to Detroit's demand for workers in the early 1940's. Detroit was the nation's boomtown and beacon out of the Great Depression. Between 1940 and 1947, manufacturing employment in Detroit increased by 40%, fueled by defense contracts for military hardware, airplanes, tanks and other vehicles (Sugrue 1996, 19). The number of unemployed workers dropped from 135,000 in 1940 to 4,000 in 1943 (Ibid). The unions brought together workers from diverse ethnic and cultural backgrounds—Lithuanians, Hungarians, Poles, Jews, Scottish, Irish, Mexicans, Canadians, Lebanese, Palestinians, Italians, Germans, African Americans and others. Most workers lived in working class neighborhoods with small one-story, single family homes that took advantage of Detroit's sizable land mass. Only 1.3% of residential structures were apartment buildings

(Sugrue 1996, 21). The lack of density that would later be emblematic of Detroit's depopulation was exacerbated by this horizontal sprawl.

*Figure 13: Aerial Views of a Detroit Neighborhood in 1949 (left) and 2003 (right)*



Source: Detroit Yes<sup>3</sup>

Most African Americans were located in Black Bottom and Paradise Valley, neighborhoods in the near east side of the city. Black Bottom was a primarily residential neighborhood. Paradise Valley included the city's black owned commercial and entertainment districts. The influx of southern African American workers into these areas highlighted the need for greater access to housing. The Sojourner Truth Housing Project, originally developed for black defense workers and their families, was a violently contested area in a city whose demographics were quickly changing. Whites convinced the Federal Housing Administration to restrict the housing project to white families. Less than two weeks later, the project was promised to African American war workers. In 1942, 14 black families moved into the project under police protection (Williams 2009). More than 1,000 blacks and whites protested on either side of the issue when the families arrived. The conflict flared and more than forty people were injured, 220 were

<sup>3</sup> (<http://www.detroityes.com/webisodes/2004/13-UrbanPrairie/St-Cyril.htm>, Accessed 9/10/12)

arrested and 109 were held for trial—including 106 African Americans (Sugrue 1996, 74).

President Franklin D. Roosevelt's Executive Order 8802 mandated nondiscrimination in war industries and opened the doors for African Americans into previously inaccessible positions. In public spaces in Detroit, the tension between blacks and whites—who were now living in close proximity both at home and at work—manifested in minor brawls and jostling (Williams 2009). During World War II, several major cities had racial tensions that produced a full-scale riot. In June 1943, a race riot sparked in Detroit. Blacks looted white-owned stores and more than ten thousand whites attacked Paradise Valley. A total of 34 people were killed, including 25 blacks. Seventeen African Americans were shot to death by the police. Almost 700 people suffered serious injuries before federal troops stopped the conflict (Sugrue 1996, 29).

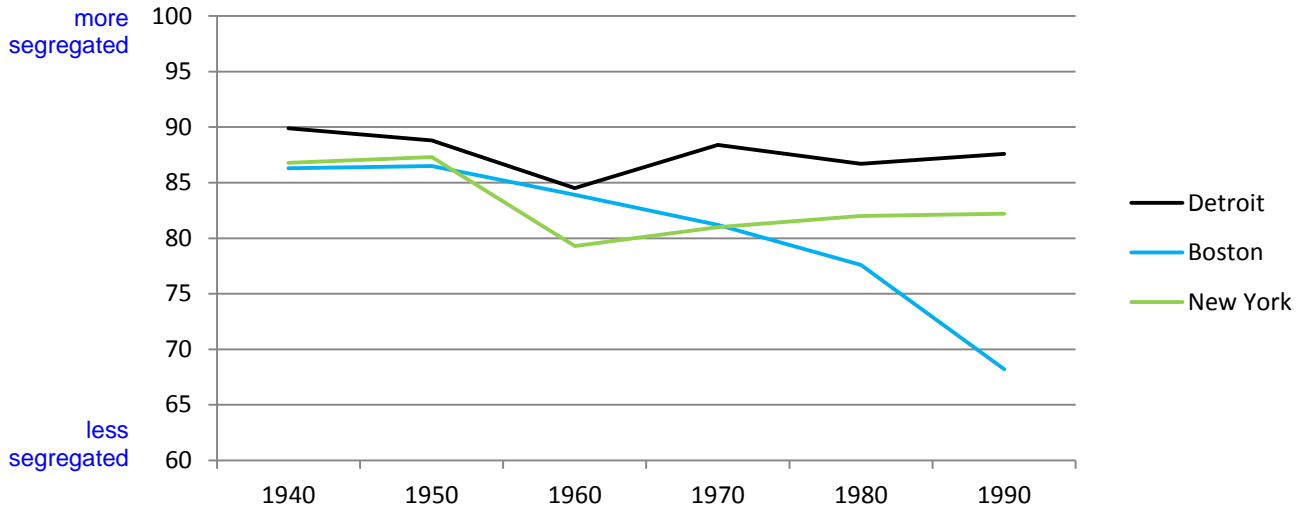
Detroit's racial inequities and conflicts were not just played out between its citizens. After World War II, federal highway construction and urban redevelopment by local municipalities was used across the country as a convenient tool for eliminating "slums", which often included primarily African American commercial districts. Detroit was no exception.

Beginning in the late 1940s, the most densely populated sections of black Detroit were devastated by highway construction. The Oakland-Hastings (later Chrysler) Freeway blasted through the black Lower East Side, Paradise Valley and the Hastings Street business district, wiping out many of the city's most prominent African American institutions... Left behind was what one black businessman called a "no man's land" of deterioration and abandonment (Sugrue 1996, 47)

The city's poorest residents were forced to move as new projects were being built, but there was not enough low income housing available to allow them to resettle. Detroit's rapid expansion and housing crises helped to pave the way for a high level of

poverty and persistent residential segregation (see Figure 14, Boston and New York added for comparative purposes).

*Figure 14: Index of Dissimilarity (Racial Residential Segregation) Between Blacks and Whites in Detroit, Boston and New York 1940-1990*



Source: Sugrue 1996, Appendix A

In the 1950s and 1960s, Detroit's housing segregation practices resulted in a patchwork of black and white enclaves in the city and a steady exodus of whites to the suburbs. There were territorial skirmishes between white Neighborhood Improvement Associations and African American families spreading from what was once the Black Bottom.

The increased exposure of blacks and whites to each other had another effect for the younger generation—an increased interest in African American music, modified for white audiences. Berry Gordy, a former Ford assembly plant worker and part-time songwriter, started Tamla Records in 1959. Tamla Records merged with Gordy's second label, Motown Records, to become Motown Record Company in 1960. Motown specialized in modifying the sound, appearance and delivery of its artists to suit mainstream white American tastes. Gordy, an entrepreneur who started his business with a family loan of \$800, made Motown the largest African American owned business

in the country. Its headquarters was at the iconic Hitsville U.S.A. building on West Grand Boulevard in Detroit. Motown produced 110 top ten hits between 1961 and 1971 (Wikipedia n.d.). In 1971, Gordy relocated Motown to Los Angeles. Motown maintained its ranking as the nation's top African American business until 1983 (Edmond 1997).

The next section discusses the drastic shift in the racial and economic makeup of the city of Detroit that occurs in the latter half of the twentieth century through the current day. As of 2010, more than 95 percent of Detroit's 1950 white population—and much of its economic base—have disappeared (Lessenberry 2011). The section describes the origins of the acceleration of Detroit's depopulation.

### *White Flight*

In the summer of 1967, racial tension exploded when a riot broke out after police raided an illegal after-hours saloon in one of Detroit's largest African American neighborhoods and detained all eighty-five people present.

By four in the morning, an hour after the bust, nearly two hundred people, attracted by the commotion behind the blind pig [illegal after hours saloon], had gathered to watch the proceedings. As the arrestees shouted allegations of police brutality, tempers rose.

By 8:00 am, a crowd of over three thousand had gathered on Twelfth Street. The riot raged out of control until it was suppressed by a combined force of nearly seventeen thousand law enforcement officers, National Guardsmen, and federal troops. After five days of violence, forty-three people were dead, thirty of them killed by law enforcement personnel. Altogether 7,231 men and women were arrested on riot-related charges. The property damage, still visible in vacant lots and abandoned buildings in Detroit, was extensive. Rioters looted and burned 2,509 buildings. \$36 million in insured property was lost and undoubtedly millions more were lost by those without insurance, not to mention wages, income and government costs (Sugrue 1996, 259).

The conditions surrounding the inauguration of Coleman Young as Detroit's first African American mayor in 1974—a struggling school system, the deindustrialization of the national economy, lack of industrial diversity and systemic inequities—combined with

racial mistrust to help accelerate the region's suburbanization. Detroit lost 5% of its jobs every year from 1972 to 1992 (Boyle 2001, 121). During that time, the city was also plagued with a high level of violent crime, much of it related to the drug enterprises that had sprung from the city. Extensive illegal consortiums such as Errol Flynn's, Young Boys Inc., Pony Down and the Chambers Brothers were Detroit's new growth companies.

In the late 1980s, Detroit became widely known as the nation's Murder Capital—a moniker fueled by it having the highest homicides per capita in 1985, 1986 and 1987 (Los Angeles Times 1989). From the 1970s through the 1980s on the three days and nights before Halloween, Detroit was plagued with Devil's Night arson fires. These fires numbered from 500 to over 800 at their peak (The Washington Post 2007). Arsonists usually targeted the large numbers of abandoned properties. Many of these properties were situated in neighborhoods, and either posed a threat to residents as centers for drug dealing and prostitution or posed a financial threat to absentee owners who were unable to recoup their investments in their properties.

Coleman Young himself was a polarizing figure whose life and legacy is inextricably tied to Detroit. Born in Tuscaloosa, Alabama, Young moved with his family to Detroit's Black Bottom when he was five. He graduated from high school with an excellent academic record but could not afford the cost of college. He was denied a scholarship for provided poor children at his high school based on his race. He worked on the Ford Assembly line and became a union organizer, then a postal worker. He was drafted during World War II. He served in the 332d Fighter Group, the all-black Army Air Corps unit known as the Tuskegee Airmen, rising to second lieutenant. After the war, he continued to try to organize workers. Young was eventually made Director of

Organization and installed as the first black member for the Congress of Industrial Organizations' United Public Workers. He ran unsuccessfully for City Council in 1959. After a loss by seven votes for state representative in 1962, in 1964 he was elected to the State Senate by a 2 to 1 margin where he served until becoming mayor. He was instrumental in gaining open-housing legislation and repealing a ban on busing to achieve racial integration. (Harp 2001)

Young was elected as Detroit's mayor in November 1973 by a narrow margin. His victory was sealed with a promise to eliminate a police decoy unit whose officers had been accused of killing 22 African American residents and arresting hundreds more without cause during its two-and-a-half-year existence. At his inauguration, he made a declaration about crime in the city that proved to be divisive.

"I issue an open warning to all dope pushers, to all rip-off artists, to all muggers," he said at his inauguration in pledging to fight crime. "It is time to leave Detroit. Hit Eight Mile Road. And I don't give a damn if they are black or white, if they wear Superfly suits or blue uniforms with silver badges. Hit the road."

The reaction to Mr. Young's speech illustrated the depth of the racial divide between the city and its suburbs. Blacks heard one thing in his inaugural remarks while whites heard something completely different. Blacks applauded the new Mayor, understanding him to say that Detroit would get tough on crime and address their concerns about brutality and harassment in the largely white police department.

But because Eight Mile Road is the border between Detroit and its northern suburbs, the Mayor's statement angered many white suburbanites. They saw the warning as an invitation for the city's criminals to enter the suburbs and wreak havoc, and it troubled many white city residents, who saw it as an attack on the police. (The New York Times 1997)

Coleman Young went on to an unprecedented five terms as Detroit's mayor. His time included victories such as the creation of the Renaissance Center and , but it is also remembered as a time of economic deterioration, personal and political scandal, and racial tension. Upon his death a few years after his last term in office, memories of Mayor Young were divergent, largely based on boundaries of race and geography.



Young's successor, Dennis Archer Sr., remembered Young this way in the Detroit Free Press: "The people of this city have lost a great warrior.... He is really one of the greatest mayors for urban America."

In sharp contrast, L. Brooks Patterson, who remains chief executive of Oakland County, Mich., a Detroit suburb, told the newspaper this about his longtime adversary: "He was singly responsible for the demise of Detroit...I can see he was a significant political force, but I don't think he marshaled his energies in a constructive way. I think he was destructive." (Gray 2009)

Detroit's next mayor, Dennis Archer, Sr. was elected in 1993 and focused on building relations with white suburbanites and business owners. A respected African American lawyer and former Michigan Supreme Court justice, Archer was perceived as more open to collaboration and less racially divisive. His administration oversaw the building of two major sport stadiums and the entry of casinos into temporary sites in Detroit's downtown district. In 2011, the three Detroit commercial casinos recorded revenue of \$1.4 billion. This was an increase of 3.4% over the previous year and a new record in total revenue exceeding all previous years (Michigan Gaming Control Board 2012). Detroit is currently the fourth largest casino market in the country (American Gaming Association 2012).

After eight years as the mayor of Detroit, Dennis Archer declined to seek another term. In 2002, he was succeeded by Kwame Kilpatrick, son of the popular Michigan congresswoman and the former chief of staff for Wayne County Executive Edward H. McNamara. During his term, the temporary casinos moved into permanent resort facilities. The MGM Grand Casino in Detroit is the largest MGM property outside of Las Vegas. Motor City Casino and Greektown are comparable in size and scope. He continued Dennis Archer's strategy of using downtown events to build bridges with suburban residents. In 2005, Detroit hosted Major League Baseball's All Star Game at Comerica Park. In 2006, Detroit's Ford Field hosted Super Bowl XL. He also secured the selection of Detroit's Ford Field as the site of the 2009 NCAA Men's Basketball Final

Four. He convinced entrepreneur Dan Gilbert to move the headquarters of his 4,000-employee business Quicken Loans from the suburbs to downtown Detroit. He supported the revival of the Midtown area and the creation of Detroit-based business incubators such as Detroit Tech, NextEnergy and IncUinator.

Despite the positive media attention that these events generated, Kilpatrick's second term ended in a text messaging scandal that was publicized internationally. Kilpatrick, the youngest mayor in Detroit's history, was discovered to have lied under oath about a sexual affair with his chief of staff. He faced criminal charges related to lying about the affair and the actions taken to cover it up. Kilpatrick emerged from the ordeal a convicted felon, sentenced to serve 18 months to five years in prison (Detroit Free Press 2010). The city suffered more blows to its battered image.

Ultimately, history has made Detroit a metonym for the American automotive industry—its successes, its excesses and its failures. It is also a symbol of black urban existence in America. The racial and socioeconomic implications of a poor, primarily African American urban core and wealthy, primarily white suburban periphery are constant undertones in most discourse about the region. The 2010 US Census puts Detroit's population at 713,777, a 25% decrease since 2000 with the lowest number of city residents since the 1910 US Census. Middle class and affluent blacks joined the flight from the city in more recent years (Lessenberry 2011).

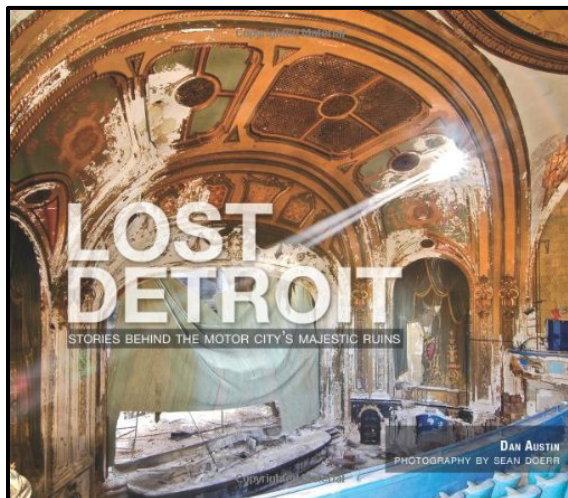
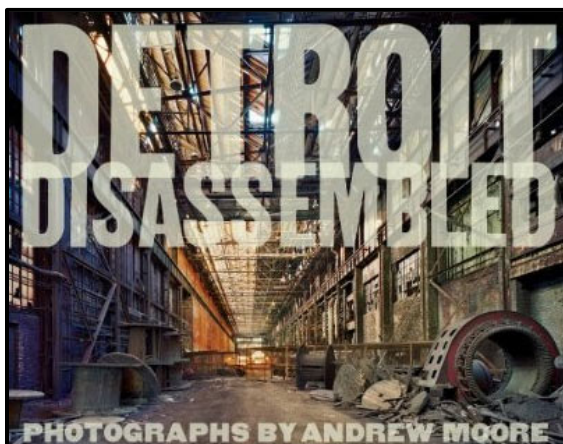
#### *The Great Recession*

In December 2007, a worldwide financial crisis fueled by a drop in housing values, the questionable lending practices of United States financial institutions and global inflation resulted in a protracted period of economic stagnation. General Motors and Chrysler were especially hard hit during this time and requested aid from the US

government, who had allocated \$700 billion to aid in economic recovery. Over a focused, brief amount of time, General Motors (40 days) and Chrysler underwent massive “controlled bankruptcies.” Each endured a reorganization that radically reduced its headcount and fundamentally altered the ecosystem of dealers, suppliers and other small businesses that were built around them. Through the mid- to late 2000s, Detroit’s foreclosure rates were among the worst in the country. The metro Detroit unemployment rate in 2009 was the highest in the country at 15.1%, the unemployment rate for African Americans in metro Detroit during the same period was 20.9% (A. Austin 2010).

During that time, “ruin porn” books showcasing in Detroit’s decaying factories and housing stock hit the shelves. *The Ruins of Detroit*, *Detroit Disassembled* and *Lost Detroit: Stories Behind the Motor City's Majestic Ruins* were glossy, coffee table books that pictured the city’s decay in vivid detail. These books were followed up with museum exhibitions and national media coverage.

*Figure 15: Book Covers for Detroit Disassembled and Lost Detroit*



As a new year began in 2011, there seemed to be hope for economic recovery. A new governor who had run on a business-friendly platform took his position in the state capital. Quicken Loans, with 1,700 tech workers, moved into the Compuware building in downtown Detroit in late 2010 and were settling in. Dan Gilbert, Quicken's founder and chairman, also announced the creation of Detroit Venture Partners, a new venture capital fund focused on bringing technology companies into the city. This time also marked the beginning of the data collection phase of the dissertation research.

Detroit's economic and social dynamics have, over time, produced an environment that is a stark contrast to the environment for entrepreneurs in other metropolitan clusters. The next section includes a framework for envisioning Detroit's entrepreneurial ecosystem in comparison to San Francisco. The purpose of the comparison is to provide context for the present implications of Detroit's rise, fall and burgeoning resurgence.

### **A Comparison of Entrepreneurial Ecosystems: Detroit vs. San Francisco**

Figure 16 is a comparative listing of the features of the entrepreneurial ecosystems of Detroit and San Francisco at the time of the study. The ecosystem model used was generated from some of the most recent work (Isenberg 2011) in the field and includes the domains of markets, human capital, supports, policy, culture and finance. I have provided representative measures of each domain and added the domain of cost of living to highlight a major factor that entrepreneurs use to evaluate locations. The domain of culture is not operationalized in a holistic manner, but the inputs it represents are important for comparative purposes.

Figure 16: Entrepreneurial Ecosystem Comparison – Detroit vs. San Francisco

	<b>Detroit</b>	<b>San Francisco</b>
<b>Markets</b>		
• Population	713,777	805,235
• Fortune 100 Companies	3	8
<b>Human Capital</b>		
• % with BA or higher	7.96 (CLRsearch.com)	30.12 (CLRsearch.com)
• Universities	9	23
<b>Supports</b>		
• Incubators/Accelerators	5	7
• BizJournals Ranking	98	61
• Forbes Best Places for Minority Entrepreneurs	47	35
<b>Policy</b>		
• SBIR awards	0	1
<b>Finance</b>		
• Venture capital firms	7	107
• Microloan funds	11	8
<b>Culture</b>		
• 2011 new businesses created /100,000 residents (metro area) <sup>4</sup>	180	370
• Inc 5000 Companies	7	62
• Leading tech companies	Compuware, Quicken Loans	Craigslist, Twitter, Zynga, Salesforce.com
<b>Cost of Living</b>		
• Cost of Living Index	100	174
• Median HH Income	\$33,754 (CLRsearch)	\$73,721
• Median HH Income Index	100	126

The most telling differences between the Detroit and San Francisco entrepreneurial ecosystems are in the areas of human and financial capital. San Francisco and Detroit have a relatively similar population base, yet San Francisco has nearly four times as many people with bachelor degrees. With more than twice as many universities within the city limits, a more traditionally-educated populace makes sense. The relative wealth and prosperity that generations of automotive workers were able to

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<sup>4</sup> (Fairlie 2012)

enjoy without having a bachelor degree also contributes to the gap. Training happens on the job for American automotive workers and is largely informal. The number of hours of structured training for American autoworkers has been relatively low. Newly hired Japanese autoworkers in Japan receive 300 hours of structured training in their first 6 months compared with fewer than 50 hours for American autoworkers (Krafick 1990). The average Big Three autoworker made a little less than \$60,000 a year in gross income in 2007 (Cohn 2009).

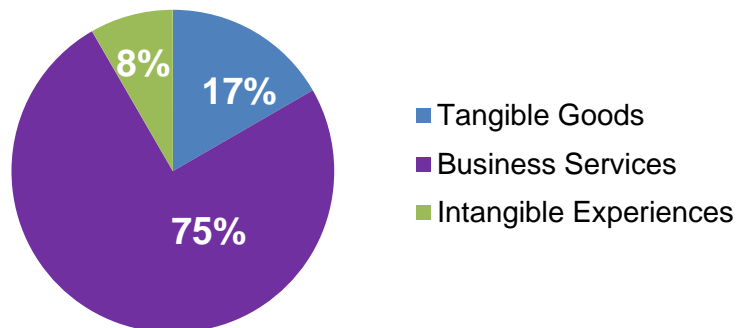
Another factor that stands out is the discrepancy in amount and type of capital available. There are about 107 venture capitalists located in San Francisco compared to only 7 in Detroit. Detroit has slightly more micro-funds. Although not represented in this graphic, San Francisco is also a banking center, serving as headquarters to five banks including Wells Fargo. It is also home to Charles Schwab, Visa and Square, a mobile phone-based payment processing services started by Jack Dorsey, the founder of Twitter. There are two national financial institutions headquartered in the city of Detroit – Ally and Quicken Loans. Neither of these institutions serves small commercial customers.

San Francisco has almost nine times the number of high-growth companies, represented by those included in the Inc. 5000 list of American companies with the highest revenue growth. San Franciscans also start businesses at more than double the rate of Detroiters, as indicated in the number of business starts per 100,000 residents. The large amount of high-growth companies is one of the most telling indicators of the strength of San Francisco's business infrastructure. There are almost three times as many Fortune 100 companies in the area. This bodes well for the region's small businesses, given that the most reliable customers are large companies.

The depth and diversity of the entrepreneurial ecosystem of San Francisco creates a self-reinforcing, innovation-generating network such as the one described by Batteau (2010). Conversely, the lack of industrial depth and diversity in Detroit hinders its capacity for innovation. Detroit is in many ways a still an industrial monoculture focused on autos and auto-related manufacturing.

An offshoot of the city's manufacturing orientation is the development of a maker culture. The Detroit entrepreneurs I interviewed focused primarily on the sale of tangible goods and business services instead of intangible technology-enabled experiences (see Figure 17). Even an entrepreneur that offered a health information portability solution was focused on using a tangible smart card.

*Figure 17: Business Type Categorization for Interviewed Entrepreneurs (n=12)*



The data presented are imperfect because they do not capture the informal entrepreneurial activity that occurs with both places, but likely with more frequency in Detroit. Side hustles – entrepreneurial ventures pursued while you keep your “day job” – are usually not captured because they may not involve official registrations of the business entity. The findings of this research indicate that these kinds of activities are prevalent in Detroit, but not often captured in material artifacts.

Detroit's strength as a cost-effective place to do business is significant. Workers are less affluent and salaries are lower. Facility costs are cheap and the necessary

infrastructure to do business is in place. If operating expenses are kept low, startups that are good at securing resources have a longer time to discover sustainable business models and parlay them into successful businesses.

*The Spirit of San Francisco, The Soul of Detroit*

San Francisco's richly diverse culture is one of its distinctive features. It is the largest Chinese cultural enclave outside of China. Its Japanese, Latino, Italian and Vietnamese populations are also represented. It is a city in which gay, lesbian, bi-sexual and transgendered culture is celebrated, particularly in its Castro district.

The proliferation of creative, technologically fueled startups from the city is a result of its cultural mesh. Its companies are leading entrepreneurship and expanding the world's vision of what is possible in enterprise. The idea of deep cultural roots producing cultural artifacts that capture the world's imagination is not a strange one. Detroit's automobiles are also cultural productions, rich with meaning and promise. The creation of this iconic industry is as much a function of the dynamics of Black Bottom and Poletown as it is the workings of the Rouge factory. Motown music is the rhythm of the south made smooth and city-slick. Techno music – the second musical genre born in Detroit and celebrated around the world – finds soul in the machine and divinity in pulsing cadences.

