How actors and groups in the family business system influence innovation in the family business: an analytical framework

By

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ABSTRACT

Innovation is understood to be vital to the prosperity and survival of family businesses and there is great value for practitioners, advisors, researchers, and academics in understanding how innovation occurs in family businesses—in a clear and practical way. I provide a framework that aides in shedding light on how and by whom innovation may be enacted, promoted, and supported in the family business system.

The family business literature offers clear and practical models explaining that the family business must be understood in the context of the family business system, which includes the business organization, the owners of the business, and the family that has ownership control of the business. Frameworks also explain how this system may be affected by how a family in business changes over time. These are demonstrated by the "Three-Circle Model" and the "Three-Dimension Developmental Model" of the family business respectively. The literature on innovation is extensive, albeit, as a body, much of it is confusing and unfortunately impractical for consistent application across the family business system. Recognising this, we focus our discussion and draw out two taxonomies from the literature, chosen for their accessibility and applicability and the crispness with which they allow us to talk about innovation. I then focus on one taxonomy and connect it back to the actors and groups in the family business system to establish our analytical framework. I believe the latter and its practical, actionable orientation to be a valuable addition to the literature.

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I take this opportunity to thank my thesis advisor Dr. John A. Davis, for the opportunity to study with him, his advice, and his support of this thesis. I am grateful for his willingness to engage deeply in our discussions and his insistence that when writing I focus narrowly, think precisely and "say what I mean to say".

To the faculty and staff at MIT Sloan School of Management that I have had the pleasure to get to know, learn from and be challenged by; I offer my sincerest gratitude to you all.

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1. INTRODUCTION:

This paper seeks to shed light and offer perspective on the narrow topic of how the different stakeholder groups in family business systems get involved in and promote innovation. To be clear, for our purposes, I define innovation in a family business as the deliberate process of change in how we do things or what we do in a family business. This definition implicitly recognizes that when people "change things", the results of that change effort might be positive or negative.

As the field has written about innovation, there are useful perspectives, but few of them really help people that need to take actions to enable innovation in family businesses. I am trying to add to this literature by talking about innovation and offering practical recommendations in a way so that people that need to take such actions can be aided.

I recognise that there is a need to be specific about the many different kinds of innovation one observes in a family business. Equally, there are many different roles and groups in the family business system that have a function in enabling, enacting, and supporting innovations. My task in this paper is thus to describe how innovation happens in family business and the roles people play in the innovation process. To that end I will:

1) Lean on two well-known extant models to ground our understanding of key stakeholder groups in family businesses and how we need to think of them through time.
2) Recommend and extend the use of more precise taxonomies of innovation.

3) Illustrate the central role such taxonomies can play in our stated objectives when applied in concert with the two chosen models in the way we recommend.

4) Discuss how this joined-up framework can give practitioners, advisors, and researchers a systematic and practical way to think about the role in and influence on innovation in family businesses the various examined stakeholder groups have.

2. INNOVATION

2.1 Relevance

We understand that innovation is vital and important to family businesses[1] and their survival; this has been covered extensively in the literature. For instance, Duran et al. (2016, p.1226) point out that "in today's hypercompetitive industries with shortened product life cycles, innovation has been considered one of the most important competitive advantages". Nieto, Santamaria & Fernandez (2015, p. 395) and Scholes et al., (2021, p.1) agree that innovation is essential to the enduring family firm and its competitiveness. Cefis & Marsili (2005, p. 1167), demonstrate an "innovation premium that extends [firm] life expectancy".[2]

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[1] Family Businesses and how they function are, in their own right, highly relevant: It is estimated that "50% to 80% of jobs in the majority of countries are created by them" (Dello Sbarba & Marelli, 2018, p. 418), and "employ about 60% of the global workforce" (Neckebrouck, Schulze & Zellweger, 2018, p.553). In 2019, in the U.S. alone, family businesses[*] accounted for up to c. 54% of private sector GDP (7.7 Trn $) and employed 59% of the private sector workforce (83.3 million jobs) (Pieper, Kellermans & Astrachan, 2021, pp. 13-15). While it is our expectation that a majority of family businesses are "small sole proprietorships that will never grow and be passed on from generation to generation" (Gersick et al., 1997, p. 2), many family businesses do have a significant presence across all size and revenue strata and do have longevity. The 2023 annual Family Enterprise USA Family Business Survey, a survey which "assesses a cross-section of America's multigeneration, family-owned businesses" and is conducted across 42 states and a wide variety of industries, found that among its 571 respondents, 74% have been in business for 30 years or longer (Family Enterprise USA (a), 2023) and 40% have revenues in excess of $21 million (Family Enterprise USA (b), 2023). Furthermore Anderson, Mansi & Reeb, (2003) estimated that family firms account for approximately one third of S&P 500 companies.