The cultural aspect of twenty-first century San Franciscan entrepreneurship has its precedence in twentieth century Detroit entrepreneurship. The potential of Detroit to regain itself as a global entrepreneurial leader is palpable in the city, but its rationale is often more felt by its residents than articulated. Detroit entrepreneurs know the power of the soul of Detroit. This study is about a few of the entrepreneurs in the heart of that soul.



Chapters 5 and 6 are an examination of the data collected on activity systems at the community, organization and entrepreneur levels. The activity systems found to be most relevant are those identified as most closely bound with identity (Batteau 2000, 727). The activities observed can be grouped in four categories: organization, networking, nurturing and pitching.

## CHAPTER 5

### FINDINGS & DISCUSSION – ENTREPRENEURIAL COMMUNITIES

The goal of this chapter is to distinguish the concept of entrepreneurial community as used in this study and to examine and discuss the human activity system data collected. I have chosen to focus on the activity system at the community level because of the problem of defining community. Understanding the context of the activities observed as being enacted by communities was a central idea of the research. Yet activity systems with communities as their subject are problematized by the fuzziness of the concept of community.

The concept of community, as it relates to this study and in everyday life, is a multivalent and elusive one. Communities are as much products of the imagination as objective fact (Anderson 2004). They can be defined as “a territorial group of people with a common mode of living striving for common objectives (Frankenberg 1966).” Yet the concept of the community itself, particularly as in object of study, is contested.

The belief in such 'communities' is one of the most powerful myths in industrial society, shaping not only policy and government, with the movement towards 'community centres', 'community welfare', 'community care', but also affecting thought and research. Expecting to find 'communities', the prophecy fulfilled itself and communities were found. An examination of the concept of community is therefore justified as an attempt to understand one of the controlling myths of our time. The use of the concept of 'community' by a number of disciplines seemed to offer an analytic tool which made the observed facts more comprehensible. If it were true that the concept of 'community' reflected some reality in the observed, external world, then it might be possible to use it to help explain why human beings thought and acted in the way they did. If communities were systems of some kind, in which the various parts influenced each other, one could use the concept to help explain and predict (Macfarlane 1977).

Despite the problem of community, we can use it as a way to organize and analyze in this research by acknowledging the ephemeral nature of the term. Individuals can belong to many communities simultaneously. The extent to which they are bounded

to and feel affiliation for each of their communities can differ (Wilson and Peterson 2002). For the purpose of this study, we can use community as an analytical frame without assessing the extent to which respondents feel a part of the community because of the shared goals that are part of the organizing structure of the interactions observed.

There were two primary entrepreneurial communities to be examined in this research, the Urban Health community and the Detroit Tech Launch community. These communities were iterations of established programs with cohorts of entrepreneurs formed in January 2011. These entrepreneurs participated in communities of practice receiving entrepreneurial education to further their startup ideas. The Urban Health community was distinct in that it was not just a community of practice; it was also a business competition. Its members were competing with each other for financial resources that would only be awarded to a few winning teams.

The Detroit Tech Launch community exists as a part of a larger Detroit Tech community of new and mature entrepreneurs headquartered in the TechHouse building. It also includes a network of mentors and volunteers, personnel from the local university, and the staff of the nonprofit organization that owns TechHouse and provides the programming for the community.

IncUlator is located inside the TechHouse building. Although I originally considered them to be a relatively non-cohesive group of students working on entrepreneurial ideas and more affiliated with the Detroit Tech community than identified as a distinctive entrepreneurial community, it quickly became clear that they were a fully developed community in their own right. Although the data from the Urban Health and Detroit Tech Launch communities are more directly comparable in terms of being bounded communities with a specific lifecycles of the same length during the same time

period, I included insights from the IncUinator entrepreneurial community (as well as its companies and entrepreneurs). I also included data from companies and entrepreneurs in the larger Detroit Tech community. I believe these inclusions enriched the findings and added additional context to the original data set.

Below are the findings from the research study, centered on four activity systems: 1) organizing, 2) networking, 3) pitching and 4) nurturing. Networking and pitching are *emic* categories. Organizing and nurturing are *etic* categories. The inclusion of both *emic* (insider) and *etic* (outsider) perspectives provides a more holistic approach than if only one perspective was employed. This holistic approach complemented the situated and culture-centered nature of the research. Gluesing spoke to the efficacy of holism in studying organizations.

The culture metaphor in its holistic orientation unites culture with various aspects of organizational phenomena such as organizational structures, language and other symbol systems. It also brings into consideration the wider environment such as the political and economic systems in which the organization is embedded...Anthropology, and the ethnomethodological approach so central to the discipline, offers a way to study and understand the organization and organizing as complex structures and processes situated within a larger society, a global society, and a particular historical context (1995, 388-389).

Eaton (2011) expands on Gluesing's idea by including the virtual environment as a source of contextual richness in which to consider organizational activity. The socially networked nature of contemporary business practices certainly warrants this consideration.

It is useful to examine these systems at the activity level as community behaviors. The systems are also realized by entrepreneurs and their companies at the action level.

Figure 18: Classroom sessions in Urban Health (left) and Detroit Tech Launch (right) communities



## Organizing

Excerpt from an Urban Health educational session

*"I'm startin' with the man in the mirror, ooh! I'm asking him to change his ways, ooh!"* Michael Jackson, the late King of Pop, plaintively encourages self-examination and improvement in the background in a large, well-lit classroom with high ceilings and auditorium-style seating. There are over 100 adults in the room, almost all African American. A small, cheery team of African American women in dark business suits greet the participants as they come in, signing them in, pointing them to their nametags, and encouraging them to have some of the water and sandwiches that are neatly arranged at the far end of the room. The classroom seats are close together and there are no tables. There are people wearing business suits seated next to casually-dressed folks in scrubs or jeans. There are purses slung over seat backs, briefcases under chairs. People are balancing plates on their laps, milling about, talking with neighbors, texting on their phones or silently reading through the large binders that have been provided to all the participants.

A striking mahogany woman with shoulder-length hair in her early 30s moves to the front of the room. Her fitted gray suit and professional-looking PowerPoint slides are a stark contrast to the personal way she begins her story. She speaks about coming from a housing project and a family with various dysfunctions, including a sibling on drugs. She takes the crowd on a journey from her humble beginnings to her academic success. She speaks about becoming a principal at a school in post-Katrina New Orleans. She talks about dropping everything and moving to Detroit where she has no friends and no family, driven by a dream to start an elite boarding school to educate the children of the city. People in the crowd smile and nod their heads in encouragement and respect. She goes on to speak about what it takes to make powerful presentations that can move your business forward. She ends on an emotional note, showing a clip of Al Pacino as a world-weary professional football coach giving his locker room speech in the movie *Any Given Sunday*. His gravelly voice, unexpected vulnerability and rousing delivery inspired us as entrepreneurs to fight our own battles on our own fields of play.

“Three minutes to the biggest battle of our professional lives all comes down to today. Either we heal as a team or we are going to crumble. Inch by inch... play by play... ‘til we're finished.

We are in hell right now gentlemen, believe me, and we can stay here and get the shit kicked out of us or we can fight our way back into the light. We can climb out of hell. One inch at a time.”

The presentation described above was part of one of the educational sessions presented to members of the Urban Health community. The commitment of the entrepreneurs and staff in the community were aligned with the young woman's performance. The personal nature of her talk, the commitment to children, and the use of the Michael Jackson song signaled an insider's perspective and insider values. Experiences such as these not only helped to transmit values, they also communicated

rational information about how members of the community should structure their presentations.

The Detroit Tech Launch community had its own mechanisms for structuring nascent entrepreneurs. Although adopting less dramatic presentation styles, the Launch instructors lectured companies about many of the same issues, including the finer points of financial statement development, pitch format and company feasibility analysis. This feasibility analysis, the first step in its educational offerings, was presented as a mechanism to help entrepreneurs to decide whether or not a business was viable enough to pursue. The metrics for viability codified in the tool reflected the taken for granted values of financial sustainability and job growth that premise the viability of publicly-funded economic development initiatives.

It is important to note that the nonprofit organizations that provide the programming for these communities are also organizing, and are subject to a structuring process influenced by other stakeholders. The Detroit Tech Launch curriculum was produced by the Kansas City-based Kauffman Foundation, the world's largest foundation devoted to entrepreneurship. The Detroit Tech staff had experienced significant restructuring and growth as a result of securing a large grant to expand their operations. The current iteration of Urban Health was a complete redesign of the process, with a new implementation team and expansion that included Detroit as well as Flint. The project headquarters moved to Detroit. IncUbator was constantly changing and improving its entrepreneurial development process, shortening the length of time to attend classes, moving from educating entrepreneurial people to supporting entrepreneurial ideas, and opening a new office in Pittsburgh.

*Cultural Impositions and Elicitation*

As previously discussed, organizations are social forms defined by goal-oriented instrumental rationality (Batteau 2000). Organization on an activity level is then the transmission and adoption of rationality. It is cultural imposition that gives rise to the organizational form. In addition to the imposition of rationality, there are also boundaries that are imposed as a result of community membership. One is either a Detroit Tech client or not, an Urban Health co-creator or not, a member of the IncUbator family or not. Applications for membership into these communities include background checks and certifications. Admission into the communities is clearly denoted. There are expectations communicated in values statements. There is a framework of command and authority that is also imposed, despite the lack of formal organizational hierarchy. There is often a resource exchange that approximates a form of authoritarian tie. This dynamic is demonstrated in the exchange below.

*Markus, an African American entrepreneur in his early twenties, was a member of the IncUbator entrepreneurial community. He is wire-thin and always in motion with the restless energy of youth. During our talk he would shift in his seat throughout the conversation, involving his whole body in excitedly explaining a point.*

*Below is Markus's explanation of the contrast between working inside of the IncUbator office space (within view of IncUbator staff) and working across the street in a leased space in which he and other staff within his company worked alone.*

Markus: And across the street I could do whatever I want, pretty much, as far as wearing – if I wanted to wear some red pants to work or somethin' just – I don't have any, but just the fact of not being judged in my work area. And entrepreneurship – a benefit of entrepreneurship, I believe, is freedom. That's one thing. And if you're always contained and over – constantly being looked over and pretty much being judged as far as wearing jeans and hoodies and stuff, then I feel like you're not able to truly work to



your potential as far as entrepreneurial – as far as being creative and thinkin' outside the box 'cause if you have a tie on, you're pretty much thinking, "Oh. I'm professional – blah, blah, blah, blah, blah – I gotta do this work," and it's not the – I don't think it's the same.

Interviewer: Now, what is it about coming over here that makes you think that – that puts restriction on you?

Markus: My mentor sits right there. He just, just look over there, and he's staring at me. I'm like, "Let me just work." I don't like that so – yeah. I don't like someone constantly – that's kinda why I got out of Insight. I don't like just someone looking over my back just like, "What are you doing? What are you doing?" And I'm like, "I'm tryin' to take care of my business. Let me do it."

Interviewer: What – so, you've got investment, correct?

Markus: Mm-hmm.

Interviewer: Where did you get the investment from?

Markus: The IncUbator Fund.

Interviewer: Okay.

Markus: The IncUbator Fund and First Step – the First Step Fund.

Interviewer: Now, is a mentor tied to those funds?

Markus: They recently just began doing that with IncUbator, and that's how I got with my advisor.

Interviewer: Okay. So, the reason why he has any pull at all is because he's connected to the money?

Markus: Mm-hmm. Yup.

There is a relationship between authority, organization and entrepreneurship that crystallizes the cycle of business creation and destruction that fuels capitalist economic development. Max Weber's conceptions of authority included three ideal types: charismatic authority, traditional authority and rational/legal authority (Weber 1958).

Charismatic authority is generated by the perception of an individual's special abilities or intrinsic gifts. Entrepreneurs initially use their charisma in their interaction with other people to generate momentum and resources for their businesses. For growth entrepreneurs, charisma can be enhanced by the magic of the technology inherent in the disruptive innovation offered (more on charisma and entrepreneurs in Chapter 7).

Traditional authority is based in the belief people have that time-honored practices are best. For entrepreneurs, affiliating with long-standing institutions such as universities and incubators can enhance their ability to generate resources by suggesting permanence or competence. Rational or legal authority is based in the belief that people have in procedure. It is the reason why the business plans are valued artifacts. There are many who respect the thinking that they believe the business planning process stimulates in the entrepreneur.

Weber concluded that charismatic authority catalyzed social change, while traditional and rational/legal authority brings social stability. The charismatic authority that generates entrepreneurial enterprise must be converted to traditional and rational/legal authority in the organizing process. This process is the basis of the dynamic described previously.

Other indications of the authority exerted in the relationship between the entrepreneurial community and the entrepreneur were indicated in the complexity and requirements of the application process and the framing of the relationship between the entrepreneur and the entrepreneurial community. This took place with varying levels of subtlety. Detroit Tech community members were called clients and its staff often positioned as experts bestowing knowledge. Urban Health called its community

members co-creators, but would sometimes request their presence at a gathering with one or two days' notice.

The authoritative stance of entrepreneurial communities elicits resistance, which can be expressed as the need to be creative or to feel a sense of freedom. Markus explained why he enjoyed being temporarily located in a separate building from the IncUbator staff.

Just – I guess, just – I don't know. Well, with over there, I feel like I have more freedom to do a lotta different – I can be more open with a lotta different things. I can maybe play my music a little louder – because I love music – and I feel like just the fact of me being over there, it kind of empowers me 'cause they're like, "Okay. Well, we trust you." So, that kinda adds to my steam too. It kinda – like, "Okay. Well, if these guys trust me, I'm gonna prove 'em – that I can handle my own over at [the space he leased outside of the IncUbator office space].

The Urban Health community's resistance showed up as reluctance to share information by a significant number of its members with other members. A team orientation toward business was a distinctive feature of the community, yet there were some who resisted the opportunity to share their ideas and possibly create alliances that would strengthen their concepts. While some of the resistance could be attributed to the fact that the community members were competing against each other, some of it was directed at Trinity Care Partners, the sponsoring organization. This resistance to Trinity Care Partners took the form of pointed questions in our open forums about Trinity's motivations. It also took the form of slow compliance with the contest's paperwork requirements.

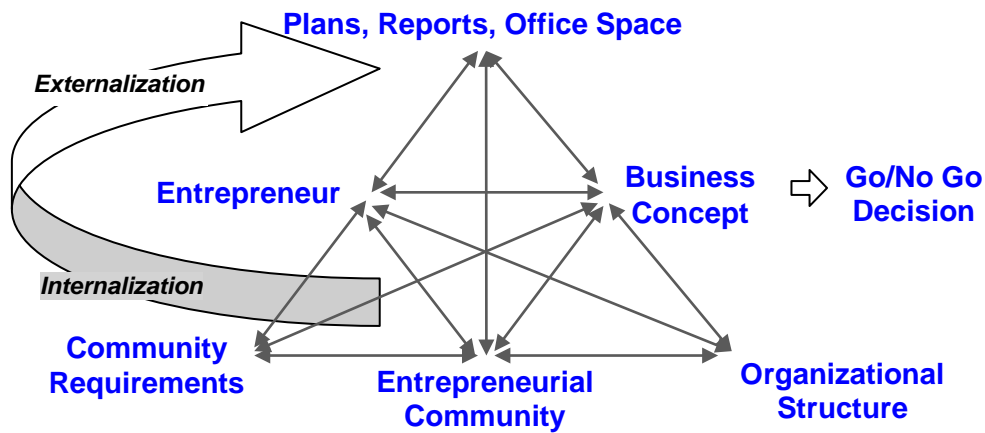
#### *Organizing Human Activity System*

On the community level, the human activity system of organizing can be conceptualized as shown in Figure 19. Activities are either internal or external,

constantly transforming into each other through the internalization/externalization process. Examples of internal and external organizing activities are included below.

The subject performing the activity is the entrepreneur. The object in the system is usually the business concept. If the entrepreneur has discovered a sustainable business model and created an entity to house it, the object is that business entity.

Figure 19: Organizing Human Activity System



**Sample Community-Level Activities**

Performed by	External Activities (material)	Internal Activities (non-material)
Community	Requiring activity reports, plans and financial statements	Imposing instrumental rationality
	Managing community entry process	Building occupational community identity
	Holding entrepreneur interest group meetings	Building occupational community identity
Entrepreneur	Turning in reports late	Resisting rationality
	Attending entrepreneur meetings	Building occupational community identity

The outcome is either continuing with the business or halting operations. Mediating artifacts are the objects through which instrumental rationality is imposed – from the application to the community, to the Excel spreadsheet in which the financials are transmitted, to the office spaces in which these communities are headquartered.

Rules are explicitly detailed in writing as conditions of community entry, but they can also be implicitly enforced through shared meanings, expectations and consequences. This may occur as the perception of preferred access or denial to resources – the existence and control of funding resources by each of these entrepreneurial communities confers authority over participating entrepreneurs.

The division and coordination of labor to organize includes the scheme by which staff, coaches, mentors and volunteers are employed (or not employed). The “community” in the entrepreneurial community level activity system not just the organizing body of the entrepreneurial community – the Detroit Tech, Urban Health or IncUlator nonprofits. The community includes the mentors, volunteers, funders and other stakeholders involved in the broader Detroit entrepreneurial community, an occupational community to be discussed in more detail in the next section.

Entrepreneurial communities function to transmit instrumental rationality to startup companies and lead them through a discovery-oriented business development process. At the same time that these communities are helping to organize the companies in their communities, they also connect their members to the wider community of entrepreneurs. “Modern society is not only structured vertically by the rationality of industrial and state organization, but that it is also structured horizontally by occupational groupings (Van Maanen and Barley 1984, 297).” Van Maanen and Barley’s conception of the occupational community fits despite the fact that members of these entrepreneurial communities are not employed by the nonprofits that run them because of the authority wielded by the organizations. The activity system most closely associated with occupational community-building is networking, discussed in the next section.

## Networking

The horizontal community-building naturally occurs as entrepreneurs with their own histories, experiences, networks and backgrounds come together with other entrepreneurially-minded individuals.

“Although a position is organizationally created and sanctioned, the work that comprises such a position often has a history of its own and, therefore, a context that is not organizationally limited... Some of these positions may offer an occupant far more than a job. Indeed, some may offer a rewarding and valued "me." The identity bestowing characteristics of positions are, in short, frequently matters which are occupationally specific (Van Maanen and Barley 1984, 294).”

### *Connector Function of Entrepreneurial Communities*

Unless they join entrepreneurial communities, these entrepreneurs are not often in close physical proximity to others that identifiably share their interest. Entrepreneurial communities recognize that their members need to develop and activate networks of advisors, mentors, potential customers and strategic partners. Every month, Detroit Tech hosted an open First Friday networking event for members of Detroit's entrepreneurial community. Workshops and other events were also frequently held. Typically, networking time was built into every event.

Detroit Tech and Urban Health included non-technology oriented businesses in their communities, widening the network of available connections and providing access to those without high technological literacy. Detroit Tech positioned itself as a digital connector as well. As one of the oldest and most established local entrepreneurial communities, it produced an electronic newsletter with a large and stable readership which was often used to promote local events relevant to entrepreneurs.

Detroit Tech was perceived by entrepreneurs and others to be a gateway for university resources as well. It was billed as the research and technology part of a large research university in the city. Detroit Tech staff wanted to tap into the technology-

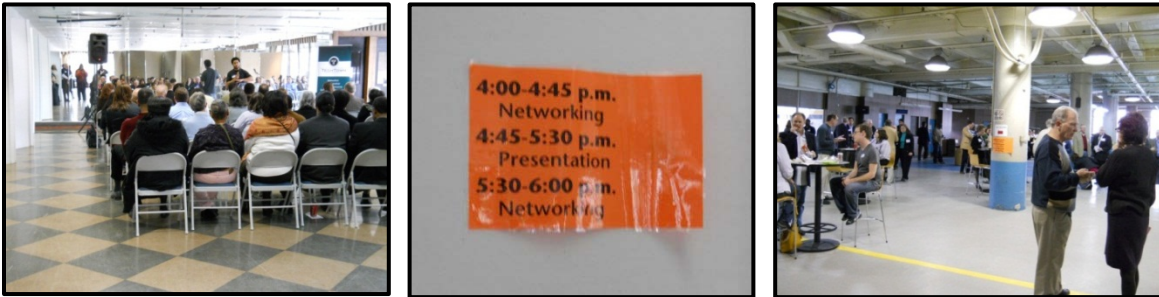
oriented faculty for validation and technical review, but had not yet connected with professors in a meaningful and systemic way. There were many professors that had not heard of Detroit Tech or did not know how they fit in the Detroit Tech community.

Other university resources were utilized more heavily. As part of the research, I was a participant in the eight-week Detroit Tech Launch class with a bit over a dozen other entrepreneurs with little more than an idea. Clara, a research librarian, estimated that half of each Detroit Tech Launch class makes an appointment to talk with her each time the class is run. She felt overwhelmed by the rush of people she needed to serve. Although she was not an entrepreneur, with her knowledge of market sizes and trends, she felt she had a good sense of what ideas had merit and which did not. She confided in me her doubts about some of the ideas that some of my classmates had brought to her. Secure in the objectivity and accuracy of the knowledge that her market research databases and books convey, Clara felt herself to be an important part of the entrepreneurial ecosystem for Launch entrepreneurs.

The coordination of different resources was not always executed perfectly. A federal agency that was located inside TechHouse also ran Launch classes that were targeted to the same audience. There was no coordination of its workshops or events with Detroit Tech's events. IncUinator did not coordinate with Detroit Tech either, even though it is also located in TechHouse.

TechHouse was an advantage for Detroit Tech to serve as a community connector because it offered flexible commercial space, including meeting rooms that could be used by organizations at a very low rate. TechHouse2, which formerly housed the nation's first Cadillac dealership, was a building in development, with open spaces that were used for larger gatherings and events such as the monthly First Fridays.

*Figure 20: Photos from Detroit Tech First Friday Event*



*Strong Internal Networks are Valued*

IncUinator capitalized on the strength of its internal network, emphasizing inclusion in the larger family of companies owned by its founder, Tom Stephens, to its entrepreneurs. The family theme, the accessibility of its more knowledgeable and experienced members (including executives in the larger corporations) to the founders of one or two-person startups, and a powerful family head personified by billionaire Tom Stephens suggest a simple kinship system. This egalitarian structure sets everyone involved, except Tom Stephens, at an equal level despite their formal role in the corporate hierarchy.

*Austin is a Caucasian entrepreneur in his early twenties of average height and average build, but with a strong aura of self-confidence. A member of the IncUinator entrepreneurial community, he seemed to me to be a born salesman. He had an air of self-assurance about him that stayed even when he was being self-deprecating. Below he describes his impression of being a part of the Stephens family of companies.*

When it was time to learn finances we had like the CFO of Global Inc. or the head accountant or somebody way high up. When we were learning business ethics, you know, the head counsel for Global Inc. came in and met with us, you know, one day a week for a couple of months and we talked through cases and things like that. We could hear actual stories that Global had gone through or some of the other family of companies and so on and to this day I have relationships with those people. When it's time for me to do sales I call up, you know, Scott, one of the sales training people over there and say, "Hey, this is



how I'm going about it. Hey, I'm struggling with this one sale, can you just hear what I'm doing and make sure I'm going the right way?"

When you feel like you're on an island all by yourself at least there are 20 other people in my office and at least there are 2,000 people a couple of miles down the road that I can call up any one of them and say, "Hey, I'm from the family of companies. Can you help me?" They'd say yes without hesitating. So that's been a huge support and what I don't see anybody else being able to offer what IncUinator brings to the table.

Being a part of the Stephens family was a consistent and explicit theme, there is even an annual family reunion event with an informal tone that brings together all the executives and founders of the companies that Tom Stephens has invested in, from the largest to the smallest. This annual ritual reconfirms the entrepreneurs' identity as a Stephens company and mediates the activation of a powerful network of professionals who are encouraged to deliver intellectual, social and financial capital to nascent member firms. IncUinator entrepreneurs used the event to actively seek out executives that could help them with their businesses.

*Figure 21: Stephens Family Reunion program*



Urban Health, itself a fledgling organization, had not yet developed its connections in the larger Detroit entrepreneurial community at the time of the study. Its focus was on facilitating interaction within its own community of participants, which numbered nearly 150 people. Initially, participants were often coaxed by Dr. Julia Winters Clarke, Urban Health's executive director, to introduce themselves to each other in small groups, keeping in mind that others in the room could be potential resources or partners.

What I'd like for you to do is to just look at who's in the group... now at least you know who's in the same realm that you are, so just kinda take a mental picture... we know *who's* in the room, now I want you to begin to *work* the room, okay. Make a note of somebody that you may want to get to, you know, before the end of this evening, or before next week or whatever.