* Defined as businesses where a family "has full strategic control of the company, or partial strategic control paired with a proven participation of the family in the company" (Pieper, Kellermans & Astrachan, 2021, pp. 8, 15)

[2] Note that no distinction is being made here between family firms and non-family firms.

2.2 Confusion & the need for crispness

If we are to have a chance of advancing our understanding of how this important topic of innovation is enacted in the context of a family business and offer practical recommendations, we need a crisp way of thinking about innovation itself. However, while there is extensive literature offering definitions and typologies of innovation, the notion of innovation is all too often either described abstractly, expressed only in limited domains of innovation, grounded in theory that uses analysis from multiple domains (for instance sociology, economics, and technology management (Gopalakrishnan & Damanpour, 1997)), or it can be defined in such a complex way as to be unusable by practitioners. For instance, Van de Ven (1986, p. 591) speaks of "the process of innovation […] as the development and implementation of new ideas by people who over time engage in transactions with others within an institutional context", Christensen (1997) introduces radical innovation, Cote (2022) talks of "sustaining versus disruptive" innovation, Satell, (2017) refers to breakthrough, sustaining or disruptive innovations and basic research, and (Hopp et al. (a), 2018, p. 460) point to the fact that even within a seemingly bounded area such as disruptive innovation, and its closely associated disruption research, one has to contend with a cacophony of terminology such as "disruptive, architectural, breakthrough, competence-destroying, discontinuous, or radical innovation". Moreover, terms get conflated (Hopp et al.(b), 2018) which is problematic with respect to practical implementation.

Little of the literature discusses innovation in a consistent and precise manner that actually details, in a way that is readily applicable across industries, company types and settings, whether it affects the workings of the company, the output of the company, or the input of the company, or indeed the actors within the company and its stakeholders. Understanding innovation from these perspectives is useful in that they demonstrate the multiple ways in which innovation can occur. But, on balance, the way many authors write about innovation in business does not lead to actionable insights.

2.3 Chosen Taxonomies

My paper attempts to go beyond these types of approaches to innovation and recognizes that some authors offer clearer, more precise, and more practical insights on innovation, which allow them to be useful tools when integrated with foundational models explaining the family business. Two frameworks represent this approach to explaining innovation:

Sawhney, Wolcott & Arroniz's (2006) 12 Dimensions of Business Innovation presents the following conceptual breakdown:

The 12 Dimensions of Business Innovation

Dimension	Definition
Offerings	Develop innovative new products or services
Platform	Use common components or building blocks to create derivative offerings
Solutions	Create integrated and customized offerings that solve end-to-end customer problems
Customers	Discover unmet customer needs or identify underserved customer segments.
Customer Experience	Redesign customer interactions across all touch points and all moments of contact
Value Caputre	Redefine how company gets paid or create innovative new revenue streams.
Processes	Redesign core operating processes to improve efficiency and effectiveness.
Organization	Change form, function or activity scope of the firm.
Supplu Chain	Think differently about sourcing and fulfillment.
Presence	Create new distribution channels or innovative points of presence, including the places where offerings can be bought or used by customers
Newtworking	create network-centric intelligent and integrated offerings
Brand	Leverage a brand into new domains.

Source: Quoted, summarized, and adapted from Sawhney, Wolcott & Arroniz (2006, p.78)

Keeley et al.' s, (2013) Ten Types of Innovation: the discipline of building breakthroughs offers the following taxonomy:

Ten Types of Innovation (summary matrix***)				
*Explanation** *(p.38)*	**Category*** *(p.38)*	**Type*** *(p.38)*	*Explanation/Definition**	Examples (non-exhaustive)**
"Focused on the innermost workings of an enterprise and its business system"	**Configuration**	**Profit Model**	"How [the business] makes money"; how the "offering and other sources of value [gets converted] into cash" (p.40)	Premium prices, auction, metered use, subscription (p.40)
		Network	"How [the business] connects with other to create value" (p.45)	Open innovation (e.g. crowdsourcing), franchises, secondary markets (p.45)
		Structure	"How [the business] organize and aligns [its] talent and assets" (p.49)	Talent management, incentives, investment in R&D or IT, training programs, standardizing or special configurations of capital equipment (p.49)
		Process	"How [the business] uses signature or superior methods to do [its] work" (p. 53)	Proces standardization, lean production, predictive analytics (p. 53)
"Focused [on the] core products and sercvices or [the] collection of core products and services"	**Offering**	**Product Performance**	"How [the business] develops distinguishing features and functionality" (p. 57)	Customization, simplification, sustainability (p.57)
		Product System	"How [the business] creates complementary products and services" (p.61)	Product bundling, extension, platforms, combinations, complementary offerings (p. 61)
"Focused on more customer-facing elements of an enterprise and its business system"	**Experience**	**Service**	"How [the busness supports and amplifies the value of [its] offerings" (p. 65)	Maintenance plans, customer support, warranties, education (p.65)
		Channel	"How [the business] delivers [its] offerings to customers and users" (p.69)	Direct sales, indirect distribution, pop-up stores, flagship stores (p.69)
		Brand	"How [the business] represents its offerings and [itself]" (p.73)	Crafted/orchestrated strategies to represent a story, promise or set of values through all the internal and external touchpoints of the business (p.73)
		Customer Engagement	"How [the business] fosters compelling interactions" (p.77)	Social and broadcast media, packaging (p.77)
Source: Keeley et al., (2013) material is *Quoted, **summarized/shortened & partially quoted list, ***adapted.				

Although the taxonomies of the two innovation frameworks above don't overlap perfectly, one can readily see the clarity and specificity making them more approachable as practical tools. I have a preference for the "Ten Types of Innovation" (Keeley et al., 2013) framework because (a) in discussing their framework the authors helpfully provide specific examples (non-exhaustively summarized in the table above), and (b) in the years since the publication of this work, its authors have collected over 100 discrete tactics that enable the implementation of the "Ten Types" (Keeley et al., 2013, pp. 212-227). The specificities of innovation execution at that level in a family business system are beyond the scope of this paper but these tactics are available to the reader to further strengthen "how" to spur innovation from the framework developed in this paper.

However, now that we have a better understanding of the "what we are trying to change" component of innovation, we can move on to understanding "who" promotes, enables and supports these various types of innovation.

3. Family Businesses

3.1 Definition

Scores of definitions of what constitutes a family business can be found in the literature (Diaz-Moriana et al., 2019; Hernández-Linares, Sarkar & Cobo, 2018; Harms, 2014) and consensus seems yet some way off. For our analysis, we define a family business as:

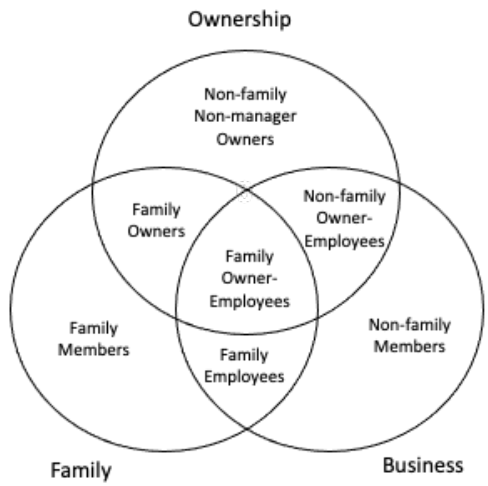
> *"A family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business through their management positions, ownership ties, or family roles."* (Davis, 1982)

This definition recognizes the intrinsic roles of the ownership group and owning family in a family business, and the need to understand the system in which a family business is embedded, which are illustrated in the Three-Circle Model of the Family Business System.

3.2 The Three-Circle Model: Family Business as System

The 3-Circle Model describes a system and simply captures its principal stakeholders.