Part of the structure of the Urban Health entrepreneurial community was that participants needed to form a team centered on a business that would compete for funding. That team needed to have at least three members who were also participants in the educational process and accepted members of the community. If an entrepreneur was accepted into the community, but came into Urban Health with less than three other people working on their idea, they had to recruit enough additional team members from the body of participants to comply with the rule. As teams were being formed, contact information for entrepreneurs was collected and distributed to ensure that participants who were not yet affiliated with a team could connect with teams looking for additional members.

#### *Financial Networks, Social Networks*

One important way that financial resources enter the entrepreneurial community is through loan funds specifically targeted to small businesses in Detroit.

*Serge is an affable banker type in his mid-60s. Caucasian and conservative-looking, he was always in a suit, always moving from one meeting to the next. Serge was the director of a loan fund developed to serve Detroit businesses. He explained that much of the money that he lends comes from local and national foundations.*

Our type of organization survives because foundations believe that they need to have organizations on the ground that can have an impact in the city of Detroit. We have been able to do small business lending in this city in areas that nobody else will operate in. And what I mean by that is that all of the companies in our portfolio are, for the most part, are not bankable. They are too small. They have some other issues. They don't have enough collateral. And so, we fill a gap... and we've been able to show funders that we can fill that gap pretty well. And our whole premise for doing this is to have an impact on the city in both small business and neighborhoods. But it's really a job creation economic development strategy on our part... If we were in San Francisco, we probably wouldn't be able to do what we do because there's been over the last five years, a very strong interest from foundations in doing things to help Detroit because of all the issues we've faced here.

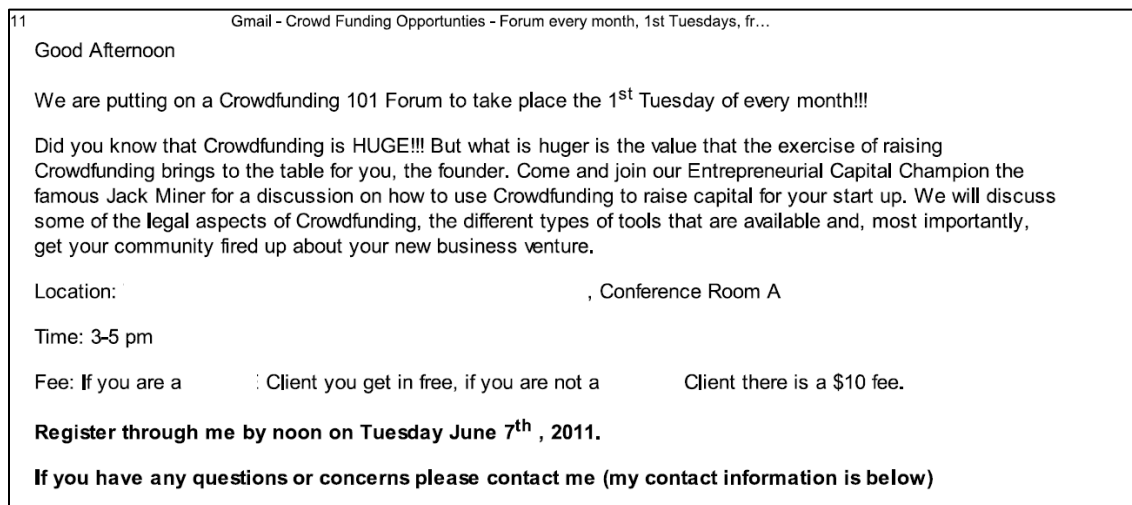
Other sources of capital include government funds and money generated from casino proceeds. These foundations are interested in preserving their capital and having a high social impact by assisting in Detroit's economic regeneration. Thus, some of the seemingly negative press generated about the economic condition of the city of Detroit has helped to bring some capital into the city. Serge presently has \$15 million in capital under management. He recently closed on an additional \$5 million and hoped to reach \$25 million in the near future.

Microloan funding was also serving a critical function in resource gathering in the entrepreneurial communities studied. Several of them had connected with MicroLoan Detroit, a non-traditional lender located in TechHouse that targets high-risk women and minority-owned business owners for loans. The location of the fund within the community helps to strengthen its connections with Detroit Tech and IncUlator companies.

Detroit Tech also championed the introduction of crowd funding in the Detroit community. Crowd funding (alternately crowd financing, equity crowdfunding, or crowd sourced capital) describes the collective cooperation, attention and trust by people who network and pool their money and other resources together, usually via the Internet, to support efforts initiated by other people or organizations (Wikipedia 2012).

Detroit Tech partnered with Profounder, a Silicon Valley-based crowd funding web site to promote crowd funding, co-producing an event at a large university venue and mobilizing its media contacts. It followed up with blogs and ongoing workshops to educate the community.

*Figure 22: Crowd funding email from Detroit Tech*



Crowd funding is a way of activating networks to directly access resources that would be otherwise unavailable. This type of networking is not about creating occupational community; it is about activating entrepreneurs' networks in other domains, tapping weak ties to secure financial and social capital. It is notable because while entrepreneurial communities offered many opportunities to network, there was rarely any direction given on how to activate networks to generate resources. Before technologies

existed to enable large-scale crowd funding, it existed in the form of raising money individually through the “3 Fs” – friends, family and fools. The concept of the 3 Fs is not new to any of the entrepreneurial communities studied, or to the wider occupational community. What is different about crowd funding is that it leverages the fact that friendship has taken on new meaning in a socially-connected world. Friends are now visualized on “social graphs” such as Facebook and LinkedIn. Friends of friends and others can be mobilized through viral memes. New companies like Profounder and Kickstarter provide the means to more easily facilitate the mobilization of social networks to gain resources. Entrepreneurial communities recognize the value of these emergent technologies and seek to promote them to members of their communities in order to assist them in gaining needed resources.

#### *Social Network Kinship*

Kinship is the social organization of reproductive activity (Schneider 1997), though reproduction may take other, non-biological forms. Kinship systems have been of anthropological interest since Lewis Henry Morgan’s work on Iroquois classificatory kinship systems (Sidky 2004). Like entrepreneurship studies, kinship studies (once a central concern of anthropology) has more recently suffered from the neglect brought about by the decline of structural-functionalism (Peletz 1995). Some of the basic assumptions about kinship, particularly its link to the genealogy, have been contested with no clear theoretical way forward (Franklin and McKinnon 2000). In societies around the world, kinship relations have centered around other reproductive factors such as feeding and nourishment, geographic residence, nursing, godparenthood, fosterage and name-giver/name receiver relations (Read 2007). The relevance of the inclusion of non-genealogical and non-biological kinship bases for this research is that it gives us a




framework with which to discuss the kinship structure inherent in the online representation of business social networks.

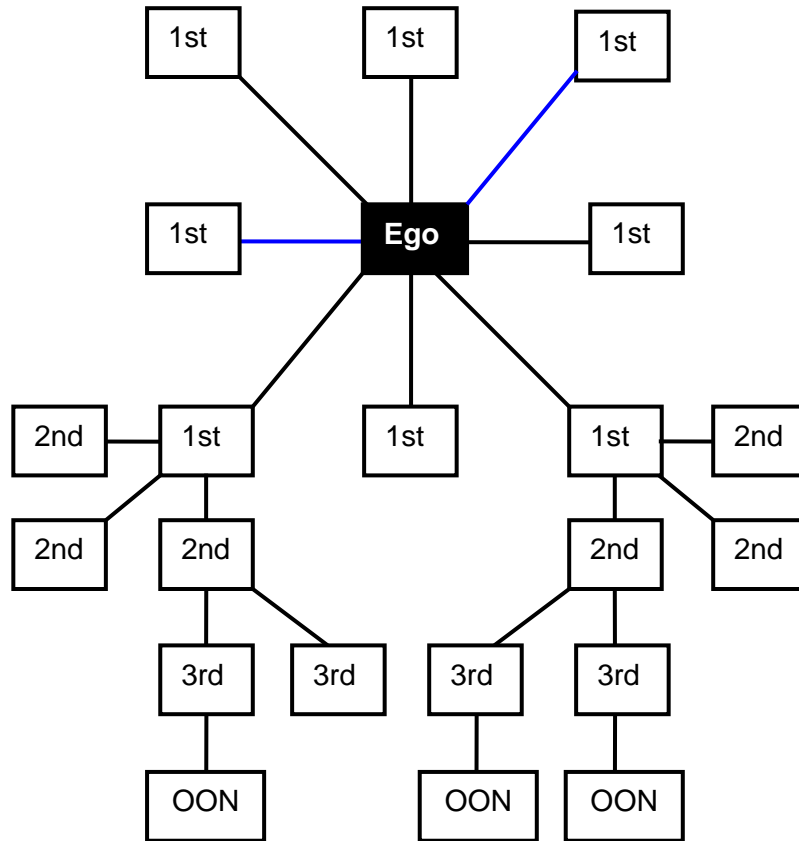
The preferred online networking technology for the entrepreneurial communities studied is LinkedIn. LinkedIn, launched in 2003, is the world's largest professional social network with more than 150 million members in over 200 countries and territories. As of December 2011, professionals were signing up to join LinkedIn at a rate that was faster than two new members per second (LinkedIn.com).

LinkedIn is a mediated kinship structure. Kinship "has always been regarded as a system that provides for the solidarity, trust, and cooperation that are functionally prerequisite both to group living and to sociocultural life (Blackwell 1997, 269)." Such systems have traditionally served to preserve the cultural status quo. Gender is not considered in the LinkedIn kinship system. Inclusion and boundaries are driven by affiliation with companies and interest groups. The ideal of gender equality in classless systems has been modeled previously by both Collier and Kelly, but its application to electronically mediated systems has not yet been examined. The extent to which LinkedIn supports or subverts structural inequities would be an interesting topic for further research.

LinkedIn has four levels of kinship in its network structure (see Figure 23). There are first-level connections, second-level connections, third-level connections and people who are in the larger LinkedIn network, but with whom a user is not connected. The unconnected people are all potential connections. Connections are built through one-on-one physical and virtual interactions or introductions. Members can have up to 30,000 first-level connections.

Figure 23: LinkedIn Kinship Structure

	LinkedIn member	<b>1<sup>st</sup></b>	1 <sup>st</sup> Level Connection
	Connection	<b>2<sup>nd</sup></b>	2 <sup>nd</sup> Level Connection
	Recommended connection	<b>3<sup>rd</sup></b>	3 <sup>rd</sup> Level Connection
<b>Ego</b>	Subject of chart	<b>OON</b>	Out of Network

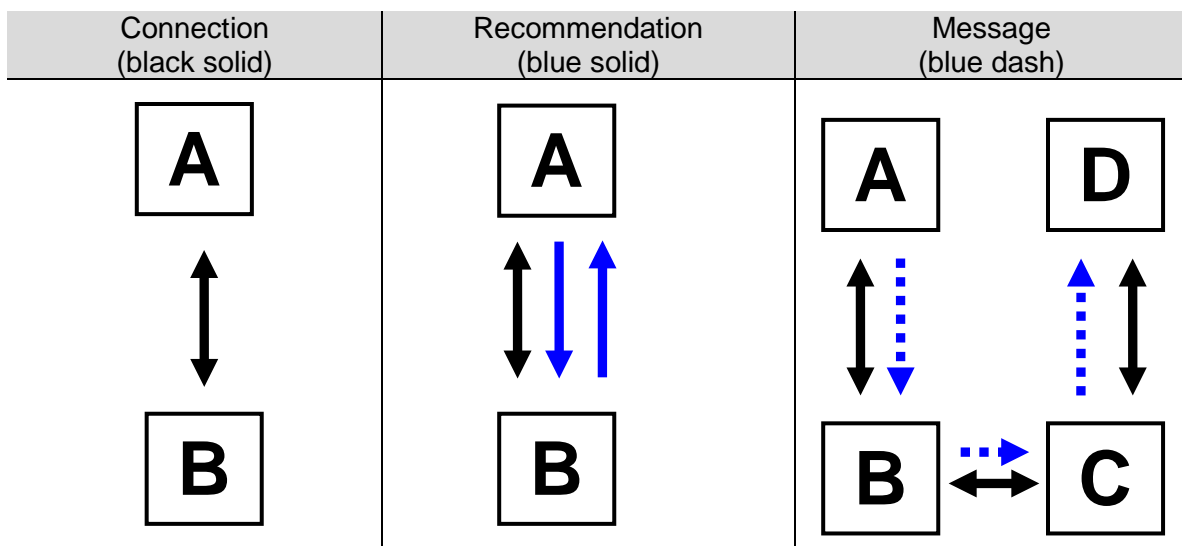


LinkedIn offers three primary means of one-to-one engagement (see Figure 24). The first is a request to connect in which LinkedIn members agree to share a virtual bond. This bond enables these members to affiliate publicly with each other (the connection is usually broadcast to other previously connected affiliates for both parties) and allows access to more professional information about each other including their list of affiliates. Connecting with someone through LinkedIn is not just an exercise in

networking – who one does or does not affiliate with contributes to their representation online. A request may occur as a follow-up action after an initial positive meeting with another person, or the request can be made spontaneously through LinkedIn.

The second means of interaction is through recommendations. Recommendations are requested and provided from those connections with whom one has had personal interaction. Positive recommendations build the social capital of both the receiver and the giver. Typically initiated as a request to a recommender, recommendations can also be indirectly requested by providing an unsolicited recommendation to an affiliated individual. This gift obligates the person recommended to provide a recommendation in turn. Someone viewing the recommender's connections can see a special tag for those connections within the recommender's network that the recommender has recommended.

*Figure 24: LinkedIn Interaction Scenarios*



The third basic type of one-to-one interaction is a request to contact someone in another's network. A typical scenario might be that Person A is connected to Person B,

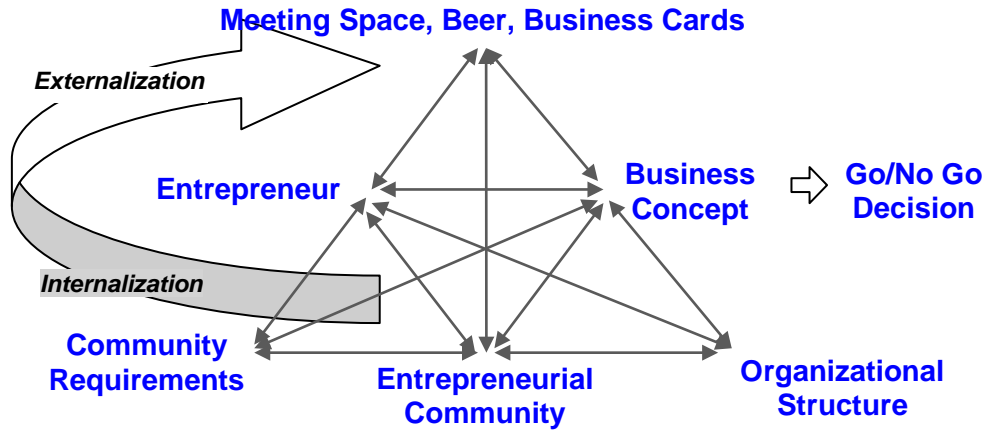


but is interested in sending a message to Person D, whom they are not connected to. Person B may be directly connected to Person D, or they may be connected to Person C, who is directly connected to Person D. Person A sends a message to Person B, asking that the message be sent along to Person C, who will hopefully send it to Person D.

It is appropriate for members of an entrepreneurial community to connect and obligate each other using LinkedIn. LinkedIn is another means for gift giving and receiving (see Mauss 2000), but it is also a platform of representation for entrepreneurs and their businesses that is generated on a community level. More deeply, connecting on LinkedIn is an extension of kinship. Made explicit through its visible and quantified nature, the circuits of exchange that LinkedIn represents is more complex extension of ancient trade networks such as the kula network (Batteau *Forthcoming*). Technology adds complexity, not so much through scale as through its characteristic tight coupling. Connecting to someone on LinkedIn is not just a one-to-one connection. Once connected to someone, you are now only two degrees away from everyone on their network and eligible to initiate connections with them. Your profile is now visible to people within their network as they search for potential employees, vendors or business partners. Everything shared within the network is now shared with more amplified effect.

Detroit Tech has an active, dedicated group of almost 200 members connected through LinkedIn. IncUinator's group has over 50 members. Urban Health had not yet established a dedicated presence on LinkedIn, but members of the community used the service and there were plans to create a group in the future.

Figure 25: Networking Human Activity System



**Sample Community-Level Activities**

Performed by	External Activities (material)	Internal Activities (non-material)
Community	Holding external networking meetings	Building community identity
	Holding internal networking meetings	
Entrepreneur	Gathering resources through attending meeting	Reify business concept
	Request connection and recommendations through LinkedIn and other social networks	Establish kinship

*Networking Human Activity System*

On the community level, the human activity system of networking can be conceptualized as shown in Figure 25. The subject, object, community and outcome are the same as for the other activity systems. Networking activities involve discovering and accessing a variety of resources – including those for financial, human, intellectual or even emotional/spiritual support. Mediating artifacts are expanded to include mundane tools such as business cards and beer (sometimes served at networking events), objects

in which rules and meaning are inscribed. Social networks such as LinkedIn and Facebook are another type of tool that not only facilitates networking; they provide a dynamic context for representation and identity of the entrepreneur. The activity system most closely associated with representation is pitching, discussed in the next section.

### **Pitching**

Pitching here refers to performed activity related to representation of a business concept and/or the entrepreneur to relevant stakeholders. Actions involved include delivering an elevator pitch, sending out a promotional tweet using Twitter or using an iPad to make a presentation. Such actions denote specific information about a company or entrepreneur – last quarter's revenue, the size of the market opportunity, the technical background of the founders or the specific problem that the company is trying to solve. The actions also connote more abstract qualities such as business savvy, technological wizardry, creativity or likeability.

#### *The Elevator Pitch*

Pitching as a form of ritual performance is exemplified in the elevator pitch. The elevator pitch is a short summary of the problem a business concept addresses, the solution proposed and a justification why the team involved is best positioned to address the problem. Over forty pitches were observed in the Urban Health, Detroit Tech and wider Detroit entrepreneurial communities during the dissertation research.

While varying in length from five seconds to five minutes, the elevator pitch has a highly stylized format recognized and standardized across entrepreneurial communities. Pitches typically involve one or two entrepreneurs providing their summary in a monologue format to a passive audience of a few to a few hundred using a microphone. There may be questions and answers from the audience after the pitch. The

entrepreneurs face the audience and usually have an electronic presentation (often referred to as a pitch deck or deck) projected on a screen in the background (see Figure 26). Microsoft PowerPoint is the usual tool for creating the electronic presentation. Casual conversations at business networking events can follow the verbal format in a small group or one-on-one setting.

*Figure 26: Entrepreneurs pitching at a Detroit event*

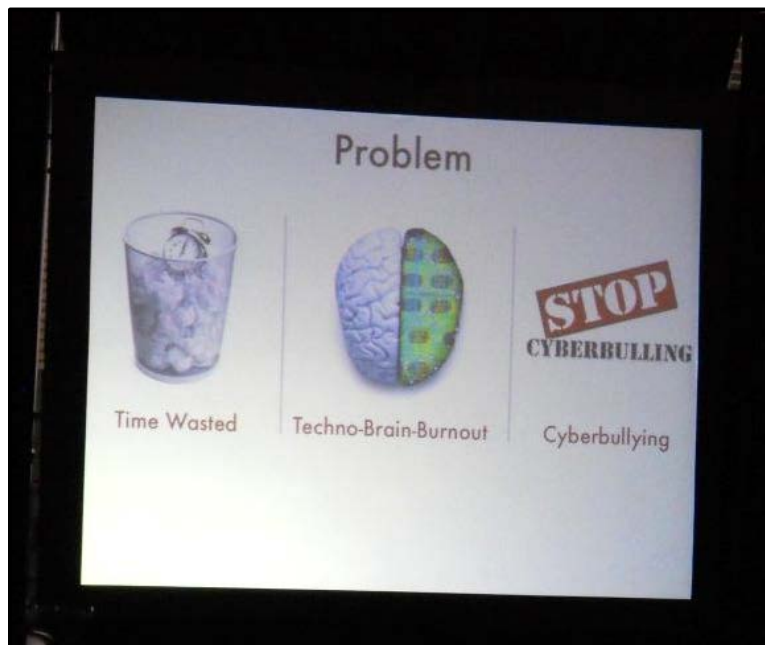


While these pitches typically denote salient business information, the connotations generated by styles of dress, speech patterns and image choices follow specific cultural patterns that are reinforced at the community level. For high growth, technology-oriented companies, the preferred style of dress is collegiate casual. Jeans, gym shoes and t-shirts are the consistent uniform, with shorts and flip-flops as acceptable summer substitutes. Casual blazers, baseball hats and thin hooded shirts may also be worn. It is important to note that these casual clothes are all to be worn with standard American collegiate style patterns. Jeans don't need to be belted, but

cannot be worn so that undergarments are showing. There is no flashy jewelry, are few tattoos, and the color palette is muted.

The vernacular of the pitch is consonant with the clothing – standard English spoken at an undergraduate collegiate level. Colloquial speech may be used for effect. “Waiting SUCKS!” declared an entrepreneur pitching his new restaurant reservations app. “We make customer service dead %\$#&ing simple!” proclaimed a slide in another pitch deck. Such colloquialisms may only go so far. “We make customer service dead *mother%\$#&ing* simple!” would be inappropriate, as it is typically considered a harsher term in American collegiate settings. Speech, both in written and spoken form, is actively—rather than passively—voiced, so you would typically not hear “Customer service is made dead %\$#&ing simple by our company!”

*Figure 27: Slide in pitch deck at a Detroit event*



“Good” pitch deck imagery is simple, stylized and impactful, with highly condensed meaning delivered in a few slides (see Figure 27). Photographs and graphic

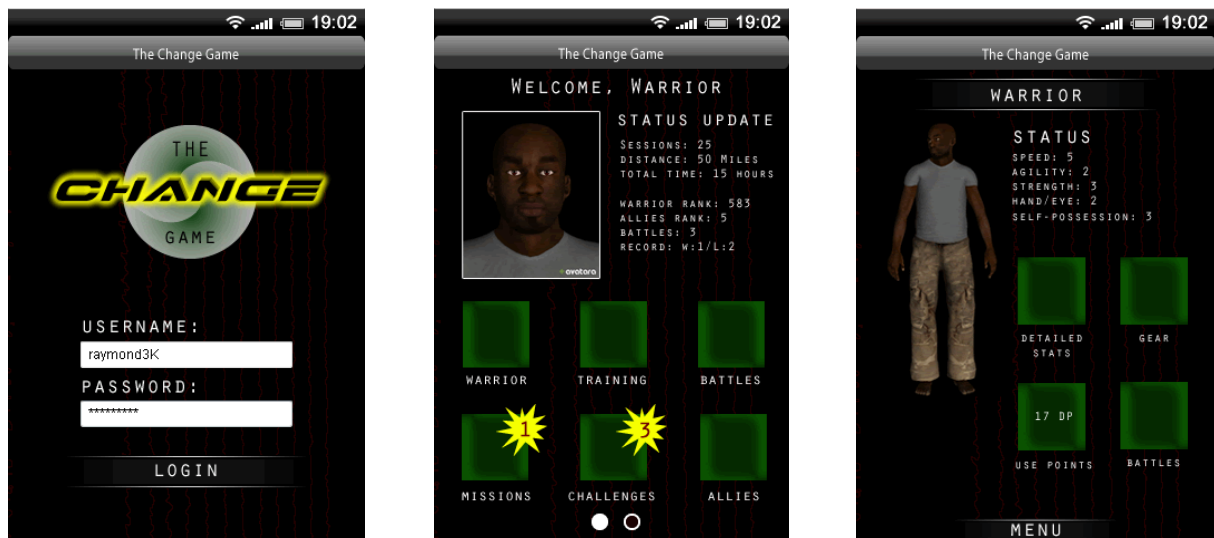
art are commonly used, with a small amount of text employed to support the point. Consistent design cues connote professionalism, as does the use of a logo, non-script font and quantitative data.

The emphasis on the visualization and materialization of business concepts through elevator pitches serves the entrepreneurial community's cause of reification and organization. Entrepreneurs in all three communities were given the format for pitching and provided ample opportunity to practice and receive feedback on their pitches. Events featuring formal elevator pitches were held at least monthly by the communities themselves or by partners in the broader Detroit entrepreneurial community.

### *Values and Artifacts*

Another form of pitching is through prototypes, artifacts symbolizing the function or intent of a product or service. The first phase of Urban Health funding was intended to produce and test prototypes of selected teams' business concepts (see Figure 28).

*Figure 28: Screenshots of Urban Health prototype*



The development of these prototypes reflected the Urban Health commitment to a principle called human centered design. The Urban Health community adopted the Bill & Melinda Gates Foundation's definition:

Human-Centered Design (HCD) will help you hear the needs of community members in new ways, create innovative solutions to meet these needs, and deliver solutions with financial sustainability in mind. It is a process and a set of techniques used to create new solutions that include products, services, environments, organizations, and modes of interaction. The reason this process is called "human-centered" is because it starts with the people we are designing for. The HCD process begins by examining the needs, dreams, and behaviors of the people we want to affect with our solutions. We seek to listen to and understand what they want. We call this the desirability lens. We view the community through this lens throughout the design process. Once we have identified a range of what is desirable, we begin to view our solutions through the lenses of feasibility and viability. We carefully bring in these lenses during the later phases of the process. (Urban Health 2011)

There is a wider debate over the ethics of applying the skill of capturing user insight, particularly among anthropologists. Some feel that ethnography employed in the field of new product design is wrong because it promotes consumerism (Wasson 2000). As non-anthropologists have been exposed to the power of ethnography and adapted to commercial use, the field has become somewhat disconnected from its roots. For the entrepreneurs of Urban Health, human-centered design is a part of the toolkit of the smart entrepreneur. Further, it represents the humanization of enterprise and a consideration of the personhood of the individual for whom a product or service is designed.

The adoption of the values inherent in human centered design and encoded in the prototypes represented a community orientation that spoke to the values of Trinity Care Partners, Urban Health's sponsor. Although it is one of the nation's largest health care organizations, Trinity Care Partners is a nonprofit Catholic organization guided by

Jesuit principles. The Urban Health community was positioned as a resource for social entrepreneurs that serve poor communities such as Detroit, Highland Park and Flint.

### *Two Rites*

The consultants that implemented the 2011 program were aligned with Trinity Care Partners' values of social entrepreneurship. They were also champions of transformational training. Transformation as used by the consultants is an event that produces radical change in which the trajectory or path of the object to be transformed is utterly changed. The inertia connected to that trajectory or path is overcome and something new or even unexpected is realized. The cause of transformation can align with a classical rite of passage in which there is separation, liminality and reintegration (van Gennep 1960).

One example of transformation can be found in the case of Chris Gardner, a single father who was struggling with homelessness in the late 1980s. His acceptance into a training program with E. F. Hutton was a transformational experience for him in which he re-identified himself with success. He ultimately found a home, established his own brokerage firm, and became a millionaire (Gardner, Troupe and Eichler Rivas 2006). His life was the focus of the 2006 film *The Pursuit of Happyness*, starring Will Smith.

Radical change is often signaled through dramatized rites of passage. The Urban Health entrepreneurial community was characterized by a more dramatic enactment of the process of pitching. Resources were made available for members of the Urban Health entrepreneurial community to deliver pitches that extended the standard elevator pitch format to center on the prototypes. The inclusion of these symbolic artifacts in these valued ritual performances signaled innovativeness and



transformation for all the members of the community, from the entrepreneurs to the nonprofit organizing body to the sponsors.

The marked difference in the Detroit Tech Launch and Urban Health communities' performance styles can be noted in the differences in the graduation ceremonies. The Urban Health graduation occurred at a Detroit museum. There was a formal invitation, reception and multimedia presentation. The winners of the prototype funding were announced throughout the night after video vignettes were shown on a large screen in a dramatically lit auditorium. The pitch competition which determined the winners was held earlier in the day. There was a formal procession in which the over 100 participants individually received their certificate and a handshake from high-level executives at Trinity Care Partners. The winners of prototype funding were presented with an oversized check and photographed. The final day of the Detroit Tech Launch program also included participants giving pitches, but there was no external audience, no official photographs and no special venue. There were paper certificates in both instances. The Urban Health certificates were framed.

*Figure 29: Urban Health graduation photos (top left, bottom left), invitation (top right), graduation photo for Detroit Tech Launch (bottom right)*

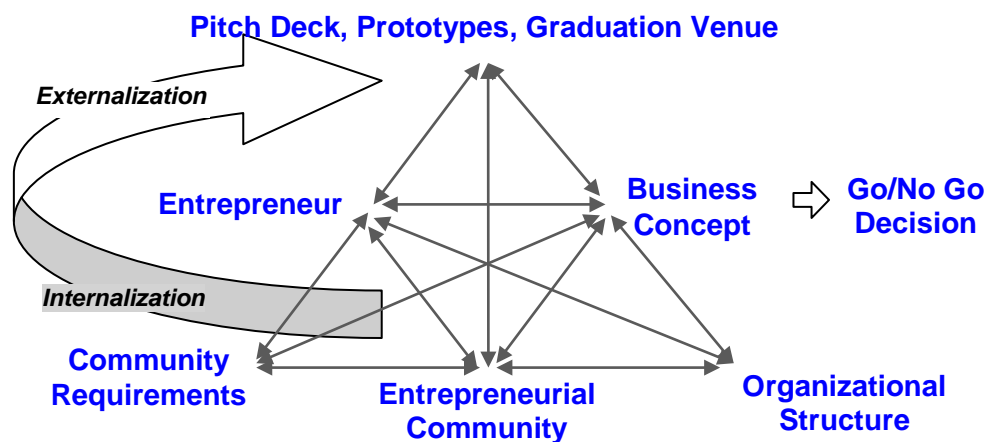




### *Pitching Human Activity System*

On the community level, the human activity system of pitching can be conceptualized as shown in Figure 30. As was the case with organizing and networking, the subject is the entrepreneurial community – Detroit Tech, Urban Health or IncUlator, with its own schemas for the division of labor. The object in the system is the entrepreneur, with the broader Detroit entrepreneurial community again serving as the activity system’s community. The outcome in pitching is to provide the entrepreneur outlets for perfecting their pitch and ultimately generating financial, human and social capital. Mediating artifacts include pitch decks and prototypes, as well as the ritual space in which pitching is enacted, whether virtually or physically.

*Figure 30: Pitching Human Activity System*



### Sample Community-Level Activities

<i>Performed by</i>	<i>External Activities (material)</i>		<i>Internal Activities (non-material)</i>
Community	Graduating people from training process	↔	Transforming community
	Teaching human centered design, persona building	↔	Transmitting values
Entrepreneur	Delivering elevator pitch	↔	Representing business concept
	Creating prototype	↔	

The activity systems discussed thus far comprise behaviors that are familiar to the field of entrepreneurship. Nurturing, the activity system discussed in the next section, represents a research direction with a high potential for anthropological contribution.

#### Nurturing

Nurturing activities at the community level include the generation of *communitas* and the provision of emotional and spiritual resources in support of the entrepreneurs. *Communitas* is a process that moves one's awareness beyond the ordinary ties of social structure, giving individuals a realization of the common human bond among members of society (Turner 1969). Connected to van Gennep's three-part model of rites of passage (van Gennep 1960), *communitas* accompanies activities connected with culturally-oriented transition, including changes in age, social position and state. This time in transition is called a liminal state. It is a state characterized by timelessness, anti-structure and a spirit of human unity. Entrepreneurs crossing through the Valley of Death certainly experience a liminal state.

Turner offered three distinctions of *communitas*: spontaneous *communitas*, normative *communitas* and ideological *communitas* (1969). Spontaneous *communitas* is the present feeling of unity in a moment of shared humanity. Normative is the

structuring that occurs around that feeling in order to sustain it, usually in the form of an organization. Ideological *communitas* is used to describe a utopian model of a society based on spontaneous *communitas*.

These distinctions of *communitas* are related to the cycle of creative destruction and disruptive innovation concept previously discussed. *Communitas* captures the feeling that the charismatic leader is able to ignite with a disruptive innovation. *Communitas* fuels their charismatic authority and inspires others to act.

### *Community*

Narrator: I got a question for you.  
 What does this city know about luxury, hunh?  
 What does a town that's been to hell and back know about the  
     finer things in life?  
 Well I'll tell you.  
 More than most.  
 You see, *it's the hottest fires that make the hardest steel.*  
 Add hard work and conviction.  
 And a know-how that runs generations deep in every last one of  
     us.  
 That's who we are.  
 That's our story.

The *Imported from Detroit* ad Chrysler ran during the 2011 Super Bowl felt like a love letter to a community that had not gotten much love in a long while. In contrast to the “ruin porn” that characterized the city’s media coverage in the 2000s, the two minute commercial featured images of clean streets and well-kept homes. It celebrated Detroit’s roots with pictures of factories operating and an urban feel reflected in the images seen and sounds heard in the commercial – an silver-haired African American doorman’s proud nod, a youthful Caucasian woman executing a difficult acrobatic maneuver among a crowd of skaters in a downtown ice rink with effortless precision, an African American church choir in crimson and black robes holding a poignant note, the iconic Joe Louis fist, the gravelly, smoke-cured voice of the narrator. Strains of the

guitar riff from *Lose Yourself*, Detroit rapper Eminem's multi-platinum hit song celebrating the hustle and the struggle of trying to make it big, teased in the background. The commercial ends with Eminem pointing directly into the camera, saying "This is the Motor City, and this is what we do..." There are nighttime shots of a sleek, black Chrysler 200, made colorful by the bright lights in front of downtown Detroit's Fox Theater, then a fade to the tagline – "Imported from Detroit."

The Super Bowl commercial masterfully captured the transition that the entire community is undergoing. It verbalized the rough passage of a city that has been to "hell and back" – one that is still making that transition. It reminded Detroiters that we are each part of something greater. It let us know that we are not alone. It reminded us of our resilience and our purpose.

The commercial was one of the most highly lauded of that year's Super Bowl ads. It struck an emotional chord with former and current Detroiters and felt like a rallying cry to entrepreneurs in the Detroit Tech and Urban Health communities. It highlighted the connection to a larger community of Detroiters, both inside the city limits and across the country. This connection is one supported in each of the entrepreneurial communities studied. From clear signals of a community connection through easily identifiable Detroit imagery, to more subtle signs, like a picture of a house in Detroit's Heidelberg Project or an authentic Pewabic Pottery tile, affiliation with the Detroit community is supported (see Figure 31).

*Figure 31: Detroit community affiliation examples--  
Map of Detroit in IncUbator office (upper left), ceramic tile made by  
Detroit-based Pewabic Pottery (upper right), photo of Detroit skyline on  
IncUbator office wall in TechHouse (lower left), photo of Detroit-based  
Heidelberg Project art installation (lower right)*



Urban Health has community affiliation and outreach as its primary goal, but Detroit Tech also felt both the need and responsibility to connect to the Detroit community.

*Cleo was an African American Detroit Tech staffer in her mid-20s originally from St. Louis who had taken a circuitous route to Detroit, picking up a southern twang along the way. She spoke with earnest about the organization's efforts to connect with its entrepreneurial community as well as the community of Detroit residents.*

One of the good intangible pieces that we do is have a community. It's happened more organically but I think being in this building, with all the space

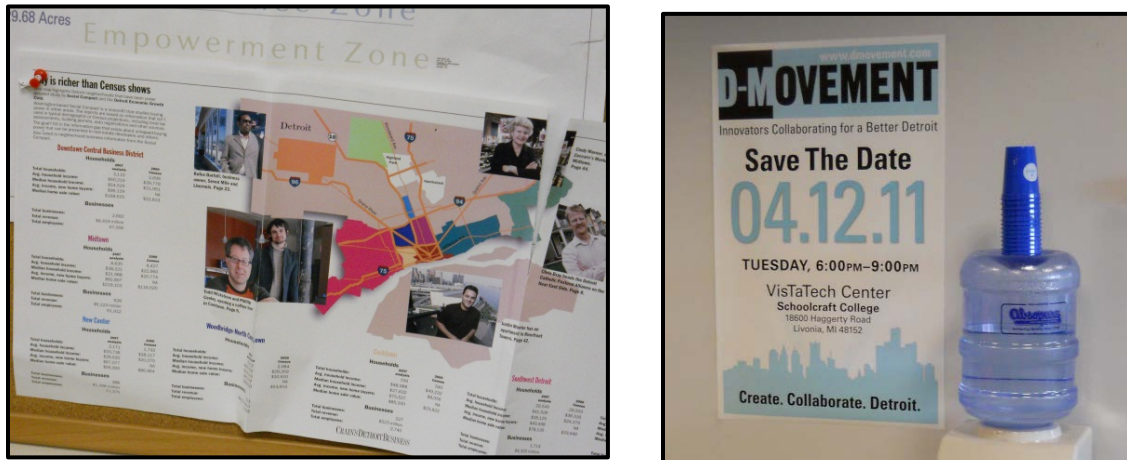
that we have and with the variety of entrepreneurs that we have, there is a synergy that you feel when you come here that a lot of people tell is unlike other places, you know, that they go to for entrepreneurial support. And I think that that's a key intangible that we have that we don't want to lose, you know, that vibe that we give off.

Cleo went on to talk about the events and matchmaking with entrepreneurs that they do to preserve that sense of community. She also spoke about the Detroit Tech's participation with Gleaners, a local food bank. Staffers are given four hours of paid time to volunteer for the causes of their choice. She also spoke about future plans to have a tour bus to bring the resources of Detroit Tech into the community in partnership with churches, community colleges and other local nonprofits.

### *Contested Community*

Outside of infrequent liminal experiences of connectedness such as a professional sport championship, the Chrysler Super Bowl commercial or the annual fireworks display, the membership in the Detroit community is a multivalent and contested. The Detroit community can be just Detroit residents, or include people in the surrounding suburbs. The city of Detroit is overwhelmingly African American, but a disproportionate number of its champions, highlighted in the media and working in economic development circles, are Caucasian. The article in Figure 32 indicates that "Detroit is richer than the Census shows," highlighting a group of residents that is primarily Caucasian. Interest groups have formed to improve the city, but do not always engage its current residents. Figure 32 shows a poster of an event in the Detroit entrepreneurial community targeted to suburbanites and held outside of the city.

Figure 32: Article on Detroit featuring Caucasian residents (left), Event poster (right)



*Samrat is an Indian entrepreneur in his mid-thirties recently featured in the media as a member of the Detroit Tech community. He is an active community organizer and entrepreneur. He created a popular group focused on tech entrepreneurship in Detroit. The group meets monthly to hear presentations from local speakers and pitches from startup entrepreneurs.*

*Samrat's relationship with Detroit illustrates the disjuncture between suburbanites and city dwellers. He considers himself to be a Detroiter, but he is concerned that he is not seen to be a part of the city because he lives in the suburbs. However, he only considers other suburbanites as potential collaborators in creating solutions for the city.*

I said, "You know what's the problem is that people really don't consider themselves a Detroiter, if they live in the suburbs. They always say, "I live in the suburbs." They all separate themselves. And, because of that, I felt like I actually do that, too. I actually, I say, I live in Novi, instead of I live in Detroit. And, the thing is that I think there's a misconception that when you do something or create a better activity, if you're not living in Detroit it's not really you're a Detroiter. And, I think that's a misconception... *None of us really consider Detroit. Everyone lives outside the city.* But, they create their events and activities all in the city.

So, what we said, coming back to your question, "Is the city and community the same?" If you're talking about city, in regards to the Southeast Mission, yes. That as a big city, we are a community. But, if you're talking about



just Detroit, and you don't count Novi, Grosse Pointe, South Bend, then yes, I think that's a misconception, and that will be a culture thing that would have to change. Because, the culture now is that we're all part of Detroit. And, we're gonna have to be all part of Detroit just to survive.

Since the times of Coleman Young, there has been a general mistrust by some Detroiters of people who live beyond Eight Mile Road, the northern boundary of the city. That the dividing lines of the city from the suburbs almost perfectly align with divisions of race and economic status perpetuate the mistrust from within and disregard from without.

No matter the racial or ethnic makeup, trust in Detroit's entrepreneurial communities was not freely given; it was something that was earned over time.

#### *Trust is a Process*

The early stages of building a startup are lonely ones. Entrepreneurs typically do not have a community of peers from whom they can draw emotional and empathetic strength. In entrepreneurial communities, building trust between entrepreneurs is a process; some are fearful of losing their ideas and scarce resources. The Urban Health community was characterized by some members expressing a lack of trust in sharing ideas with others. With over one hundred people consistently attending each class session, it was not as easy to connect as with a smaller group. The mistrust was evidenced by pointed questions from the audience during classroom sessions about protecting intellectual property and the necessity of sharing ideas. The competitive context in which the community was situated seemed to work against the *communitas* engendered by a shared mission to transform health in urban communities.

The lack of trust in the Urban Health community may have also been exacerbated by the lack of clarity about what Trinity Care Partners would provide the contest winners. Dr. Winters Clarke, the executive director of Urban Health, initially

communicated that winners would receive up to \$100,000 in funding for up to four years. As time went on, the level and duration of support to be provided by Trinity Care Partners would become increasingly vague. Dr. Winters Clarke, as the intermediary between the Urban Health community and Trinity Care Partners, the funding sponsor of competition, had the task of managing expectations on both sides.

Along with Winters Clarke, the notion of risk management became a buffer for the dissipation of responsibility for the project. Risk management took the form of extensive administration requirements for the participants that emerged during the course of the competition. There was also a moratorium on publicizing the competition and its winners in its latter stages. The notion of risk and the avoidance of risk-taking as justifications for action and non-action is not new. Mary Douglas explained it thusly:

The idea of risk could have been custom-made. Its universalizing terminology, its abstractness, its power of condensation, its scientificity, its connection with objective analysis, make it perfect. Above all, its forensic uses fit the tool to the task of building a culture that supports a modern industrial society (Douglas 1992, 15).

At the close of the Urban Health business competition, the businesses who received the higher level of funding were not officially announced to the larger Detroit business community. They were publicly acknowledged by being mentioned at a Kwanzaa celebration that was internal to the Urban Health community, yet the amounts won and the level of ongoing support remained a mystery—even to them. My company was selected as one of the ultimate winners, yet the nature of my company's relationship with Trinity Care Partners remains a mystery.

Dr. Winters Clarke felt that she had used up valuable social capital in mediating a relationship between the Urban Health community and Trinity Care Partners that was not

transparent. Yet many community members indicated that the Urban Health experience was a positive one in which they benefitted by participating.

The design of the Detroit Tech Launch experience required repetitive sharing of each other's general business concept through pitching. Roughly fifteen people were in a class led by two facilitators. Building trust, even in that small group and despite the fact that ideas were regularly shared, was a process that took time.

Stacey, an animated African American woman in her mid-30s, was working on building a unique online dating service, but she was secretive about what made her service so different. In the first few weeks as she practiced her pitch in front of the class, she pointed out a few of the more attractive men and flirtatiously indicated that they would be great candidates for her service. About midway through the course, she revealed that her idea was to create an upscale dating service for women to meet other women. She also disclosed that she worked and had been active in the lesbian, gay, bisexual and transgendered community for some time. There were some in the classroom who felt betrayed by the way she initially represented herself and her service given that it was not what she was actually doing. Others felt offended that she would feel the need to closet herself and her business. Ultimately, the community roused to support her and her idea with feedback and suggestions. Her revelation also provided an opening to speak about deeper issues and raised the overall comfort level.

In both the Urban Health and Detroit Tech Launch communities, trust was correlated with transparency and tangibility. With Urban Health, the transparency and tangibility sought from Trinity Care Partners was specific and preferably written guidelines about what support was to be awarded to whom and for how long. The discrepancy between the original presentation of the support parameters and the vague

nature of the actual support provided led to a loss of trust between some community members and Dr. Winters Clarke. Many participants had personal relationships with Dr. Winters Clarke—not Trinity Care Partners—and a few focused their disappointment with the process on her. The large number of Urban Health participants made transparency between people logistically difficult. The anonymity of the crowd lent itself to the feeling that the other participants were less tangible, less reliable holders of trust. In the Detroit Tech Launch community, Stacey's misrepresentation of the nature of her business—as well as her own sexual orientation—was associated with a lack of transparency as well as the corruption of the tangible elevator pitch and business plan. These ruptures also spoke to representations of trust that exist as symbol (i.e., corporate and personal transparency, factual accuracy) and material (e.g., elevator pitches, agreements, business plans).

The notion of trust as a temporal, transactional process that exists in the world of meaning as well as the material world has been previously explored (Corsín Jiménez 2011). The creation of trust both internally and externally as observed with these communities meshes well with the internalization and externalization process correlated with activity theory.

#### *Faith and Entrepreneurship*

“Now faith is the substance of things hoped for, the evidence of things not seen (Hebrews 11:1, King James Version).”

Nurturing in the Detroit Tech Launch entrepreneurial community also took the form of the creation of vision boards, symbolic artifacts that were visual representations of an entrepreneur's impact on the world and in their own life through the creation of the business (see examples in Figure 33). These boards were publicly displayed for a brief

time in the TechHouse building. Entrepreneurs who developed the boards took great care in their construction. On the surface, the community's role was to instruct the entrepreneurs on how to create a vision board and provide a place to display it. On a deeper level, the communities helped to build faith by enabling entrepreneurs to materialize their mental models of success and validating the worth of those models.

*Figure 33: Detroit Tech Launch entrepreneur vision boards*



The prototypes built as part of the Urban Health process also served a faith-building function. The materialization of a business concept through vision boards, prototypes, and the recognition of significant milestones helped to build confidence for the entrepreneurs. It also gives the ideas agency within the community. Part of the role of entrepreneurial communities is to confer legitimized agency to the business concepts of their entrepreneurs. This is an aspect of organization which allows the business concept to be perceived as an independent entity while helping the entrepreneur to nurture their belief in their ideas, and ultimately themselves.

*SueZette was a confident and statuesque African American woman in her late 40s with a high wattage smile and bright green-gray eyes. The ultimate hustler for her business, she was always working to get her company exposure and more customers. She came to Detroit Tech when I was a member of the staff and I worked with her closely. Quick to react to her circumstances with emotion, SueZette had always had an edginess to her, with a street vernacular that she could (with a little bit of effort), recode into corporate lingo as necessary. I could see that since I'd left Detroit Tech, she had mellowed and matured into her role as Chief Executive Officer.*

*SueZette recalled how the Detroit Tech community supported her in the early days.*

You know, you guys were in my life for a reason, significant. You helped me when I needed it, and you didn't know how bad I needed it, you know what I'm saying? And most people didn't. They just knew that I looked like I had issues as far as how I was acting, and it's just, "Dang, she just won't stop, she's just bulldozing over people in this idea of hers," they didn't realize I was on a mission to survive. And by hook or cook, I believe in [my company], and I see it. The vision is there.

In her office, behind her desk are an unopened bottle of Tosti champagne and a bouquet of bright, colorful chrysanthemums. A large, foam-backed poster with her photo and a group shot of her team are on the front. "Congratulations from all your friends and colleagues at Detroit Tech!" accompanied the photos in large type. She explains that the Detroit Tech staff acknowledged a recent major contract win with a large school system after years of struggle. The validation she felt shone in eyes and her wide smile as she described being led into the lobby and being presented with the flowers, champagne and poster in front of a small group of staff and community entrepreneurs. The surprise presentation helped to bolster her faith, a valuable resource that has kept

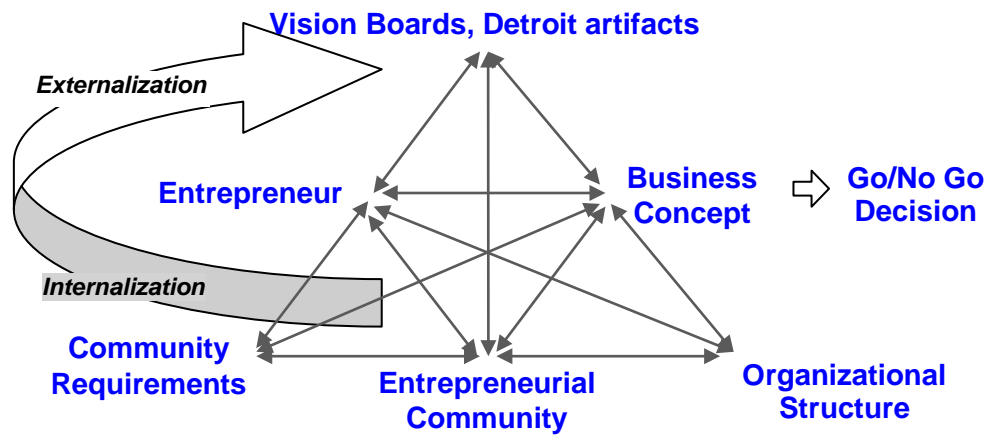
her afloat through the years, even when there were not enough financial resources to do so.

Like trust, faith as observed in these entrepreneurial communities straddles the symbolic and material. It is as tangible as a foam core vision board or as ephemeral as community validation. Ultimately, the process of building a business involves the materialization of trust and faith at the community level along with more traditional business artifacts. The nurturing activity system is where that materialization process is centered.

#### *Nurturing Human Activity System*

On the community level, the human activity system of nurturing can be conceptualized as shown in Figure 34. The subject is the entrepreneurial community – Detroit Tech, Urban Health or IncUinator, with its own schemas for the division of labor. The object in the system is the entrepreneur, with the broader Detroit entrepreneurial community serving as the activity system's community. The outcome in nurturing is to create a fertile space into which a sustainable business can be born. That abstract space requires an entrepreneur with faith in their developing business as well as a supporting ecosystem to which the entrepreneur feels a bond. A condition of operating within that abstract space is the materialization of the business concept. Mediating artifacts include symbolic acknowledgements of achievement, as well as curricula and resources that enable entrepreneurs to make vision boards and prototypes. Standards and rules for the development and distribution of these artifacts help to afford meaning.