The Three-Circle Model of the Family Business System*



*Source: Davis (1982)

The 3-Circle Model points out that there are seven different types of actors and different types of roles within this system. We can readily infer from the model that the management and employees as well as the owner(s) and the family should be aligned and supportive in various ways, but it begs the question for this paper: how does each role influence different types of innovation in the family business?

We know it helps to have an innovation culture (Frohman, 1998; Jassawalla & Sashittal, 2002) backed up by routines of an organizational and cognitive nature (Gajendran et al., 2014, p.247; Lin, Qu & Hu, 2021, p.1423) that enable that culture. We can also hypothesize that all three groups in the family business system, and indeed the specific interest groups defined by the overlapping three circles, have an interest in the business (a) staying innovative, (b) understanding who needs to support innovation and (c) in what way. For instance, while it is clear that management plays a central role in promoting innovation, we hypothesize that the owners—not just those employed in the business, but the wider ownership group—have an important role in and attachment to types of innovation that they think are important for the company that they own. Therefore, we need to understand how the different roles in this system influence innovation inside the family business. The 3-Circle Model provides a grounded and clear understanding where actors sit within the system and through this model we can thus explore how various roles in the family business system interact as they touch the innovation process.

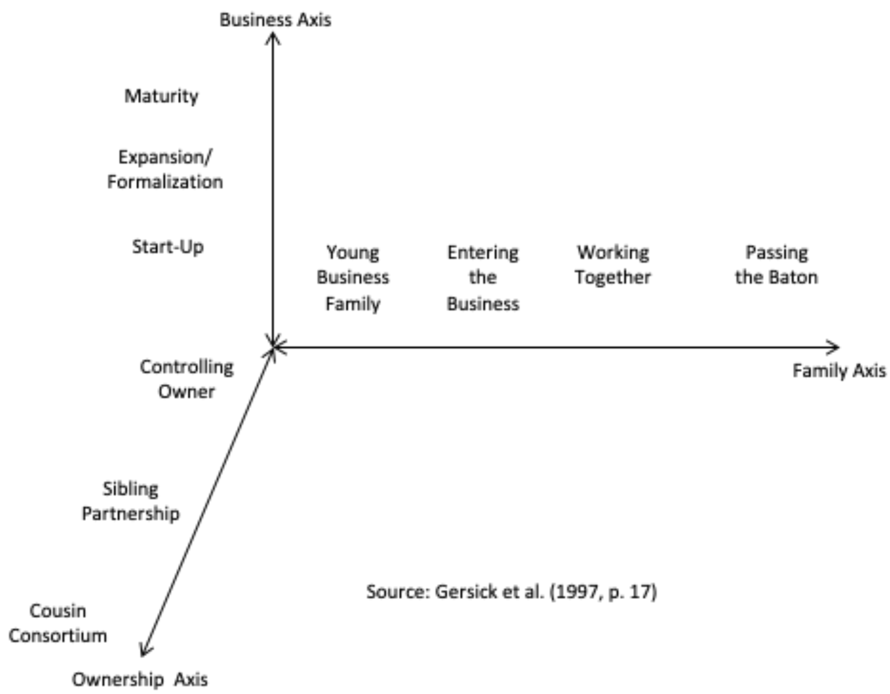
For instance, two owner employees may both have a role to play in a particular innovation by virtue of their ownership stake in the company and the decision rights/responsibilities it might confer, but perhaps only one of those two has a managerial role to play in that same innovation. Thus, the lens of the 3-Circle Model aids our understanding of the roles people play in innovation beyond just focusing on people who have functional corporate roles and helps uncover roles and attachment points that may otherwise stay hidden from our thinking.

3.3 The "Three-Dimension Developmental Model"[3]: Families and their business over time

When thinking of the family business system and the actors within it, we recognise that, over time the size and complexity of the business, the life-cycle stage of the family involved, and the composition of the ownership group are likely to change. The specific composition of each of the 7 groups within the 3-Circle Model also changes. This temporal element is best captured by the Three-Dimension Developmental Framework[4] described by Gersick et al. (1997, pp.15-24).