Figure 34: Nurturing Human Activity System



### Sample Community-Level Activities

Performed by	External Activities (material)	Internal Activities (non-material)
Community	Facilitating introductions	Unifying community
	Volunteering in community	Belonging to community
	Displaying Detroit artifacts	
Entrepreneur	Disclosing business information	Building trust
	Creating vision boards	Building faith

This chapter presented and discussed findings concerning organization, networking, pitching and nurturing activity systems at the community level. The next chapter explores these activity systems from the entrepreneurs' perspective as they build sustainable companies.



## CHAPTER 6

### FINDINGS & DISCUSSION – ENTREPRENEURS AND BUSINESSES

The goal of this chapter is to explore startup business development from the entrepreneur's perspective by examining and discussing the activity system data collected. In this chapter, we focus on the top part of the activity system, with the entrepreneur as the subject, the business concept as the object, the mediating tools and the go/no go outcome. We conclude with a case study

#### **Organizing**

##### *Organizing Begins in Language, Moves to Material*

The state of being a startup entrepreneur is based largely in language. There is often no artifact specifically associated with being an entrepreneur. Other occupations are marked with material symbols – a doctor's white coat and stethoscope, a fireman's hat and uniform, or a teacher's classroom and books. Being an entrepreneur often is a declarative, illocutionary act. An illocutionary act refers to Austin's (1975) work on performative utterances and his theory of locutionary, illocutionary and perlocutionary acts. A locutionary act is the verbal performance of an utterance and its surface-level meaning. An illocutionary act encompasses the force of that meaning, grounded in the cultural context. Perlocutionary acts are the effect of a speech act—such as inspiring or angering.

Searle extended the theory by categorizing illocutionary speech acts, identifying declarations as speech acts that “bring(s) a state of affairs into existence by declaring it to exist... Examples of these cases are 'I resign', 'You're fired', 'I excommunicate you' (Searle 1976, 13).”

Organizing by means of conversational interactions was consistent in all communities. Consider Health Resource Technologies, a business idea being developed by a team in the Urban Health community. Henry, Jackson and Donyale, three African American entrepreneurs who came to the community with different ideas and different partnerships, decided to work collaboratively to generate a stronger concept. Their collaboration was based primarily in conversations with each other.

*Donyale was a 40 year old chiropractor with a soft voice, reassuring manner and positive attitude. She seemed to live in a state of constant gratitude, pleasantly surprised with her financial security and career success. During our conversation, she mulled over the things she had to say to me before they left her mouth, checking to make sure she was not speaking negatively about anyone.*

*A hard working single mother who had simultaneously been a pharmaceutical sales representative and in training for a chiropractic doctorate degree before she acquired her practice, Donyale was oriented toward showing what she could do rather than telling it. In contrast, Henry and Jackson were sales guys, quick to tell stories, shake hands and play the visionary role in their previous respective enterprises.*

*Donyale recalled how she, Jackson and Henry came together.*

Now, funny thing about it. I came with an idea in mind. However, the people I - the guy who I came with, I did - I linked up with another older gentleman just by conversations sittin' in there one day. And I - one of my staff, she didn't make it, and he needed a seat. And the gentleman, Henry, that was sitting across - not next to you - across from you when we first started the other day at the suite - and him and I just started talking.

And he was excited about what I was thinkin' about doin' in my community, and we stressed, "I'm gonna do this regardless. I'm gonna do it whether it's by Urban Health. I'm gonna do it 'cause that's just - that's what - that's just how the Lord speaking." I'm like, "I'm doin' this regardless, but if Urban Health helped me, that's a blessing as well. But I'm gonna do it regardless."

Well, he was eager about what I wanted to do, and I was quite interested in what he wanted to do. But unbeknownst to me, he had two other teammates. And one lady really wasn't ever there, and then, the other lady, she would skip some of the meetings. And so, I wound up meeting those guys offsite, and we sorta swapped information. And I brought my sister in on it, who works with me as well.

And then, we four - let's see - one, two - we - the five of us wind up linking up with two other gentlemen that were in Urban Health, which was maybe the fifth or sixth week - maybe fourth week. And we just put our minds together, and it just sorta panned out like how it's panned out."

In a separate interview with Henry that took place early in their collaboration process, determining what the group was organizing to do is not clear.

*Henry was a longtime entrepreneur in his early 60s. He was solid, likeable and proud, with a touch of sadness in his face. He was an old school tech guy, used to being around people that were mystified by technology. His speech was often sprinkled with impressive-sounding technology catchphrases.*

*He gave me a thorough accounting of the businesses that he had been involved with since the early 1980s. Henry had made a fortune, but lost it paying the medical bills of his son and both of his parents—and each had died after protracted illnesses. Henry took his business as a patient advocate and health care consultant personally.*

*Henry's conception of the Urban Health partnership that he was helping to develop was vague compared to Donyale's.*

And that's when I stepped into Urban Health. And then - while working with Urban Health, there was two different groups that was brought to the table. One is a chiropractic group, and the other was the Smart Card.

Okay? And I was basically looking to provide care back into the inner - communities within the inner city -okay - and also working with obesity. And then, with the Smart Card piece and the chiropractic piece, they said we could create what would be a point of presence - okay - that we can work out of in the different areas throughout the Detroit and Flint areas.

And bringing the Smart Card to it 'cause the Smart Card provided an opportunity to really take a lotta cost outta the service - or outta the system and

also increase the amount of care that each of the patients were given. So, it became a very compassionate approach that tied into electronics. And then, what the doctors - the chiropractors coming to the table wanted to do was take the things that we had inside this point of presence and expand it into a mobile unit so that where we have points of presence, the mobile unit would take them back into the community and working at the senior centers, activity centers, senior living centers and provide a multitude of services back into the community, not only from the chiropractic standpoint, but from massage, from making sure that that patients are taking their medications, checking their blood pressure, checking their cholesterol - things of this nature - and also providing the services that will assist them in being healthier. And that came as a result of working with the Urban Health organization and talking to different people that were inside it.

Organizing actions for entrepreneurs involve creating shared understandings through speech. But the ephemeral quality of speech makes it easily contestable.

*Jackson was a political consultant and independent salesman in his early 50s. He had been involved with a few local political campaigns and was well known in the metro Detroit community. He could create instant (albeit surface) rapport with a handshake and exchange of business cards.*

*Jackson was frustrated with his group's organizing process. Tension had built with Henry on who was to lead the new combined enterprise. Leadership for the nascent company primarily existed in conversation, rather than in material reality. There was no corner office, nor was there any revenue to support salary differentiation. Yet leadership was an important point of discussion for the group.*

And we had - that was a point of contention this past week and -when we had to come up with ideas. So, Henry was the coordinator of the team, but there's been some contention between he and I. We had a pleasant conversation this morning - or this afternoon.

'Cause - but I've been on him. Henry wants to be a leader. I'm about trying to get the job done. I said, "I don't care what the title is. I'm gonna focus on we gotta get this product and prototype running, and we need to sell it."

Now, I'm interested in making money. I don't need titles. I got enough titles. I've got company here, company there, chairman of the board... My name has been in lights. It's been in print. So, it's nothing new to me.

And so, it was real important to him to get credit and be known as the leader, and we've had some serious arguments on that. And not that - I said, "Henry, you had a chance to lead, but you haven't led." I said, "You keep wantin' to give input. I'm lookin' for output. Produce somethin'. You haven't produced anything."

The goal of organizing is to materialize a sustainable business. To submit to the process of instrumental rationality requires that materialization. The more material and codified that the business concept is, the more agency is afforded to it and the more it is perceived to be organized. More mature businesses in the communities studied developed artifacts such as uniforms to signal organization (see Figure 35).

*Figure 35: Worker in mature Detroit Tech startup with business logo on clothing*



Getting to a shared vision of what the material should be requires conversation. Austin (the self-confident, twenty-something Caucasian entrepreneur) and his partners and were especially keen on business development. One partner was a programmer based in Chicago, another partner based in California brought business expertise and Austin was the designer. Austin explains how they worked.

The guy from California came in a couple of times throughout the year. We were doing web conferences, like Skype, every morning just as status meetings, check-ins. So we were really doing what I think was a very good job of kind of managing ourselves, communicating, working together and we were putting in a lot of hours and producing a lot of material.

The team emphasized communication leading to materiality – status checks and artifact production. This strategy helped to counteract the lack of physical contact and focused their efforts on organizing the business.

*Automotive Ethos Internalized*

The entrepreneurs interviewed shared a common understanding of struggle, hustle and hard work. For them, it means doing what you feel you have to do to get by. Most had some connection with the automotive industry, as a direct employee or through a family member. They were dissatisfied with what employment in that industry had to offer and often juxtaposed it with the freedom and creativity that they believed entrepreneurship could provide. Some of the hardscrabble ethos of the industry remained. Entrepreneurs spoke about side hustles – running their business while remaining at a job. Others took pride in working 12 to 16 hour days on their businesses. Hustling has its own set of rules. Austin, the entrepreneur with the virtual company, took pride in the hustling he and his partners did to move ahead.

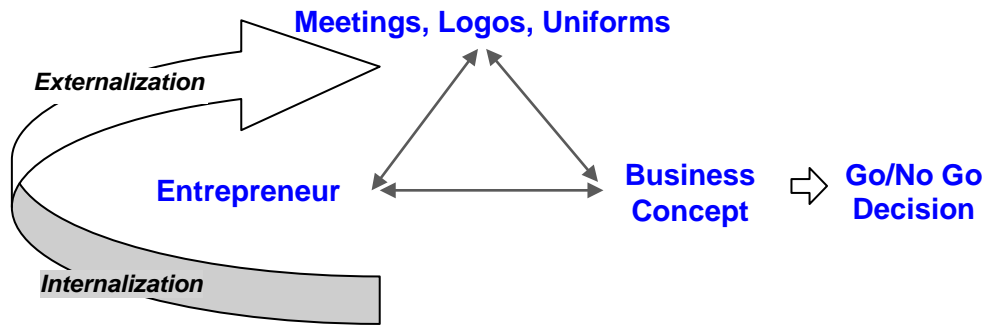
We went to our first big conference and all three of us went down. The tickets were like \$2,000 apiece. Like just to get into the door. So the guy from California flew to Chicago. I took the train into Chicago and then all three of us took the train from Chicago down to New Orleans. It was down in New Orleans. We literally took the city of New Orleans train that like, you know, Woody Guthrie wrote a song about. And then we all flew back from there, because that was the cheapest way we could get down there. When we got down there we only purchased one entry ticket and I'll tell you what we did. I took my fancy digital camera...

We got one copy of it. We raced back to the hotel and took a picture of it. I Photoshopped our names into it and the next morning when the conference started we snuck into Kinkos, which was next door to the conference. And I'm plugging in my USB drive, quick print and make sure nobody sees the computer screen because we're forging \$2,000 tickets into the conference.

I'm racing over - closing that program - racing over to the printer and waiting for it to come up so nobody can see. We cut them, cut them, cut them. I mean it was that kind of beg, borrow, hustle and deal to get things done.

Struggle, hustle and hard work are commonly accepted and even celebrated as a part of the entrepreneurial path. The themes echoed in the *Imported from Detroit* commercial (described in Chapter 5) as being part of the DNA of the city resonate with the way that the entrepreneurs view themselves and the development of their businesses.

Figure 36: Organizing Human Activity System



**Sample Entrepreneur-Level Activities**

External Activities (material)		Internal Activities (non-material)
Collaborating with partners	↔	Creating self as entrepreneur
	↔	Reifying business as independent
Wear clothing with business logo	↔	entity

*Organizing Human Activity System*

The human activity system is conceptualized here on the action level, in which the entrepreneur is the subject performing the action (see Figure 36). As the process of organizing progresses, the entrepreneur attributes more agency to their business concept. The business is then increasingly seen as sustainable—the go/no go decision that is available to every business every day seems to be an automatic “go.” The decision to continue the business is seen as self-evident because the business seems to be able to survive without its founders. This dynamic is based in the idea that the instrumental rationality to which an entrepreneur submits as part of the organizing

process is the best method for coordinating activity, a notion called the “organizational ideal” (Adams and Ingersoll 1990). Yet is still the entrepreneur and their team performing the actions and not the business.

It is, in fact, this organizational ideal that permits us to construct locutions such as ‘organization imposes,’ when in fact the more accurate description would be ‘through organization a powerful group imposes.’ This shorthand, used here for convenience, expresses an ideology by attributing agency to what is in fact an instrument (Batteau 2000, 728).

The subject, object and outcome are consistent with other activity systems. Mediating artifacts are the objects through which instrumental rationality is imposed. They are symbolic material artifacts of the business – the logoed uniform, the business plan and the prototype. It is also the speech which is being used to materialize the organization through collaboration and relationship-building with others. In the next section, the networking activity system will examine these relationships in greater detail.

## **Networking**

### *Tacit Nature of Networking*

Networking is a discovery-oriented resource gathering activity for startup entrepreneurs. There are two primary aspects of networking. The first is building a network, creating meaningful connections with people for the purpose of gaining resources (financial, human, intellectual, spiritual/emotional and others). The second is activating or mobilizing a network in order to capture those resources. Entrepreneurs are given ample opportunity to network through their entrepreneurial communities, but in contrast to pitching or business planning, there is little explicit explanation on how to do it. Crowd funding (discussed in the previous chapter) is a notable exception. IncUinator’s internal networking is made simpler by a strong culture which promotes



resource sharing, but for the entrepreneur networking in a wider community, it is not as clear.

*Tabitha was an Urban Health entrepreneur in her late thirties. She had been self-employed for a while, and depended on referrals to keep herself afloat. Although word of mouth was her primary marketing method, she had not extensively networked in the past. She had a bubbly personality that fit with her rounded face, short, chic haircut and laid back style. Tabitha talked about her networking experiences.*

Well, I tend to gravitate towards like - I've only been to a few of them, those that have been down in Detroit Tech. I like what they're doing, they have the whole incubator experiences, where they seem to be more willing to - or they are more knowledgeable that being a small business can be tricky and challenging, and they tend to have these various seminars and things that speak to that, and give me a feeling of a sharing, that you're going to get some type of help, or someone going to be able to come to your aid. I have - like I said, I haven't gone to a lot of those, but I've been - sat in conferences where they've had panel discussions and things of that nature, where people were - you know, they may have been people that you might see on television, or news reporters or whatever, that specializes in those areas that you ordinarily probably wouldn't get a chance to meet one on one, but are, you know, a little bit open to talking to you and things of that nature. Taking advantage of like expos and - um, basically that's it.

As entrepreneurs develop and create more mature business concepts, their networking can be more sophisticated. When asked about which network has been most important, Serena demonstrates a much higher degree of skill in networking.

*Serena was a Detroit Tech entrepreneur in her early 50s with a startup business developing as a division of her mature primary business. Always dressed for business in heels and a suit, she was comfortable with the corporate conservatism prevalent in her industry. I had first met her as a staff member at Detroit Tech and was impressed with her drive and her success. It seemed that she had gotten even more savvy and sophisticated since my tenure at Detroit.*

*As an African American woman with a green energy business, Serena recognizes the value of being unique in an industry dominated by Caucasian men.*

Serena: The financial network, I think is the most important, followed by the network that's been very helpful to me this year, apart from being in the paper three or four times, small little articles with a picture, the marketing, what do we call that?

Interviewer: Public relations?

Serena: Yeah. That's been really good for me this year, especially energy's a hot topic, and there's so few minorities, and the papers do try to be fair when they're doing energy. White guys, white guys, white guys and then this sister... so I have had my share of publicity just from being one of the few minorities doing energy efficiency projects. Both of those have been helpful, because when I'm in the paper, my LinkedIn profile gets up. And, I get a couple of calls for this and that. So, those - really, they're new to me. But, they've both been helpful to me this year.

And, the interesting thing about the financial is that I haven't been able to take advantage of that yet, but I know that my reputation is such that I can now. I mean, I don't know if you remember a couple, maybe three years ago, I went to Chase - was it Chase? Yeah, I think they were changing their name at the time. And, I got that "no." [Serena had been previously denied a loan from the bank with which she had been a commercial customer for over five years]

I would have tried a lot harder now, you know, called - you know what I mean, I would fight, I will be going after money definitely now. And, being in energy efficiency, in which is more homegrown than selling equipment from all over the world.

I think I have a better argument for being a good risk, I would say. But, I think those are really the two important networks.

Interviewer: So, no personal networks?

Serena: To me, those are personal networks. I've tried to make them personal.

Interviewer: Right.

Serena: Networks. Even though--especially the guys in the investment network--are the weirdest group of guys I've ever seen in my life. You know, because they're investment on every level from IT or

life sciences, and all of that stuff. And, they really seem to know where the money's coming from, and where the money's going.

Interviewer: And, these are investment bankers? Not just commercial bankers?

Serena: No, not just commercial bankers. Investment, commercial, and angels... They've just been in, as my granddad used to say, if "people who have been in high cotton for a long time." A lot of them know the origin of money, why there's money in this pot right now.

Interviewer: Right.

Serena: This pulse of that pot. And, who was being that bill, legislation, and just a lot of knowledge about - they know the people at Quicken Loans and Compuware, that's the basis of all that is the money network.

*Mentoring is Necessary, A Mentor is Not*

One of the ways in which networks can be mobilized is for mentoring. Mentoring is defined as

An intense developmental relationship whereby advice, counseling, and developmental opportunities are provided to a protégé by a mentor, which, in turn, shapes the protégé's career experiences. This occurs through two types of support to protégés: (1) instrumental or career support and (2) psychological support. (Eby 1997, 126)

Access to mentorship varies. When entrepreneurs don't have an actual mentor who can provide direct assistance, they can sometimes adopt a virtual mentor, whose imagined persona provides inspiration and motivation. The differences in mentoring type are contrasted in statements from two separate interviews with IncUbator entrepreneurs. Both Austin and Markus now have access to the larger IncUbator family, but that was not always the case. Austin has mentors and role models that he can activate to further his business goals. Markus does not have that network.

Austin: So I was talking - obviously, in the conversations with [referring to the founders of small company with which he was formerly employed]. They had been kind of helping me figure out what

some of my options were. They knew of a bunch of investors in the area and so on and said, "Yeah, we'll get you introductions over there and over there." And we had also, again, had that money from my father still in the company [Austin's father, a physician, had invested money in the business].

Markus: 'Cause, really, when I was growin' up, I didn't have - I had positive role models, but I didn't have an entrepreneur successful role model that I could actually call or e-mail or actually touch. They were pretty much on TV or DVD or - like Donald Trump and all these big guys.

Entrepreneurs benefit from the guidance and motivation offered by mentoring. A study in Quebec revealed that in 66% of cases, mentored firms' revenue improved after a mentoring experience (Mélançon and Alarie 2001). Seventy percent of the firms survived for five years or more, which was double the rate for entrepreneurs who had not been mentored.

People with the necessary skill sets and experiences are not always within easy reach. An important and accessible resource for many of the entrepreneurs interviewed were family members who owned businesses.

#### *Family Can Be a Valuable Network*

Family can be one of the most valuable networks available to mobilize for entrepreneurs. While most families can impact nurturing activity, either positively or negatively, families that are comfortable with the entrepreneur are good sources for financial and human resources. In Henry's first business, he connected with his family members and fifteen of them became investors.

*Mack was a lifelong African American entrepreneur in his early 40s. Always well dressed and professional, he seemed to be laser- focused on the opportunities in front of him. He and his partner had built his IT company from one shared cubicle to most of the*

*offices on the ground floor of the front of TechHouse. Mack and his partner were old pros at navigating the entrepreneurial maze who had not yet reached middle age.*

*Mack has a family that is particularly entrepreneurial. His parents were longtime automotive workers who saved their money, ran businesses on the side that they positioned their children to manage, and eventually left the plant.*

Mack: My parents had the vision, they loaned me the money. So really what they were doing, really kind of setting their kids up in different businesses. Like my sister at around the same time, my father had a collision shop, collision and paint shop that did repairs, so he put my sister right up under me, kind of worked with him there. I had my Laundromat.

Interviewer: Okay, so you were in the collision shop and the Laundromat?

Mack: No, no, she was there -

Interviewer: There at the collision shop and you were at the Laundromat?

Mack: Correct. Now as far as resources and stuff like that, because I was intimately involved in the build out and development of the Laundromat, I learned the business, you know, for starting. 'Cause I - you know, dealt with a vendor, kind of got my feet wet on understanding the pricing of the stuff, how much it would cost, how much my note was. It was all leased equipment, lease to own equipment. So during that time period, that 6 months or so in between, I'd be working in developing the Laundromat in the evenings, pop in in the evenings and then working my day job doing the social work. And officially in January '94, I transitioned out of the social work, really for a couple of reasons. One, because I was burnt out from it, and two because my business was opening, so it was kind of plus.

The Laundromat business was just that, still kind of learning on the fly, learning the business. My father, my parents were supportive, they kind of helped me through the process. They obviously fronted all the money for the actual opportunity itself.

Interviewer: So did they lend you the money to do it, or did they give you the money to do it?

Mack: It was, they paid the lease, they paid for the build out, and I paid the loan.

Interviewer: Got it, okay.

Mack: And they own the building.

Interviewer: But you own the business.

Mack: Yes

The familial relationship allowed Mack and his parents to create and expand an array of businesses with a greater level of trust than with partners without a family bond. To more effectively connect and mobilize business networks, the entrepreneurs interviewed tended to ascribe bonds of kinship to their business relationships.

#### *Entrepreneurs Generate Kinship in their Networks*

As business concepts mature, entrepreneurs engage other stakeholders – employees, board members, partners and others – to become affiliated with the business. These relationships involve standards, obligations, and meaning for the entrepreneur. When asked about her vision of success for her company, Serena is not just thinking about herself. She is interested in job creation and quality of life for her employees.

Serena: You know, the successful outcome, an ultra-successful outcome, my vision for that outcome is in two years I'll be literally retired. A successful outcome could be the 167 full-time people. But, we have ten full-time people, who are being paid. I have two people, that one person who is not being paid. She's been tabled, she accepted. But, not what she should be paid. And, then I have another person, I have two people that really need raises really bad. So, I don't feel good. You know, I feel good when I'm paying people what they feel good - so, I have two people that I really need to get a couple of things in order, so I can give them raises.

Interviewer: So, success for you is a function of what you're able to do for your employees?

Serena: Oh, absolutely.

For Henry, relationships with others in a business context have meaning beyond the assignment of titles. A director's seat in his company indicates a deep personal relationship between the director and himself.

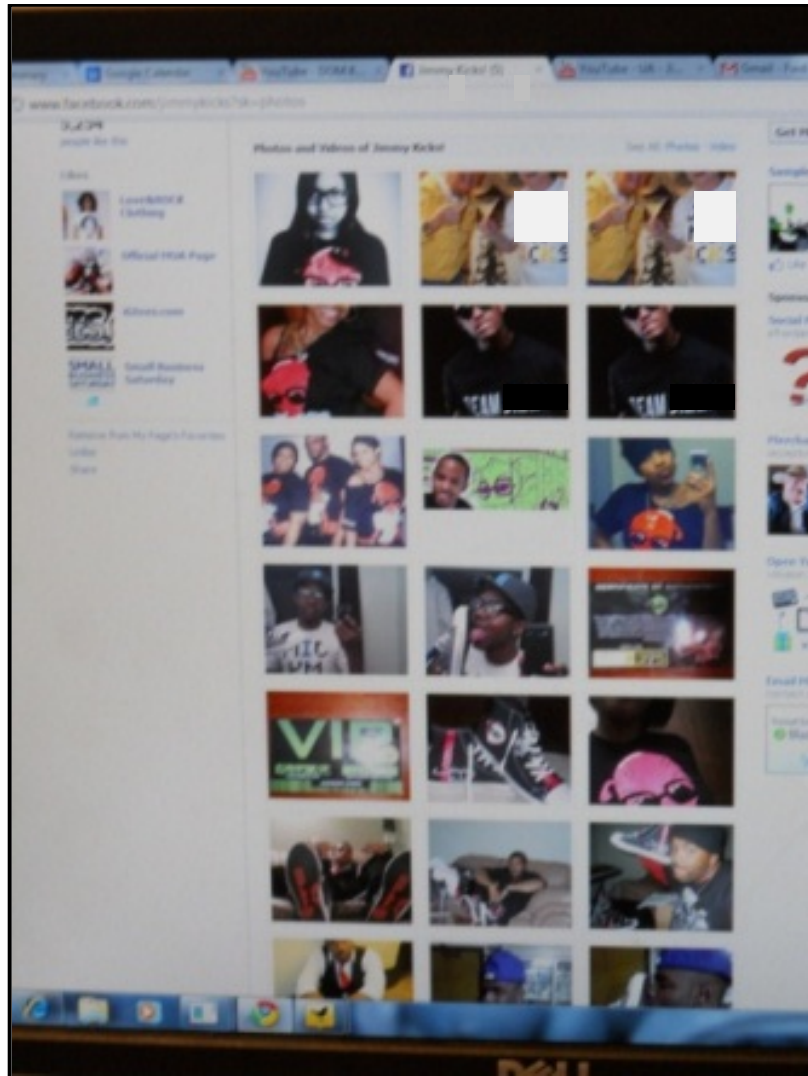
And when I got ready to go into business, I went knocking on his door, and I said, 'Here's your chance.' So, again, the relationships and then going back and asking. You have to, one, make the relationship. You have to understand what the value of those relationships are and what it is their value is. How do they see the value? What is it that they see in you that makes them want to be associated with you 'cause everybody sees something different, and usually it's different than what it is I see in myself.

But then, you gotta go back and also knock on the door and ask them to come to the table 'cause everybody won't raise their hand and say, 'Yeah. I wanna be there.' And he came to the table in a good way. He ended up being on the board of directors.

As an entrepreneur with a business based in social networking, Markus has very visual representation of his connection with his customers. His site offers designs of casual apparel that are voted on by his community of customers and potential customers. The designs with the most votes are released for purchase. Customers buy the clothes through the website, which ships it directly to them. He keeps no physical inventory and builds committed demand before anything is produced. The biggest asset that he needs to maintain is his relationship with his community. He encourages them to post pictures of themselves wearing their gear on his Facebook site (see Figure 37). The clothing is youthful and urban. His customers are diverse. He has a printout of two otherwise conservative-looking, middle aged Caucasian women wearing his t-shirts and gym shoes tacked to the wall of his cubicle.

The obligation and affiliation built into Markus's business model is the same kind of kinship one might feel toward people you often see in a neighborhood coffee shop. A large part of what Markus purveys is community and kinship. Emblazoned on his t-shirts is "Team Markus", a nod to the extended family he is building through his business.

Figure 37: Photo of Facebook fans of Markus's business

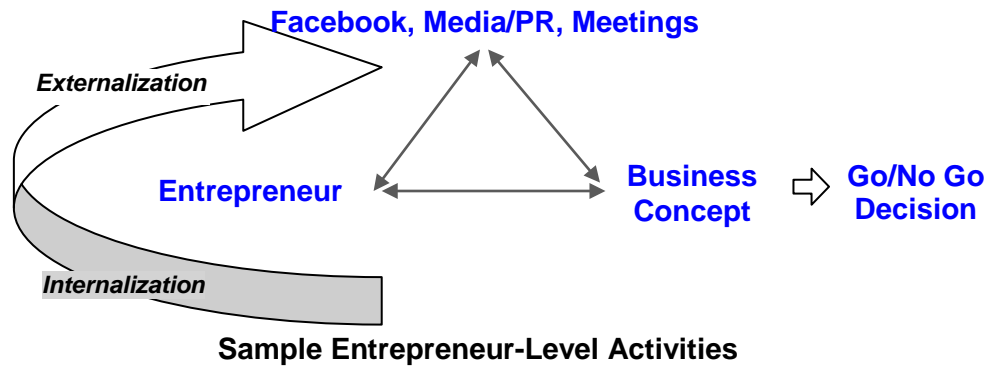


### *Networking Human Activity System*

Mediating artifacts for the networking human activity system include social networks, crowd funding websites, business cards and even a dinner plate at a family reunion action (see Figure 38). The rules, division and coordination of labor and community are the same as for the other activity systems examined.



Figure 38: Networking Human Activity System



External Activities (material)		Internal Activities (non-material)
Consulting with financial experts	↔	Reify business concept
Meeting with mentors	↔	
Appointing board members	↔	Establishing kinship
Connecting with customers on Facebook	↔	

**Pitching**

*What is it to deliver an elevator pitch?*

The elevator pitch was identified in Chapter 5 as an important ritual for entrepreneurs. It is supported by the communities studied through training, small group pitch opportunities and pitching contests. While much of being an entrepreneur is pitching in a general sense, an elevator pitch is unique in that it is not a verbal dialogue. The responsibility for the content of the elevator pitch is borne by the entrepreneur delivering the pitch and the quality of its performance is ascribed directly to her. It is a critical skill for entrepreneurs and worth examining in more depth.

During the course of the dissertation research I delivered six pitches. While it was not my first experience giving a pitch, I was able to examine it anew, given my role as a researcher.

Pitching is an embodied experience. It takes mental preparation and its verbal aspects are typically memorized, but it is the presentation of one's physical self in front of an audience. As the person doing the pitch, all attention is focused on you (see the bottom photograph in Figure 39). Each time, I felt a rush of nervousness in my stomach as I was about to speak. This may only last a few seconds, but it points to the meaning embedded in the act. For the time of the pitch, you are not just yourself, you are the embodiment of the business concept that you are pitching. Your personal identity is merged with the concept. If you feel that your body is projecting uncertainty, you feel that you are presenting a business concept that is uncertain. If you project confidence and appropriate humor, your business concept seems stronger. If your pitch is accepted or rejected, you can feel as if you were personally accepted or rejected.

*Figure 39: Entrepreneurs pitching in Urban Health (top left) and Detroit Tech Launch (top right) communities, pitch from the entrepreneur's perspective (bottom)*





“Good” pitching involves the embodiment of comfort, confidence, and connection with the audience performed in verbal and physical delivery. It is a relaxed stance and a confident smile. It can be performed as a call and response or impish vernacular. It also involves skill with the construction and display of the pitch deck – the images and text that can be displayed in concert with the entrepreneur’s performance.

Pitching is ritual, not just because of its stylized activity, but because of its magical feel. Ritual, as defined by Turner, is “a stereotyped sequence of activities involving gestures, words, and objects, performed in a sequestered place, and designed to influence preternatural entities or forces on behalf of the actor’ goals and interests (Turner 1977, 183).”

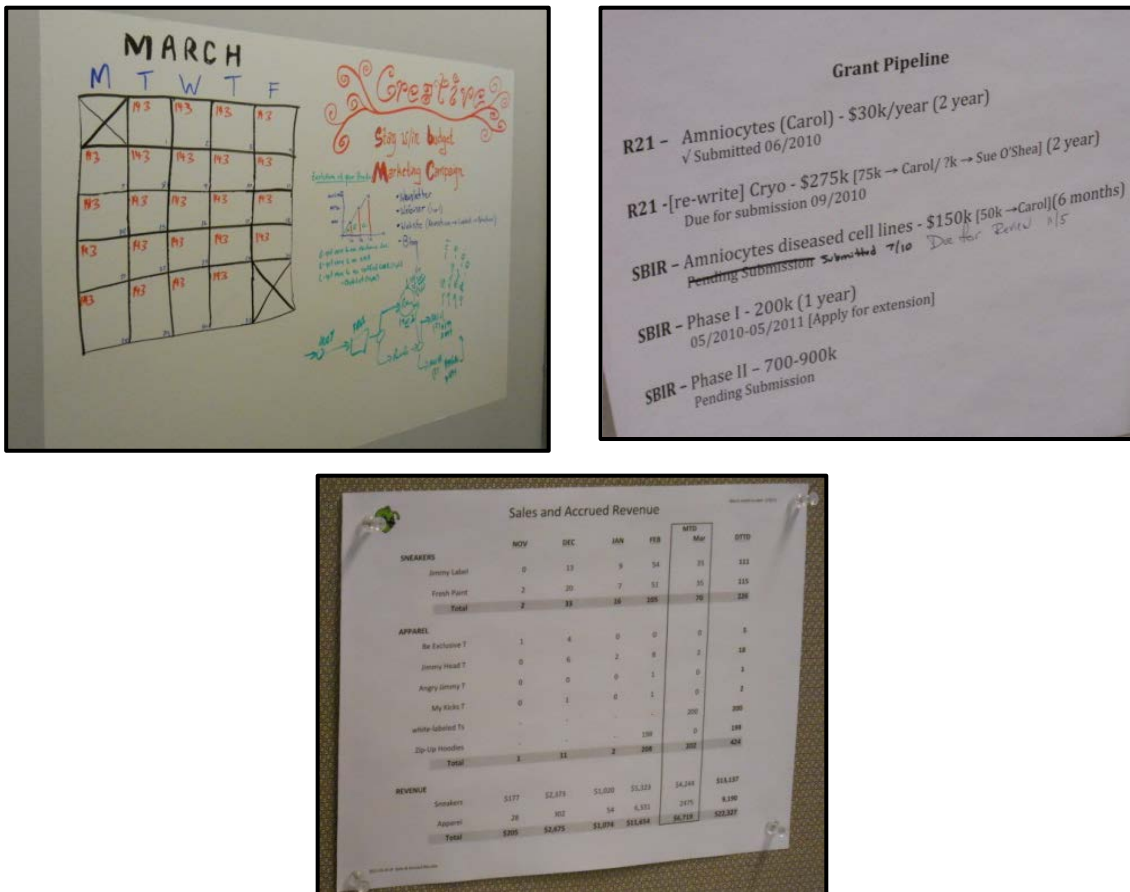
Pitching is typically intended to *do* something, to enact some effect, not just in the illocutionary sense, but as a means to elevate the business and the self – using financial or social capital – to ultimate success. That higher goal, the connection with the audience, and the specificity of the action gives pitching a magical or sacred feel. Like

testifying in a Baptist church or calling down rain on thirsty crops, it is a transcendent experience of the mind, body and spirit.

*Walls and Desks Used for Representation*

As previously discussed, pitching can be performed through material culture. For the businesses studied with permanent physical locations, walls and desks were an important means by which to communicate progress, values and capabilities (see Figure 40 for examples).

*Figure 40: Wall tracking system examples*



Entrepreneurs often placed these artifacts in positions where they could be easily viewed by themselves and other stakeholders who came into their offices. Entrepreneurs with newer business concepts often included revenue, sales and

business milestone information in their displays. Mack's company, a mature firm with about ten employees, did not have sales and expense information on display. They tracked the status of each of their active customers.

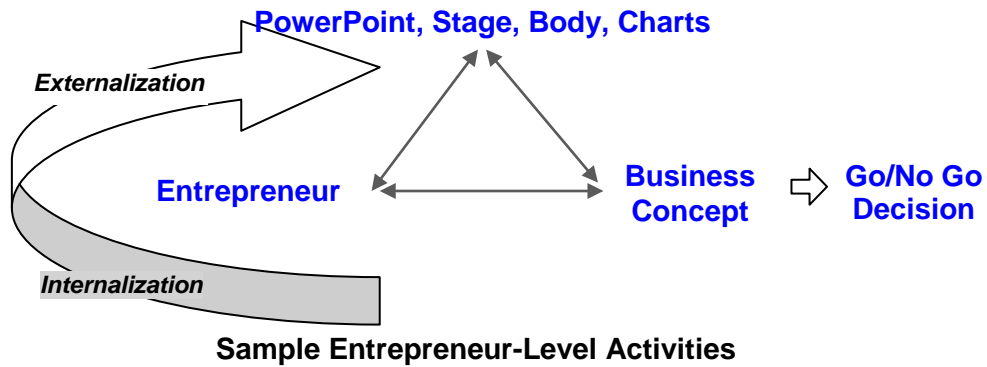
Serena, one of the more experienced entrepreneurs interviewed, had an elaborate tracking system that was not on public display. She monitored effort per project, including how much she spent on meals to court clients. She supplemented her standard income statements with how much effort, measured in appointments, was required to make the sale.

The correlation between business concept maturity and tracking capability intuitively makes sense given that more mature companies have more material to track. The choice of what to make public and what to keep private is less rote. The materiality of public tracking seems to provide entrepreneurs with the opportunity to represent their businesses in more concrete and substantial terms than speech. As additional material is generated by the business and additional representational artifacts are available, the choices made about how and what best represents the business concept speak to its evolving identity and the priorities of its managers.

#### *Pitching Human Activity System*

The pitching human activity system is conceptualized on the action level, in which the entrepreneur is the subject performing the action (see Figure 41). The object in the system is the business concept. The outcome in networking is the capture of resources. Mediating artifacts include pitch decks and visual tracking systems. The rules, division and coordination of labor and community are the same as for the other activity systems examined.

Figure 41: Pitching Human Activity System



External Activities (material)		Internal Activities (non-material)
Performing elevator pitch	↔	Supernatural appeal to strengthen business concept
Posting wall charts and reports	↔	Performing progress

The spiritual aspect of pitching is embedded in the meaning of the act. It is the context in which many of the previously discussed actions are taken.

**Nurturing**

*Businesses as Instruments for Positive Change*

Nurturing at the community level involves the generation of *communitas*. Nurturing at the individual level for the entrepreneurs interviewed often involved some form of commitment to positively impact the Detroit community. Many times it occurred as assisting children. Markus talked about his involvement in the community.

I do a presentation here and there for high schools and stuff and different organizations. I just did one for the YMCA. They had 50 kids come down, and I did a presentation on kick-starting your entrepreneurial career. It was cool. So, we did that, and it went really well. But I'm - I wanna get more involved in doing more community activities like that though. I feel like my mission in life is to be this approachable role model in the City of Detroit. I really wanted to be that guy that someone could be like, 'Oh yeah. I know Markus.' So, that's my - that would make me really happy. I wanna be, I guess, someone to sell this lifestyle that there's things beside - there's things - there's ways to get successful besides grabbin' the air and just the thought of - a lotta people just think like, 'Oh. The only way to fame and success is just rappin', and I'm gonna be a rapper,' and all

this stuff. I want to show the community that there's other ways to make it big and to have that lifestyle and - just doing business things... And maybe I'll do - maybe more corporate things that are less fun to kinda show 'em that you can still live this cool, fun, young lifestyle, but there's other ways to do it besides just rap and modeling and this - what they see on TV.”

Most entrepreneurs interviewed saw their businesses as a resource for the community. This was demonstrated by their willingness to donate their resources, not just as individuals, but on behalf of their companies. Entrepreneurs with less developed business concepts and fewer financial resources contributed time. Entrepreneurs with more resources denoted them and displayed evidence of their donations – usually taking the form of plaques, photos or awards – on their walls and desks (see Figure 42 for a picture of campers from a program Serena’s company sponsored).

*Figure 42: Photo in mature Detroit Tech company*



Beyond small-scale community change, the entrepreneurs interviewed saw their business concepts as instruments for creating a legacy, for transforming healthcare, and for achieving personal redemption. The resources that the businesses are able gather as instruments for change are spiritual.

*Clifton is a slight, affable African American man in his late fifties who had done four stints in prison. His last was a fourteen-year stretch on drug-related charges. He was easily the most enthusiastic and prepared member of the Launch entrepreneurial community that I encountered. For him, the stakes were high and creating his business was not a casual pursuit.*

I conceived this child 30 years ago. And, it's been a long labor. But, now, I'm about to give birth. I'm looking forward to it. I need this to happen in my life. I really do. Not just, well, it's for me. And, now, it's for other people, too. Because, I can see what it'd mean to them.

So, I want to, as part of my legacy, I wanna leave something. This is my adopted family. I want to leave something to them. Something that grandchildren can be a part of... Her children can be part of if they want to. And, I can see this business growing. It's not gonna be just Detroit, I'm already looking at new markets. I'm looking at Pittsburgh, I'm looking at Cincinnati. I'm looking at other markets, where I can create the same thing.

Until his arrest, Clifton had been successful in the drug trade, traveling with celebrities and having many of the material trappings of success. Yet he felt that he wasted his time and his effort because he had not created anything of value. For Clifton, his business will ultimately be the measure of his personal worth.

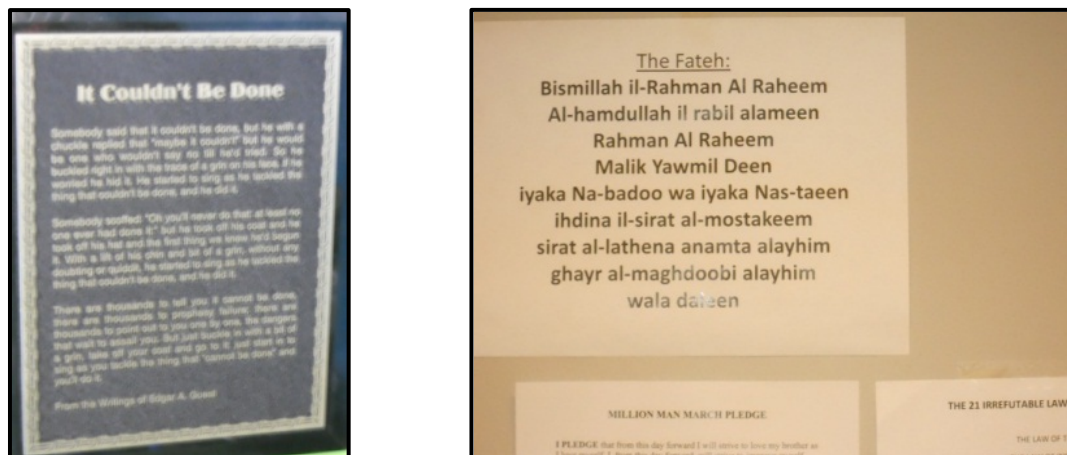
*Faith is an integral part of entrepreneurship*

For the entrepreneurs interviewed, faith was a consistent theme expressed in different ways. Faith here is meant as something substantial and evidentiary that references that which is transcendent. It is different from everyday hope and trust because it declaratively references an ideal that has not been achieved and is unlikely to be achieved without supernatural assistance. The sentiments of "making a way out of no way" or "trying to make a dollar out of 15 cents" are common tropes in the entrepreneurial community that have faith at their core.



Actions oriented around faith in the ongoing viability of the business concept included identifying exemplar companies that entrepreneurs could hold up as an attainable ideal for their business concepts. Entrepreneurs also posted prayers and motivational sayings on their walls and desks (see Figure 43). Pictures of family and iconic figures like Rosa Parks, Martin Luther King, Jr. and Barack Obama were also displayed as ideal examples of people who had positively impacted their community, a nod to the social justice and community-based metrics of success that some entrepreneurs had adopted.

*Figure 43: Desk and wall artifacts with motivational sentiments and prayers from companies at IncUinator and Detroit Tech*



Faith was also evident in religious references that some of the entrepreneurs made in their descriptions of how and why they started their businesses.

*Wayne was a handsome, thirty-something African American entrepreneur in the Detroit Tech Launch with an athletic build. He was a former All-American wrestler at the University of Michigan who was working on an idea for a sports equipment company.*

Wayne and Tabitha (mentioned previously in the “Tacit Nature of Networking” section of this chapter) described how they began working on their business concepts in separate interviews.

Tabitha: I was employed as district marketing manager for Jackson Hewitt Tax Services, and I got one of those fateful calls from the human resources in New Jersey, telling me about how good of a job I’ve done, and blah, blah, however that due to some restructuring, they were eliminating my position, along with some other of my colleagues and my boss. At that time, I had always been - I was always doing things on the side, that being proof reading, editing, and writing, so I interestingly enough had just scheduled a getaway weekend vacation, and so I found myself unemployed, but I had spent the most money ever on this weekend, and I was leaving in two days, and I was like, “Hmm, don’t think I can my money back,” so we were - me and a friend, we were staying at the Ritz Carlton, we were in Jacksonville, Florida at Amelia Island, and so I said, “Well, since I’m going, taking my money back, I’m gonna go and utilize this time to really hear from God about some things.” So every day and morning I get up before everybody else, I go out and walk the sandy beach, and just kind of think about what my next move was. Should I go back to corporate America, or do I send out my resume, or do I make what I’ve been doing slightly a hobby turn into a source of income? And every day, you know, I started feeling more peaceful about the latter, and not going back to corporate America.

Wayne: I worked a little bit on it at a time, but then I had a dream about - maybe about 3 or 4 years ago, and this is the spiritual side, I was like “Lord, I want to do something, I want to have ideas... and to get ‘em out.” I had a dream about a knee brace. And I put it all together, he showed me how to do it, the parts that I needed, I just woke up out of the dream, just started writing stuff up. And it got me here to this point,

Faith-based references would also occur in entrepreneurs’ description of what it takes for them to continue every day. In separate interviews, Leigh and SuZette talk about the spiritual aspect of entrepreneurship.

*Leigh was an IncUinator entrepreneur in her early 30s who partnered with Roscoe to run a training company. Roscoe was a linebacker-big, methodical man—a former teacher whose prudent stock investments and side income helped him to accrue*

*enough savings to join the IncUlator and work on his business full-time. Leigh was a friendly and assertive networker whose casual clothes did not diminish her professional demeanor.*

For Leigh, her faith is a resource that he can tap into when circumstances become overwhelming. This conviction is a critical resource.

In order for us to really get this business off of the ground, it was necessary for us to create those relationships with business contacts, family and friends. We had to kinda spread the word, which we're still doing to this day, and I think it will be a never-ending process, actually. Spiritually, for me, it's a day-by-day thing, I think. There are times when I do feel overwhelmed, and sometimes I just wanna take a break - have some me time, talk to God, tell him to guide me and give me direction, help me where I'm weak.

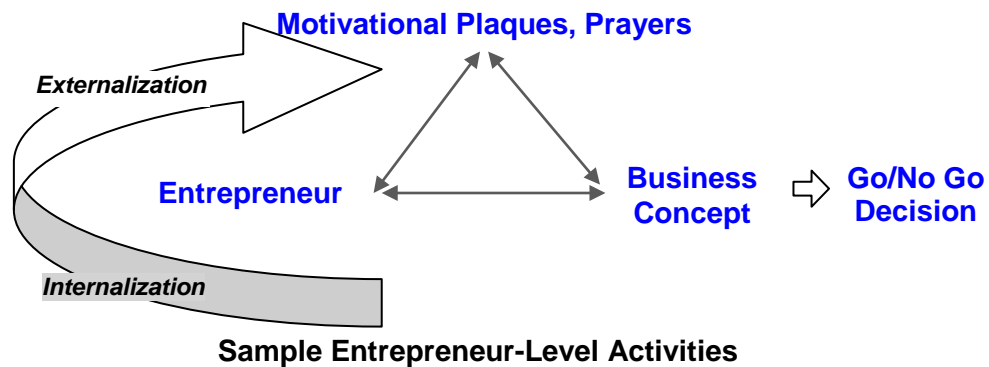
Expressions of faith were a natural part of the business concept for the entrepreneurs. For many, the spiritual and business realms were not separate – they were symbiotic aspects of an integrated whole. They created business concepts that were expressions of their ideals and their values, instruments not just of rationality, but of faith.

#### *Nurturing Human Activity System*

The mediating artifacts for the nurturing human activity system can include motivational plaques, prayers, and artifacts evidencing community involvement.

In many instances nurturing leads to value added to the company. It can be value in the form of personal redemption and self-worth achieved as a result of operating the business. For others, nurturing leads to valuing the company enough to seek resources from family and friends to ensure its furtherance. Others seek to create community goodwill through nurturing activities. For most, it is elements of all these things and more.

Figure 44: Nurturing Human Activity System



<i>External Activities (material)</i>		<i>Internal Activities (non-material)</i>
Volunteering and performing/ demonstrating volunteerism	↔	Creating meaning
Verbally asserting business as personal legacy	↔	Creating worth
Verbally associating business with a higher calling	↔	Generating faith

### SueZette and Course Compass: A Case Study

SueZette, the statuesque entrepreneur with the winning smile, came to Detroit from her native Idaho in 2005. Her company, Course Compass, is an online tool that helps students navigate the process of being academically eligible for college. Course Compass has a particular focus on athletes who are being offered scholarships to attend school. Many of these athletes are unable to accept the scholarships because they are not academically eligible. SueZette's company fills in the gaps left by overwhelmed counselors and teachers at overcrowded schools. She created Course Compass out of her own struggles with getting her son Scott into college. Through her efforts, Scott eventually graduated high school, attended college and briefly played basketball overseas.

SueZette's entrepreneurial path has not been easy. SueZette described her struggles in the early days of her business when she first moved to Detroit and became a member of the Detroit Tech entrepreneurial community.

And one thing that you didn't know then that I think I've shared with you recently, that when I moved here in 2005, what you guys did not know is I had just signed on the dotted line for a new house in Rosedale. And after I signed, me and my then-husband signed, he pulled me up to the garage and said, "Oh, by the way, I'm not moving in with you." Now I had just signed to be in Detroit Tech, I had a 3-year-old baby, we just got dropped off at a house, and I don't have a job. You know what I'm saying?

So I'm in a situation where - and I'm building Course Compass. So I'm in a situation where I got hit with something that I couldn't - I didn't even have time to grieve. I didn't even have time to stop and say, "What the hell just happened?" I got my baby and I kept moving.

Kept coming down here, we were here early, late, off - you know what I'm saying, leaving off - I had the couch over here, I had to make sure she laid down, whatever. You know, she laid on the floor, it was like I had nothing else to go back to."

### *Organizing*

SueZette's initial step in becoming a business owner was crystallized in a speech act. Her organizing process came as a result of declaring it to be so.