[3] In this paper we will use "Three-Dimension Developmental Model" and "Three-Dimension Developmental Framework" interchangeably and they refer to the same model "Three-Dimensional Developmental Model" described in Gersick et al. (1997 pp. 15-24)
[4] See the Appendix for a description of the terms used in the "Three-Dimensional Developmental Model".

The Three-Dimension Developmental Framework:



This model elegantly captures 36[5] conceptual primary configurations of circumstances the family and firm may be facing and helps us understand which actors are available in the system and which further supporting groups or resources may likely be available. It is therefore highly relevant to our understanding of innovation in the family firm context.

For Instance, at the upper end of complexity in a "Cousin Consortium X Maturity X Passing the Baton" configuration, resources supporting innovation are likely to be high, including professionalized staff and executives, independent board(s), a family council and a family

[5] From the axes: Business Axis (3) X Family Axis (4) X Ownership Axis (3) = 36 primary configurations.

constitution/charter.[6] At the diagonally opposite end of the spectrum in a "Controlling Owner X Start-Up X Young Business Family" configuration very few if any of the governance tools which could aid innovation are likely to be present. Key to our understanding is that throughout the existence of the firm(s) and the family's involvement with it, both live dynamically on the spectra of complexity of all three axes, they can progress and regress along any axis over time (Gersick et al., 1997). So, whenever we think of any application of the Three-Circle Model, we have to also look to the Three-Dimension Developmental Framework to inform our context.

4. FRAMEWORK

4.1 Bringing all our elements together

Our central contribution is to bring the above elements together to offer a joined-up framework for understanding the roles various actors and groups in the family business system may have in promoting, enabling, and supporting innovation. We do this by mapping the innovation taxonomy to the various roles. Doing so allows us to practically think through the specific type of intervention that should be expected from each actor and group in the matrix. We illustrate this below:

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[6] Gersick et al. (1997, p 230-244) encourage the early establishment of and highlight the increasingly pivotal role of the board as the family business evolves toward greater complexity along the "ownership axis" of the "Three-Dimensiona Developmental Model" and concurrently that its level of independence should accrue as it grows along the "business axis", favouring a preponderance of outside directors by the "expansion" stage and onwards. The authors then further encourage the emergence of a family council and an integrated family plan. While intuitively, this make sense as we would expect additional outside knowledge to amplify the firm's stock of capabilities and, inter alia, the capacity to innovate and it resonates - particularly in the mature stage – with the findings of (Laforet, 2013, p. 219), the literature is mixed on this issue. For instance, the findings of Gonzales-Bustos, Hernández-Lara & Li (2020, p. 9) caution us that this is not panacea and there is evidence to support that while enlarging what are typically small family boards is beneficial to innovation, surprisingly, increasing board independence hampers innovation. This reminds us that models and frameworks are here to inform our thinking, not to be prescriptive.

Ten Types of Innovation in practice: Ten Hypothetical examples of innovation in a Mature Family enterprise in the Cousin Consortium Stage									
		Potential role / hypothetical intervention function in the innovation process							
Type	Example	Client & supplier - facing / Shop floor	Engineering /Manufacturing / Production	Line Management	Executive Team / Committee	CEO / C-Suite	Board	Ownership Group	Family Council
Profit Model	Move from unit pricing to subcription pricing	Support functions transition for customers		Primary: design the economic model	Review and challenge	Risk mitigation	Approval	Approval, especially if the change is transformational for the business	Consultative depending on scope of change
Network	Franchising	Support functions transition for customers		Primary: Execution	Approval	Resource Allocation	Monitoring	Approval	May need to be consulted because of cultural ties / identity
Structure	Special configuration of capital equipment		Support	Support	Execution	Resource Allocation	Approval / Fiancing		
Process	Implement lean production	execution with supplier	execution	implementaton Benchmarking	benchmarking / monitoring	Approval/monitoring			
Product Performance	Simplification	Support function / communication	Primary responsibility	Execution Responsibility	Monitoring	Resource Allocation			
Product System	Product bundling	Support function / communication	Support / Execution	Primary	Approval	Monitoring			
Service	Maintenance plans	Primary		Primary	Approval / Monitoring				
Channel	Direct Sales	Execution		Execution Primary Responsibility	Benchmark/Monitor	Resource Allocation	Review		
Brand	Coordinated rebranding	Support	Support	Execution responsibility	Execution support and resource allocation	Primary	Review	Approval if it significantly affects brand equity at the Broader Business Level	Blessing, especially if it engages matters susceptible to affect family identity
Customer Engagement	Social media Capaign	Primary		Approval	Monitoring				
Adapted from: Keeley et al., (2013)									

The illustration above is for a mature company in a cousin consortium. Family companies at different stages of maturity and in other configurations of ownership are likely to have a different set of actors and groups available to them. Hence, their respective innovation responsibilities would function differently.