I had started doing Course Compass, decided that I wanted to turn it into a business in 2004, so I incorporated it in 2004, but I was still working a job. And then when I lost that job, I realized that this was my time to - this was, the message was "This is your time to do Course Compass."

And I declared my declaration of independence. It was July 7th, and then July 8th was my new beginning, you gonna have to live with the terms. But the minute I declared my declaration of independence, I have not looked back since... it was like, it was like I signed something that I couldn't go back on.

So it really - it was a defining moment for me, when I understood that, it made me feel free. But obligated to situation, obligated to, you know, myself, to stay the course.

The organization of her business through speech extended beyond its initial stages. For SueZette and other startup entrepreneurs like her, the business concept is verbally negotiated—even contested. For innovative companies, moving the concept to language that captures the essence of the value to be created can be challenging. SueZette describes this dynamic.

Everybody understood and accepted and knew that it was a needed service, but how to package it, and – so we had to go through so many ways of packaging Course Compass, selling Course Compass, documenting what we do, and communicating, articulating, such a way where it's like, it's not this athletic thing. It's like, it's academics.

As she introduced her company to the market, SueZette found more clarity about the value she was creating through conversations with her customers than through formal classroom training.

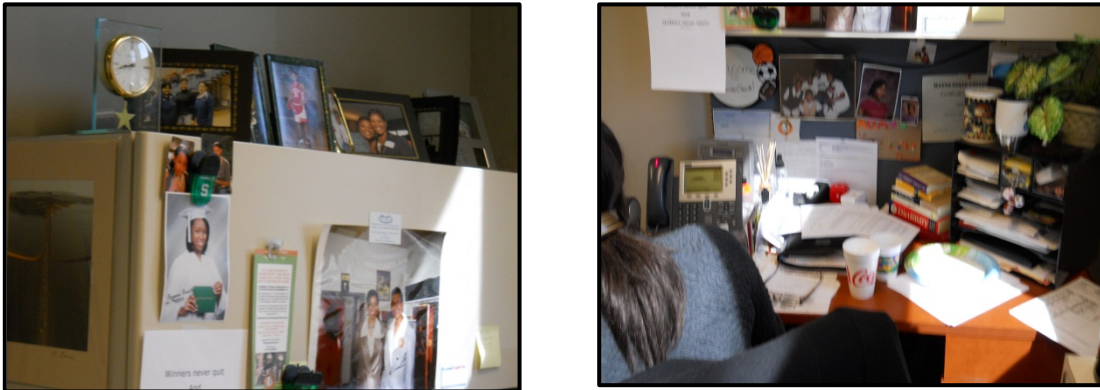
And I'm glad I started off the way I did, because now – I used to get, "Oh no, is that all you're charging? You need to..." so I started off low, and other people were pushing me up, pushing me up, pushing me up. And it was cool that way, because that helped you understand – it helped me to understand my worth, and I wasn't making anything before, starting to make something now, but I had to do it that way, because when you're not – when you're, you know, not a born entrepreneur or whatever, it's like I'm learning and getting my Ph.D. You know, from trial and error, through going through this real life journey.

So now I understand how to test your product in the market, and to determine your worth, and determine your pricing structure and all that. I had to go through all of that, but I didn't go through it through a classroom, what have you. You know, I got my education and everything, but still, nothing's like real life experience. You know what I'm saying? That's when reality starts setting in, when you're actually doing stuff. Now you can put what you learned in the books to practical use.

SueZette's office hints at how personally she takes her business. There are pictures everywhere—shots of high school athletes who she has assisted, pictures of professional athletes that she admires, and a picture of a young SueZette with Marva

Collins, the legendary Chicago educator whose life story was made into a movie starring Cicely Tyson and Morgan Freeman.

*Figure 45: Photos taken in SueZette's office*



SueZette's organizing activities are consistent with the other entrepreneurs studied in the research. She tended to display material artifacts in her office to provide meaning and solidity to Course Compass. She also had a declarative entrance into entrepreneurship. As she moved through the Valley of Death, she found her network to be an invaluable resource.

### *Networking*

SueZette has a knack for pulling together people to help her build her business. She recruited a bookkeeper, Chief Operating Officer, Chief Financial Officer and several assistants. She compensated most by a promise of payment in the future. She is a prodigious networker and adept at creating "kin" by sharing her space, her resources and her time. She treats those around her as family and expects the same from them.

I'm connected to this community. I think I'm connected to different circles within the community. I'm also connected to other communities by way of people that I'm connected with, so like, you know, the Marys (her Chief Operating Officer) of the world, Molly (her Chief Financial Officer) you know, they're connected to their communities, thereby Course Compass is connected to their community.

The people that I interact with, I always, for whatever reason, I think it's because of my openness – my mother, one thing my mother instilled in me, regardless of our background, is that good people breeds good people, and I can honestly say that I've always had good people in my life, and I think that I'm a good person, and although we deal with different situations that we have to address or whatever, I don't set out to hurt anybody, you know what I'm saying?

And I don't want – and I'm such a good person that I don't want folk around me who's not good. So all I had was really my honesty, and I think that came through to everybody I talked to, and that enabled them to make decision to support Course Compass, and to support me, because I never wavered, and the belief was so strong, and Course Compass was so real – I think you guys, I say you people on the outside, saw how – saw that Course Compass was probably more real than I could even see.

The Course Compass office is located on the main floor of Detroit Tech, just to the right of the main reception area. SueZette has an assistant seated at the first cubicle that you see when you enter the main entrance. Her small office is directly across from her assistant. As people enter and leave TechHouse, they can usually see if she is in or not. Her longevity in the community and her central location makes her office a social hub for some Detroit Tech entrepreneurs.

There have been times where her openness has had her feel exposed. There are some in the community who don't appreciate her forthright style. Over the years, leaders of the Detroit Tech nonprofit advised her to quit when they saw her resources running low. Yet she persevered:

And I was never mad at anybody for saying that, or even feeling that. That's part of reality checks that you have, and it was also part of me showing what I'm made of. And hearing it, but I ain't hearing it. I hear you, but I don't hear you. You know what I'm saying? 'Cause I gotta believe, I gotta believe, and I understand that it's hard, and it's hard to see, and it's hard, whatever, but it's like, just to see how far we have come.



### *Pitching*

SueZette's network helped her to advance Course Compass. Part of the reason why she was able to attract others to her vision is because she tells her story with passion. She is clear about the progress that she has made and the road she still has to travel. Her pitch is inconsistent with the college fraternity *shibboleth* of high-growth technology startups. She usually dons a power suit and pumps instead of jeans and flip flops. She has a master degree in human resources, but the lessons of inner-city streets have been more influential in her life. These lessons provided an authentic, grassroots, urban flavor to her persona. Her pitch has never quite gotten traction with mainstream venture capitalists or angel investors. Her story resonates best with student athletes, coaches and teachers. It is clear that she understands their specific needs, regardless of socioeconomic standing. She has been successful in recruiting students in affluent areas as well as in poor communities.

Over time, SueZette has created a chart for tracking the states in which she has clients that is on a wall directly in front of her. She also has created lots of documentation for customers to help her pitch Course Compass. She surrounds herself with files and binders that document every prospect, customer and client.

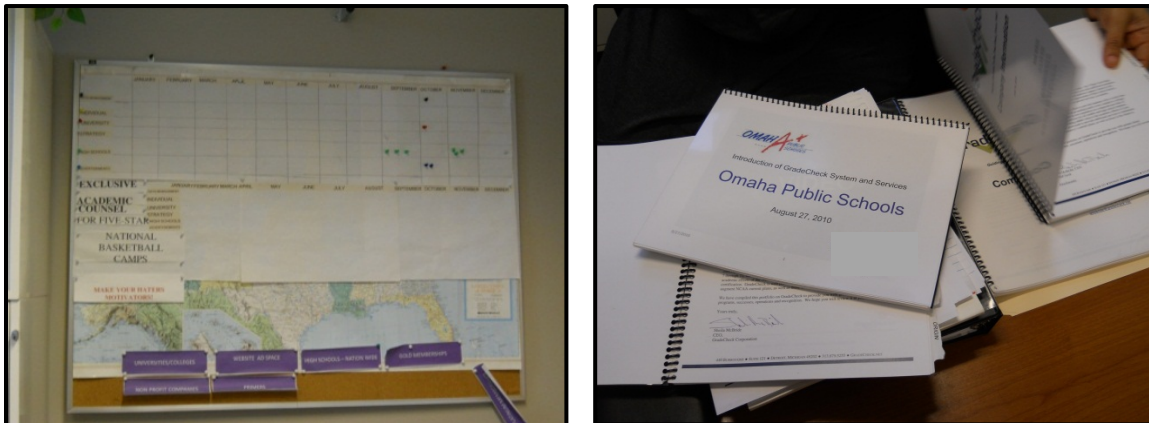
For SueZette, these documents and charts help to demonstrate the progress that her business has made:

I have tons of these [binders] for different occasions, and so I just – you know, it's one for every occasion. But I'm just saying that I like – this is what documentation will bring you when you document and you're organized, and so when you put in the time and the work and really put your thoughts out on paper, this is what comes of it. So you're not – your efforts aren't in vain, is what I'm trying to say.

I'll have my state pens [for my wall chart], and that'll be an indicator of what schools are in. And I also track, um, I listen to the news a lot. I track kids who may not have made – nationally, you'll hear about kids who can't get a

scholarship that they were offered at Florida State or whatever, because their, because of their grades, or something like that. And that continues to be a confirmation that Course Compass is needed. I track – I'm a visual person, so I have to have my vision in front of me. I can see it. So that's why I have these calendars, I have others that are here, because we, you know – and I have to visually put things up, so I can see where I'm going, and that shows me the accomplishments, too.

*Figure 46: Wall chart and binders in SueZette's office*



### *Nurturing*

As with many of the entrepreneurs studied, pitching was essential to SueZette. By telling her story, she gained allies and resources for her company. However, the most critical resource for her to build is her own perseverance. Throughout her time at Detroit Tech, SueZette faced challenges that would have worn down most people's determination. I asked her how she was able to bounce back from her most disappointing days.

I have to stay focused, and I bounce back from it, because again, Course Compass is not driven by money. It's the purpose. I have a purpose, and that's what drives me. I know that other things are gonna come, but it's never been about money. If it was about the money, I would've stopped a long time ago, but you can't be about the money.

SueZette was unambiguously clear that Course Compass has a greater religious purpose. Faith was an integral part of her business from its conception to the present.

It's like I can do this, and this is for me to do, and you have to stand on – I had to talk – totally stepped out on faith, I totally stepped out on faith. I mean I was out there based on the fact I had no choice, because I didn't have a job, but I totally said, "Okay, this is the answer, and it's my time." And plus I believed in what it is that Course Compass is about. And I saw the need. I knew that there were, and that there are thousands of SueZettes out there in the world. Thousands of Scotts [referencing her son], thousands, thousands.

It's just I feel like Course Compass is spiritual, Course Compass is - I just feel like it's God saying - I feel like Course Compass is not about me. It's a vehicle to help the other folk. When you help somebody, help their families to get a kid to college, that's huge. I know how I felt, you know what I'm saying? Course Compass is a blessing that when you can put your kids in the hands of some - of a situation or organization, a company that cares, and can give you, the parent, some relief, and communicate what you're trying to tell on a regular basis to your child, how important education is, or they're trying to do this, and it's hard hearing it from you?

So I'm like another mother, and Course Compass, the company, I want to feel that, when you walk in Course Compass as a parent, it's for you. When kids walk [graduate], it's for you. That's the culture that we have here at Course Compass. It's got to feel that this is for you, because see, I told – I tell people all the time, I'm always a parent in this company first. And when I see my parents, I see me, I see my sisters, I see my brothers, I see my nieces, I see my nephews, I see my son. I see my daughter. You know what I'm saying? So that keeps me going too, that's why I say it's spiritual, and it has anointing all over it, because look how far Course Compass has come. This is not because of me. It's not.

This chapter was a review of major findings in human activity systems of organizing, networking, pitching and nurturing from the entrepreneur's perspective. In the next chapter, the implications of the findings on the entrepreneur and the community level will be reviewed and their relevance for the aims of this study discussed.

## **CHAPTER 7**

### **CONCLUSION**

The purpose of this study was to attempt to understand the sociocultural features of growth business ownership. In order to develop that understanding, it was necessary to investigate the subject from multiple perspectives: the perspective of entrepreneurial communities, the perspective of companies and the perspective of entrepreneurs.

To achieve the objective of my dissertation, I embedded myself in Detroit's entrepreneurial community. I formally became a part of two distinct communities and interrogated a third. I drew on insights from my previous role as support staff in one of the communities, while giving myself permission to be a beginner as an entrepreneur and view things with a beginner's mind. I wanted to make sense of an entrepreneurial process whose articulation in academic and training materials rarely aligns with reality... a reality that shifts and conforms to the nuances and contours of the place in which it is enacted.

As a researcher in the environment studied, I got a clear sense of the complexity inherent in classifying the cultural features of effective resource gathering. One can have membership in several entrepreneurial communities, each with their own cultural codes. I was not the only Urban Health entrepreneur who had taken a Detroit Tech Launch course – several had, and several were active participants in the Detroit Tech community. There is a greater entrepreneurial community that encompasses all the communities studied. There is also the Detroit community, which can mean different things to people both inside and outside of it. I sought to apprehend the complexity of the layers of meaning by examining it from different perspectives using ethnographic and other qualitative methods that are ideal for cultural discovery. I participated in the full

lifecycle of two entrepreneurial communities simultaneously, taking in as much as I could from as many angles as I could. In the search for an articulation of the entrepreneurial process that is adequate to describe its complexity, sociality and situated nature, I have gained a greater, more reflexive understanding of what it is to be an entrepreneur. Yet I believe that I have just scratched the surface of what there is to be discovered.

### **Answering the Questions**

There were four questions in Chapter 1 that focused the overall research objective. Answers from each of the questions can inform the others. I first wanted to know *what activities cultivate early-stage organizational culture for growth companies?* The data indicated a variety of tasks that relate to cultivating organizational culture. These tasks, when collectively considered at the organizational level, translated into goal-oriented actions. These actions, when considered at the community-level, were activity systems that fell into four categories: organizing, pitching, networking and nurturing.

Consistent with Batteau's framing (2000), I found that the imposition of instrumental rationality is an essential aspect of organizing. There were clear boundaries set, authority enforced and resistance elicited. Organizing, articulated both semantically and poetically in varying measure, occurred as a dialectical process between entrepreneur and community. The nonprofit organizations at the center of these communities were a focal point for generating rationality, but organizing involves rationality in the form of an automotive ethos that permeates the thinking of Detroiters or an entrepreneurial training curriculum from a foundation several states away. It is also in the movement from declaring oneself an entrepreneur to creating artifacts support the

assertion. Alongside the vertical process of rationalizing, organization occurs with the horizontal process of joining the occupational community of entrepreneurs.

One of the resources provided by the act of organizing is agency and legitimization for the business concept. There are human and financial resources attracted to entrepreneurial communities that are provided to entrepreneurs in exchange for participation in the organizing process. Organizing provides a material receptacle for resources, as well as coordinating rituals to perpetuate resource capture. These rituals include the preparation of financial statements, the filing of articles of incorporation, or the creation of a business plan. Organizing activities serve a regulatory function<sup>5</sup> that sustains a business concept's ability to secure resources. Without organizing, the fact that a business concept does not have any fundamental material existence is exposed.

Second, I wanted to find out *how entrepreneurs represent themselves through stories, activities, artifacts and symbols*. Findings related to the pitching activity system provided important insight into answering this question. The early stages of company-building involve honing one's ability to materialize their company, through public relations, elevator pitches, business plans and prototypes. In this sense, entrepreneurship is very much about performance. Performance "creates a 'liberatory space' which encourages discourse centered on cultures, identities, and transformations (White 2000, 1)." Elevator pitches are a particular kind of embodied performance in which the entrepreneur merges their identity with that of the business concept. It is a magico-religious practice designed to generate social and financial capital. The magical aspect of entrepreneurial performance helps an entrepreneur to consolidate her charismatic authority. Pitches are liminal activities that when performed by charismatic

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<sup>5</sup> For more on ritual's regulatory function, see (Rappaport 1971).

entrepreneurs can produce *communitas*. The ability of the entrepreneur to co-create spontaneous *communitas* with her audience is directly tied to her ability to win resources. These performances help to create identity that can extend to an entire entrepreneurial community, not just for a single entrepreneur or their business concept.

The difference in graduation ceremonies for Detroit Tech and Urban Health as well as the addition of a prototype to Urban Health's pitch signaled distinct differences in representation. Urban Health, a relative newcomer to the Detroit entrepreneurial community that had not secured a facility through most of the training process, had a more ephemeral identity. It may be that dramatic representation was used to counteract the immateriality of the Urban Health community. Place adds to an entrepreneur's ability to pitch – walls were commonly used to represent technical capability and progress made. Uniforms adopted by more mature startups evoked order and tangibility.

The third question was *how are social networks in entrepreneurial communities used and adapted?*

Networking involves two aspects, the building of a network and its activation. Networks embody the social linkages through which culture is negotiated and resources are gathered. IncUinator was an interesting example of how inclusion in an entrepreneurship community can create kin, with its accompanying identity, bonds and obligations. Detroit Tech took more of a connector approach, intending to use its longevity, events and relationships to match-make and facilitate as requested. Urban Health was more insistent on in-group connection and collaboration, requiring internally-generated teams.

Knowledge about how to activate the resulting networks was tacit. Entrepreneurs received little instruction on how to do it, with the notable exception of

Detroit Tech's championing of crowd funding. As entrepreneurs became more mature, their network activation expertise became more sophisticated. The lack of codification of network activation could be attributed to differential access to resources. Consider the tale of two mentoring relationships related in Chapter 6. Austin had ready access to mentors who could provide intellectual and financial capital for his business concept. Markus' mentors were personas that provided motivation, but he had no direct relationship with them. His adaption to not having personal entrepreneurial role models as well as his need to be an accessible entrepreneurial role model speaks to the necessity of such relationships. The family network and its amenability toward entrepreneurial action were also important. Several entrepreneurs had family members who were the initial investors in their businesses. Mack, whose parents were his angel investors, mentors and role models, has spent most of his life honing his entrepreneurial skill set. A critical part of his company's business model is to partner and network with vendors and independent contractors. His ease with relationship-building is evident in his success.

The use of LinkedIn as a tool for networking proved significant. Social networks are enabling alternative modes and means of kinship. LinkedIn kinship is more visual, more visible and more actionable than the way that such relationships were previously structured. The ability to mobilize loose ties is greater, yet the tools are still too new for ubiquitous familiarity, much less expertise. However, the evolution of mediated kinship and trust is certainly impacted by the emergence of increasingly personalized online experiences.

The final objective of the dissertation research was *to analyze the data collected to contribute to the anthropological literature on contemporary American growth*



*companies*. While I believe that the research findings concerning the organizing, pitching and networking activity systems have surfaced unique insights, it is the nurturing activity system that holds special significance to anthropology. From the role of entrepreneurial communities as generators of *communitas*, to the diversity of meaning embedded in business ownership, to the layering of community affiliation and obligation, to the role of faith – these conversations about entrepreneurship touch on basic anthropological concepts of ritual, symbols, spirituality and meaning. These conversations also enrich our conceptions of what it is to start a business. The resources typically identified as being important to startup entrepreneurs – financial, human and intellectual – can be supplemented with spiritual resources and deep sense of affiliation. These resources are captured in symbols – an inspiring commercial, a prayer on a wall, a lucky talisman or an old English “D.”

Nurturing is an activity system that seems to run counter to organizing – not in that nurturing is an opposing activity, but because it has its roots in the symbolic and immaterial while organizing moves inexorably toward material rationalization. Yet these activities are part of a cycle of internalization and externalization that cannot be separated. Nurturing ultimately connects to organizing through faith and through magic. The connection of magic to entrepreneurship has its roots in African American culture – the cultural context of many of the entrepreneurs studied. There are complex systems of reciprocity – see *All Our Kin* (Stack 1974) for an exemplary study. There is a verbal tradition that is both aesthetically-informed and strategically-driven – *Talkin and Testifyin* (Smitherman 1986) is a seminal work on the subject.

Historically, trickster figures embodied this tradition [(Abrahams 1964) (Hannerz 1969)]. Br'er Rabbit, recorded in the nineteenth century from African American slaves'

oral tradition by Joel Chandler Harris, is an evolution of the Hare of Yoruba folklore. His ability to outwit his opponent through verbal skill was primary focus of the story. Anansi stories, chronicling the ability of a spider to outwit his foes, come from the Ashanti in Ghana and were brought to the Americas with the slave trade. Contemporary representation of this type of verbal prowess is at the root of hip hop culture, a culture with African American foundations and mainstream acceptance.

Elizabeth Petersen's (1990) ethnographic portrait of Bud Garrett, an African American entrepreneur and musician, is a vivid characterization of a man that condenses verbal orchestration, trickster strategy and a shrewd trader's skill. Similar to Redd Foxx's character in the popular 1970s American television show, *Sanford and Son*, Garrett was a local junkyard dealer whose ability to manipulate his immediate situation was his greatest skill.

These portraits are constructed exaggerations, especially when compared to the entrepreneurs profiled in this study. However, they point to the power of the word for African American entrepreneurs. The meaning imbued in the conversations that the entrepreneurs have about themselves and their businesses has a transformative effect. With the power of the word, a four-time felon is remade into someone with a positive legacy. With the power of the word, a woman with no money and few options can make a dollar out of fifteen cents. The power of the word converts a layoff into a calling. And it allows an entrepreneur to amplify themselves from a person to an ideal.

### **Implications**

The insights from this research have several implications for how startup entrepreneurs are prepared for the rigors of business ownership. There is also a

methodological implication for anthropological research of dynamic environments such as can be found in a growth-oriented startup.

*Implications for entrepreneurial preparation*

One implication is that entrepreneurs should begin to understand the notion of the non-materiality of the business concept. The organizing process imposing instrumental rationality leading toward a particular organizational ideal seems to suggest one cycle of business creation. An entrepreneur works hard, creates a business plan, incorporates their business and an entity is born. Additional artifacts serve to calcify this concept into a thing, resistant to fundamental change, imbued with agency and substance. The fact that a business never transitions to a material thing gives it freedom to be a malleable instrument of service, rather than being the object served. This allows entrepreneurs to acknowledge the situated nature of business ownership. They can have objectives, but they are not slaves to a plan. Like Suchman's Trukese navigators<sup>6</sup>, they can maneuver in the present reality, instead of the hoped-for projection of what should be. They can change course more nimbly if they have a greater attachment to the goal than the plans for getting there. This orientation can serve entrepreneurs long after they have moved past the startup stage.

A related implication is that entrepreneurs can design their business concept to be continually iterated. The constant experimentation recommended in the Lean Startup methodology (Ries 2011) that has recently gained popularity is consistent with this design. Progress is measured in validated learning, rather than general materiality. Orienting a business concept around dynamic iteration and learning rather than static

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<sup>6</sup> In *Plans and Situated Actions* (1987), Suchman distinguishes two alternative views of human intelligence and directed action. She contrasts the chart-driven European style of ship navigation with the embodied, response-driven Trukese style.

rationalization and materialization requires alterations to the traditional artifacts of business. Ries' methodology favors adjusting the accounting practices of growth startup businesses to align with iteration and experimentation processes. Altering the artifacts of businesses – especially those whose presence signals stability and solidity – is required to embed the capacity for change and fluidity into a company.

Another implication of the research is that there is a genuine opportunity to connect entrepreneurs to the resources they sorely need through explicit training in network building and activation. Work toward expanding access into financial and federal contracting networks has already begun. Mentoring relationships that reach across cultural divides to connect people are also needed. To provide that type of parity requires an acknowledgement that entrepreneurs in different contexts and with different backgrounds have vastly different access to resources. It means abandoning the notion that extraordinary entrepreneurs are able to generate billion-dollar businesses through their singular efforts and technical wizardry. It also means quantifying and qualifying what entrepreneurial resources are present and missing. Exposing structural inequities across communities can undermine the notion of American growth entrepreneurship as a meritocracy<sup>7</sup>. The unbalanced foundation of this celebrated meritocracy is inherent in a variety of contributing factors, from the tax base of a community, to its educational system, to the resources of nearby universities to their admissions policies. The inequitable balance of financial and social capital has far-reaching consequences for

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<sup>7</sup> See (CNN 2011) for discussion of Silicon Valley meritocracy versus pattern-matching. Pattern-matching comes from the practice in computer-science of looking for common attributes within a large dataset. In the growth entrepreneurship context, pattern matching involves the selection of a combination of characteristics – such as a founder's experience and school, or a startup's addressable market and financial projections – to predict business success. The criteria can also include, either consciously or unconsciously, the race or ethnicity of the startup founder.

entrepreneurship that have not yet been made visible. By creating solutions derived from a clear-eyed understanding of these consequences, we can produce real change in the success rate of businesses.

A fourth implication of this research is that learning to create magic in a pitch is another important skill for successful entrepreneurs. While it is true that entrepreneurs in the communities studied were given a great deal of opportunity to practice pitching, only the facilitator from Urban Health who began her talk with the story about her humble beginnings spoke explicitly about creating a deeper connection with your audience. She talked about using simple but powerful imagery in your pitch deck and revealing something genuine about yourself in your talk. That session felt like an apprentice's experience, her words like a conjurer's arcane instruction. The effectiveness of the pitches I witnessed during the research was as much about the personal power that the entrepreneur projected as the business concept. Understanding how to wield that power is one of the most important skills an entrepreneur can build.

A final implication of the research is that startups need to conscientiously act to secure resources related to nurturing themselves and their communities. Entrepreneurship is a lonely road. In the early days, the only evidence of the business concept is the commitment of the entrepreneur to back their declaration of themselves as business owners. The effort of materializing the business, generating agreement on the validity of the concept, and securing customers falls on the entrepreneur. Successful entrepreneurial communities are ones that can nurture the person while helping to organize the concept.

*Implication for Anthropological Methodology*

Growth startups exist in a dynamic space of constant shift and change. An important implication of this study as it relates to anthropological methodology is that as anthropologists, we must evolve our methodological toolkit so that we can render our findings in a way that matches the increased dynamism of the environments we study.

We've seen design ethnography and critical design ethnography, which collectively represent a different iteration of ethnographic toolset in that the artifact produced by ethnographic work is clearly distinguished as a set of insights and principles to guide the design of artifacts, processes or policy (Barab, et al. 2004). Some of the intention in design ethnography is reified in the form of the delivered product and the reflexive context by which it is delivered—with explanation and via collaboration with others.

Ethnography can inform prototypes that are rapid, rough, and highly malleable (Crabtree 1998). They are built for iteration and open to the influence and agency of others. Rather than monographs, they are dialogue. They are emergent, and as such, fluid enough to effectively capture dynamic emergent environments.

Adaptive agent modeling informed by the archeological record and ethnographic data collection has been the primary mode by which anthropologists have engaged complexity theory (Lansing 2003). Such methods have not escaped criticism as fundamentally biased and ethnocentric (Helmreich 1998) and (1999). Helmreich criticized Lansing's technique as a means "to romanticize 'traditional' Bali, and to do so by imagining 'traditional' practices to be perfectly in sync with the 'cycles of nature'—where nature is understood as a rationally ordered system tending toward homeostasis (1999, 253)." Despite the paternalistic sentiment that may underlie such simulations,

they are a beginning step towards dynamic, emergent representations of culture with logic models that reify assumptions and permit external critiques.

Ethnography itself has been situated as a complex adaptive system (Agar 2004) and (Strathern 1991). Its algorithmic features and scalability not only lend it to a multiplicity of dynamic representations, it implies an adaptation imperative. As scholars studying an increasingly networked, social and technologically mediated world, we must continue to adapt our methodological tools in order for us to generate relevant ideas and insights. New patterns of sharing, language, ritual, reciprocity, kinship and meaning have emerged from these complex webs of tools, people and standards. Our innovations must also be supported by our institutions. Eaton's (2011) call for studies in contemporary multi-sited contexts to be developed and supported by the American Anthropological Association is valid. If we are unafraid to innovate our modes of inquiry, we can realize our full potential to contribute across disciplines and to the larger global community.

### **Limitations**

The research was focused on multiple entrepreneurial communities within the city of Detroit to gain comparative data in one locality. Because the study did not provide comparison between American entrepreneurial communities in studies with different cultural dynamics, the findings cannot be reliably applied to other communities. A comparative study between several entrepreneurial communities in Silicon Valley, the Boston area and Detroit could yield more generalizable results. While cost and time limitations made that type of study prohibitive, the result would have been a valuable contribution to the anthropology of entrepreneurship.

This study was conducted through the full lifecycles of Urban Health and Detroit Tech Launch, but extending the timeframe to show how entrepreneurs migrate in and out of entrepreneurial communities would yield data that more accurately captures shifts in affiliation and the implementation of long-term resource gathering strategies.

While race was not explicitly surfaced in the research as an important factor in the findings, the correlation between race and access to resources deserves focused study. Quantitative data describing the racial makeup of economic development policy leaders, gatekeepers of financial resources and media staffers could also provide insight into the distribution of financial, intellectual and social capital.

The social sciences approach to examining the sociocultural aspects of entrepreneurship has thus far centered on the concepts of 'networks' and 'embeddedness' (Thorton, Ribeiro-Soriano and Urbano 2011). Other social science studies of entrepreneurship have included detailed social network analyses (Ibid, 108). A quantitative social network analysis would aid readers in comparing the findings of this work with other studies and provide more context for my qualitative findings about social networks.

Social scientists have also adopted an institutional perspective in examining entrepreneurship, based in part on the problem of integrating social and cultural analysis into entrepreneurial research.

Because institutions are constituted by culture and social relations, and because human, social and cultural capital are often antecedents to acquiring financial capital and other resources needed to start a business, an institutional approach with its broad meta-theory holds out the promise of developing future entrepreneurship research (Ibid, 110).

The weakness of an institution-only stance is that it is not as holistic and rich as a multi-level approach. In the interest of easing comparability with other studies examining



sociocultural aspects of entrepreneurship, adding an institutional approach to the research may have been useful. It was my hope that adopting an *emic* view could draw more relevant insights.

Although I provided a kinship analysis of the social networking site LinkedIn in Chapter 5, more detailed information about the role of technology in resource gathering would have enhanced the research. While I did not encounter an entrepreneur who indicated that they were actively engaged in a crowd funding project, developing the biography of a crowd funded project could be an interesting way to connect themes of sociality, performance, ritual and magic (see Gell 1988 and Pfaffenberger 1992) to resource gathering.

### **Areas for Further Study**

The findings of this research offer a pathway for anthropologists to build a robust anthropology of entrepreneurship as well as to contribute to the wider field of entrepreneurial research. There are several possibilities for how these contributions can be made.

A future direction that could build relevance for an anthropology of entrepreneurship is to validate growth entrepreneurship as an area of research interest. There have been many global studies of local entrepreneurs in the context of a small village or region, but growth entrepreneurship is largely unexamined. An initial step of building a literature that includes such businesses has wider implications for policy development and entrepreneurial education.

The use of entrepreneurial communities as a basis of comparison is a way of capturing the sociality, kinship and affiliation inherent in nurturing activities. It also helps to characterize the entrepreneurial ecosystem of an area to know more about the

entrepreneurial communities it supports. I believe that future research should include entrepreneurial community-level analysis and comparison along with the examination at the organization and entrepreneur level.

More information about the occupational community of entrepreneurs may also be an area of fruitful inquiry. The juxtapositioning of a local occupational community of entrepreneurs with a more global imagined community of entrepreneurs could add provide a more nuanced articulation of what it is to be an entrepreneur.

### **My Journey**

I started the process of data collection as an informed observer. As a former full-time entrepreneur who had spent five years as a staff member at Detroit Tech, I felt confident of my grasp of Detroit's entrepreneurial terrain. I joined Urban Health and Detroit Tech Launch with an idea that I had not truly invested in, driven by the need to perform research. At the beginning of the research, I had a part-time job as a consultant that kept me financially comfortable.

During one of the early sessions of Urban Health, the imperative of creating solutions to address health disparities really hit home for me. My uncle, an irascible man with a fearsome personality, had been dealt a life sentence of confinement and immobility by diabetes. I remembered him as a powerful figure in my childhood. Now, he spent most days lying immobile on a nursing home bed, his leg amputated and his spirit diminished. My little brother, a champion swimmer coached by my father in high school who went to college on golf and swimming scholarships, was now well over 300 lbs. Sleep apnea halted his breathing dozens of times each night. He had a wife, a son and a new baby on the way, but I was worried about whether he would live until the next year.

I started getting serious about my business concept, a mobile game that connects play with real-world activity. I knew that my brother was not the type to sit in a Weight Watchers class and count points. I also know that he takes his games seriously, sometimes playing until the wee hours of the morning.

As I progressed through the entrepreneurial training, the business became more than an academic exercise. I lost my part-time job and the safety net it offered. Fear, uncertainty and doubt settled in. I found myself overwhelmed by my own expectations of what I should be doing and how I should be progressing. One day, in the middle of a Detroit Tech Launch class, I wrote the words “I’m scared” in my journal. That was the moment I decided to give up my expert status and allow myself to become a beginner again. From there, this journey has been about discovery – discovery of what it is to be an entrepreneur, discovery of entrepreneurship as a means for change, and discovery of my own capabilities.

At the Urban Health graduation ceremony, they announced the winners of the first phase of the entrepreneurial funding throughout the night. As time wore on and my team’s name wasn’t called, I truly began to understand how much the business meant to me. I also understood how much I wanted the validation from my entrepreneurial community that being a winner represented. My team’s name was the last one called, and the exhilaration I felt in that moment was transcendent. We were later chosen as one of the three teams who got more significant funding. Since then, I have iterated my concept significantly, while never losing sight of the love of my brother and uncle that initially inspired me.

As I write these concluding thoughts, I am finishing my initiation into the IncUinator community. In 2012, I won their pitch contest and solidified my entry into the

community with a small equity investment from them—a sort of corporate blood oath of allegiance and connection. They have “pivoted” their model, moving from a yearlong educational process for young novices to an intense ninety-day experience for a select group of entrepreneurs leading to an evening of pitches to investors dubbed Demo Day (the typical structure and nomenclature for the culminating events of a business incubator experience). I have pivoted my idea, moving from a mobile game to a social fundraising platform for charity sports participants. As a new member of the Stephens family of companies, I look forward to what the future has in store. When I wake up each morning to take my place in the maze of startup growth entrepreneurship, the following words from *Breakthrough Entrepreneurship* inspire me that it is possible to successfully escape the Valley of Death.

“Every time you want to make any important decision, there are two possible courses of action. You can look at the array of choices that present themselves, pick the best available option and try to make it fit. Or, you can do what the true entrepreneur does: Figure out the best conceivable option and then make it available (Burgstone and Murphy Jr 2012).”

**APPENDIX A****GLOSSARY OF SELECTED BUSINESS TERMS**

**Elevator Pitch:** A slang term used to describe a brief speech that outlines an idea for a product, service or project. The name comes from the notion that the speech should be delivered in the short time period of an elevator ride, usually 20-60 seconds. In the financial world, the speech refers to an entrepreneur's attempt to convince a venture capitalist that a business idea is worth investing in. Venture capitalists use the quality of the elevator speech as a way to judge whether to continue with an idea. The elevator pitch is also used by project managers, salespeople and jobseekers as a way to market themselves or their ideas. An elevator pitch should include why your product, idea or project is worth investing in by explaining such things as the features, benefits and cost savings (Investopedia n.d.).

**Entrepreneur:** A person engaged in the process of entrepreneurship.

**Entrepreneurship:** The pursuit of opportunity without regard to resources currently controlled (Stevenson 1983 and 1985)

**Facebook:** The world's largest social networking site on the Internet. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them (Facebook 2012).

**Financials or Financial Statements:** Records that outline the financial activities of a business, an individual or any other entity. Financial statements are meant to present the financial information of the entity in question as clearly and concisely as possible for both the entity and for readers. Financial statements for businesses usually include: income

statements, balance sheet, statements of retained earnings and cash flows, as well as other possible statements (Investopedia n.d.).

**Initial Public Offering (IPO):** The first sale of stock by a private company to the public. IPOs are often issued by smaller, younger companies seeking the capital to expand, but can also be done by large privately owned companies looking to become publicly traded. In an IPO, the issuer obtains the assistance of an underwriting firm, which helps it determine what type of security to issue (common or preferred), the best offering price and the time to bring it to market. Also referred to as a "public offering." (Investopedia n.d.)

**LinkedIn:** The world's largest professional network on the Internet. The company has a diversified business model with revenues coming from member subscriptions, marketing solutions and hiring solutions (LinkedIn 2012).

**Minimum Viable Product:** That version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort (Ries 2009)

**Pitch:** Performed activity related to representation of a business concept and/or the entrepreneur to relevant stakeholders

**Pivot:** A deliberate change of strategic direction, based on validated learning (Ries 2011)

**Social Graph/Social Network:** A social graph consists of who an individual is connected to based on the type of connections, such as work, friendship, interests, and location. It differs from a social network, which consists of who an individual is connected to based on the existence/strength of (one type of) connection, such as work. A social graph therefore conceives of connections in a typological way, whereas a social network does

so in a binary/spectral way. I.e. a social graph asks what type of connection exists between individuals, whereas a social network simply asks whether the connection exists or how strong it is. Accordingly, a social graph is a more complex/higher-level model of a social system than a social network (Ortiz 2008).

**Startup:** 1) A temporary organization designed to search for a repeatable and scalable business model (Blank 2012); 2) A human institution designed to deliver a new product or service under conditions of extreme uncertainty (Ries 2011)

**Twitter:** A real-time information network that connects users to the latest stories, ideas, opinions and news submitted by other users on the network. Users set up accounts and send out 140 character long “Tweets”—small bursts of information about themselves or their interests (Twitter n.d.).

## APPENDIX B

## LIST OF ETHNOGRAPHIC ARTICLES ON ENTREPRENEURSHIP BY CATEGORY

*U.S. Based – Individual Entrepreneurs*

N/A

*U.S. Based – Local Businesses*

1. Brettel and Alstatt 2007
2. Williamson 1977

*U.S. Based – Growth Businesses*

N/A

*Non-U.S. Based – Individual Entrepreneurs*

1. Cahn 2006
2. Goldschmidt 1972
3. Lutkehaus 1990
4. Oxfeld 1992

*Non-U.S. Based – Local Businesses*

1. Aleksandrov and Tocheva 2011
2. Alvarez and Collier 1994
3. Attwood 1974
4. Avruch 1982
5. Benedict 1968
6. Brotherton 2008
7. Buechler and Buechler 1999
8. Christensen 1961
9. Colloredo-Mansfield 2002
10. Farquahar 1996
11. Greenhalgh 1994
12. Gröger 1986
13. Guillet 1980
14. Hart 1978
15. Isik 2010
16. Jamieson 2002
17. Krause 2005
18. McFeat 1962
19. McGoodwin 1976
20. Newberry 2008
21. Osella and Osella 2009
22. Peace 1996
23. Poggie 1978

24. Prattis 1974

25. Robben 1984

26. Royer 1976

27. Saunders and Mehenna 1986

28. Shipley 2009

29. Strathern, A. 1972

30. Sui 1989

31. Thompson and Housewood 2002

*Non U.S. Based – Growth Businesses*

N/A



## APPENDIX C

### RESEARCH SUBJECT INTERVIEW PROTOCOL

1. Please tell me the story of how you started your business

Probe for:

- Specific resource-gathering activities
- Signs and symbols signifying they were “in business”
- Desired versus actual outcomes, specific activities, artifacts, objects
- Change in resource-gathering activities over time

2. What are some of the most important things that you do to help you in your business?

3. What do you monitor or track?

4. What and how do you reward?

5. Who else is involved in running your business? In what way? How did you recruit them?

Probe for:

- Outsourcing enabled by technology
- Networks, both internal and external
- Formal and informal roles

6. What tools do you have for running your business? What tools do you wish you had?

Probe for:

- Standards and networks enforced by technologies
- Ability of entrepreneurs to articulate what is missing

7. What is success for you? How do you know when you have achieved it?

Probe for:

- Representations for business; phase transition representations
- Signs and symbols signifying success, values

8. What written or unwritten rules, if any, did you have to follow?

9. How have people helped you along the way? How have you been helped

Probe for source and strength of the relationships:

#### Personal Networks

- Who do they socialize with?
- What clubs, fraternities or sororities do they belong to?
- Who did their parents/children/significant others know?
- Where did they go to school?
- Where do they play, recreational activity?

#### Professional Networks

- Where did they work?
- Who did they start companies with?
- What professional organizations do they belong to?

#### Virtual Networks

- Where do they go online?
- What spaces do they contribute to?
- Where do they have membership?

**APPENDIX D**  
**RECRUITMENT SCRIPT**

Hello, my name is Marlo Rencher and I am a doctoral student in the Department of Anthropology at Wayne State University in Detroit. I am conducting research on resource gathering in the process of growth business ownership. I would like to interview owners of small, growth-oriented businesses.

If you are interested in this project and qualify for the study, I would like to conduct an interview with you in person, via phone or via chat. You can expect the interview to be no more than 90 minutes. If you choose to participate, you will be required to provide informed consent, and all of your information will be kept confidential.

The findings from this survey should provide insights about the strategies that startups employ to attract and retain resources. If you participate in this study, I will share my findings with you as an executive summary presentation.

If you have any questions, please email me at [marlo@wayne.edu](mailto:marlo@wayne.edu).

Thanks in advance for your participation!

## APPENDIX E

### BEHAVIORAL RESEARCH INFORMED CONSENT

Title of Study: **Emergence and Enterprise: Distinguishing Cultural Factors of the Growth Entrepreneurship Process**

Principal Investigator (PI): Marlo Rencher  
Department of Anthropology, College of Liberal Arts & Sciences  
Wayne State University 313.574.6323 | marlo@wayne.edu

#### **Purpose**

You are being asked to be in a research study of the entrepreneurship process because you are involved in a learning experience or event focused on entrepreneurship. The estimated number of study participants at is about 70. **Please read this form and ask any questions you may have before agreeing to be in the study.**

In this research study, we hope to discover more about resource gathering in the process of growth business ownership.

#### **Study Procedures**

If you agree to take part in this research study, you may be asked to take part in interviews that should take no more than 90 minutes to complete from one to three times during the study. I may also observe and possibly record some of your activities. These recordings will be scheduled and you will be informed in advance. This study will be conducted during the 2011 calendar year.

The questions that will be asked both in the survey and in the interviews relate directly to your experiences with the entrepreneurial process. Your identity will be coded and protected. The information will be stored on a secure server. Only the Principal Investigator will have access to the codes.

#### **Benefits**

As a participant in this research study, there may be no direct benefit for you; however, information from this study may benefit other people now or in the future.

#### **Risks**

By taking part in this study, you may experience a minimal social risk from the unlikely event of a loss of confidentiality. There may also be risks involved from taking part in this study that are not known to researchers at this time.

#### **Study Costs**

Participation in this study will be of no cost to you.

#### **Compensation**

You will not be paid for taking part in this study.

#### **Confidentiality**

All information collected about you during the course of this study will be kept confidential to the extent permitted by law. You will be identified in the research records by a code name or

number. Information that identifies you personally will not be released without your written permission. However, the study sponsor, the Human Investigation Committee (HIC) at Wayne State University, or federal agencies with appropriate regulatory oversight [e.g., Food and Drug Administration (FDA), Office for Human Research Protections (OHRP), Office of Civil Rights (OCR), etc.] may review your records.

When the results of this research are published or discussed in conferences, no information will be included that would reveal your identity.

If photographs, videos, or audiotape recordings of you will be used for research or educational purposes, your identity will be protected or disguised. At the conclusion of the study, all unused photo, video, and audio files will be destroyed.

**Voluntary Participation/Withdrawal**

Taking part in this study is voluntary. You have the right to choose not to take part in this study. You are free to only answer questions that you want to answer. You are free to withdraw from participation in this study at any time. Your decisions will not change any present or future relationship with Wayne State University or its affiliates, or other services you are entitled to receive.

The PI may stop your participation in this study without your consent. The PI will make the decision and let you know if it is not possible for you to continue. The decision that is made is to protect your health and safety, or because you did not follow the instructions to take part in the study

**Questions**

If you have any questions about this study now or in the future, you may contact Marlo Rencher at 313.574.6323. If you have questions or concerns about your rights as a research participant, the Chair of the Human Investigation Committee can be contacted at 313.577.1628. If you are unable to contact the research staff, or if you want to talk to someone other than the research staff, you may also call 313.577.1628 to ask questions or voice concerns or complaints.

**Consent to Participate in a Research Study**

To voluntarily agree to take part in this study, you must sign on the line below. If you choose to take part in this study you may withdraw at any time. You are not giving up any of your legal rights by signing this form. Your signature below indicates that you have read, or had read to you, this entire consent form, including the risks and benefits, and have had all of your questions answered. You will be given a copy of this consent form.

\_\_\_\_\_  
*Signature of Participant*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Printed name of Participant*

\_\_\_\_\_  
*Time*

\_\_\_\_\_  
*Signature of person obtaining consent*

\_\_\_\_\_  
*Date*

Marlo Rencher  
\_\_\_\_\_  
*Printed name of person obtaining consent*

\_\_\_\_\_  
*Time*

**APPENDIX F**

**RESOURCE PROTOCOL**

1. Tell me about how your organization got started.
2. What are your goals?
3. How do you measure success (for your organization and for entrepreneurs)?
4. What is the typical experience for someone involved with your program?
5. Describe your organization's ideal applicant?
6. What resources do you offer your entrepreneurs?
7. What resources is your organization best suited/organized to offer?
8. What resources do your entrepreneurs request most often?
9. What resources does your organization offer that you wish that entrepreneurs would request more often?
10. With what other organizations or networks (in-person and virtual) do you work/collaborate?

## APPENDIX G

### REFERENCED STUDY PARTICIPANTS

A number of individuals were directly quoted and referenced in the findings of this study. The names of the individuals have been changed to protect their identities.

<b>Community</b>	<b>Name</b>	<b>Stage of Business</b>	<b>Age</b>	<b>Ethnicity</b>
Detroit Tech	Mack	Mature	Early 40s	African American
Detroit Tech	Samrat	Revenue generating	Mid 30s	Indian
Detroit Tech	Serena	Mature	Early 50s	African American
Detroit Tech	SueZette	Revenue generating	Late 40s	African American
Detroit Tech Launch	Clifton	Idea	Late 50s	African American
Detroit Tech Launch	Linda	Idea	Early 40s	African American
Detroit Tech Launch	Wayne	Idea	Early 30s	African American
IncUbator	Austin	Revenue generating	Mid 20s	Caucasian
IncUbator	Lee	Revenue generating	Early 30s	African American
IncUbator	Markus	Revenue generating	Early 20s	African American
Support (Detroit Tech)	Cleo	N/A	Late 20s	African American
Support (Urban Health)	Dr. Julia Winters Clarke	N/A	Mid 60s	African American
Support (loan officer)	Serge	N/A	Mid 60s	Caucasian
Support (librarian)	Clara	N/A	Mid 50s	Caucasian
Urban Health	Donyale	Idea	Early 40s	African American
Urban Health	Henry	Idea	Mid 60s	African American
Urban Health	Jackson	Idea	Early 50s	African American
Urban Health	Tabitha	Idea	Late 30s	African American

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**ABSTRACT****CROSSING THE VALLEY OF DEATH:  
A MULTI-SITED, MULTI-LEVEL ETHNOGRAPHIC STUDY OF GROWTH STARTUPS  
AND ENTREPRENEURIAL COMMUNITIES IN POST-INDUSTRIAL DETROIT**

by

**MARLO RENCHER****December 2012****Advisor:** Dr. Allen Batteau**Major:** Anthropology**Degree:** Doctor of Philosophy

The intention of this research is to reveal the humanity of the startup experience for American growth companies. What is it about the growth entrepreneurship experience that has been hidden from view? Can we begin to articulate a holistic view of entrepreneurship—including those human universals and culture-bound particulars that must be successfully navigated?

This study is an ethnographic account of three Detroit-based entrepreneurial communities and the people within them. This research examines the sociocultural features of entrepreneurship on three levels. The first level of context for growth businesses to be studied is that of their entrepreneurial community. These communities have unique properties that shape the strategies for companies operating within them. The second level of study is organizational. Understanding the factors that catalyzed the emergence, transitions and culture of a business can yield important insights. The third level of study is through the perspective of the entrepreneur, understanding their activities and motivations.

Activity theory is used as a guiding theoretical framework for the research. Four categories of activity systems are identified as important for business development: organizing, networking, pitching and nurturing. The dissertation findings reveal insights about organizational culture, representation, kinship, magic and faith.



### **AUTOBIOGRAPHICAL STATEMENT**

Marlo Rencher is a Ph.D. Candidate in the Department of Anthropology at Wayne State University in Detroit, Michigan. Her research interests include entrepreneurship, design, technology and culture. She has a MBA from the Ross Business School at the University of Michigan and a BA in marketing from the Broad College of Business at Michigan State University.

Marlo sold cereal for Kellogg, marketed Kool-Aid for Kraft and researched cars and trucks for Ford. She has founded and run several businesses, taught entrepreneurship at the University of Michigan and Lawrence Technological University and participated in some of Detroit's most highly regarded business incubators either as a staff member or as an entrepreneur.

Marlo is a passionate social entrepreneur. Her current business is Good Sweat, a social fundraising platform for charitable sports participants. Good Sweat enables users to create and promote their own active charitable events.

Marlo and her husband Charles live in metropolitan Detroit with two daughters, Mali and Imani.