With this more specific understanding of the relationship between innovation and its functional mapping to family business as a system, practitioners should be able to better estimate precisely where and what type of intervention is needed and by whom.

4.2 Examples

For example, if the innovation is, more technical in nature and improves product performance, it may only require execution support from engineering and line management, with approval from the executive committee and monitoring from the C-suite. If, on the other hand, the innovation is more fundamental in nature and deeply impacts the character of how the company transforms its inputs to profits, it may touch actors and groups widely across the family business and require sign-off and monitoring by the board and family ownership group. This could for example be the case when a capital equipment manufacturing company decides to switch from a business model focused on unit sales and separate maintenance and customer service billing to providing an integrated "outcome-centric solution" selling "up-time" instead (Connerty et al., 2016)[7].

Another example could be a company that decides to innovate through a significant reorganization of its capital equipment and geographical footprint to more closely integrate with its overseas customers. If this company has long-established and deep ties to its historic manufacturing base and community, seeking to successfully execute such an innovation play may behove it to not just seek board and ownership group approval but possibly consult with the family council as community and identity ties may play a significant role in the functioning of that family business system.

[7] A model akin to GE's "OnPoint Solutions" (Keeley et al., 2013, p. 253) or Rolls Royce's "power by the hour" (Connerty et al., 2016) programs for aircraft engine availability.

Furthermore, the applications of our joined-up framework go beyond merely understanding who, in the family business system touches the innovation process and in what way.

4.3 Application

Keeley et al. (2013, p.147-156), suggest using "Ten Types" taxonomy for diagnostic purposes. In mapping the taxonomy to the actors and groups in the family business system as proposed, I build on their insights. For instance, it can help uncover dynamics that may otherwise remain hidden by shedding light on which actors may potentially be conflicted or in conflict with each other with respect to an innovation initiative by virtue of their respective positions in the 3-Circle Model. The framework may also help uncover which actors or groups and their respective authority or resources may be in short supply and how this availability may be affected by the temporal dimensions of the 3-Dimension Developmental Framework. This in turn helps practitioners in family businesses better understand their innovation capacity and perhaps the presence of bottlenecks, or which innovation strategies they may struggle to run well consistently, and it can also help identify more specifically which skillsets or hiring may become urgent.

Furthermore, Keeley et al. (2013) also advocate using the innovation framework to (a) to scan the industry for what "innovation plays" one's competitors aren't running and (b) to launch multiple innovation initiatives simultaneously; explaining that the more you combine them, the higher they believe the beneficial effect on the firm's competitive position will be, however it can be riskier.
In my opinion, if used in this way, the framework as joined up with the 3-Circle Model and the 3-Dimension Framework can in scenario (a) be a useful governance tool to evaluate the competitive

position of the firm and its capacity to respond vis-à-vis its industry and (b) become a framework and practical tool to aide senior management in the family business system in managing complexity risk, where decisions need to be made and monitored, and help guard against resource misallocation and authority mismatches because it helps them clearly map out who should assume what role in innovation.

In short, the way we have joined the framework to the models helps us diagnose, anticipate, and plan which is an important contribution to how we think about the nebulous topic of innovation in family enterprise.

5. CONCLUSION

Stakeholders in family businesses are well served by thinking about innovation and its connections to the 3-Circle Model and the 3-Dimension Developmental Framework and who specifically should take responsibility for which intervention in regard to innovation. To this end, I propose marrying precise innovation typologies to these models. Doing so gives us a practical framework to help diagnose which actors and groups in the system, enable, promote, and support innovation and which type of responsibility they should each assume. I recognize that the assignment and nature of these responsibilities would likely change over time as the family enterprise grows and professionalizes, and our framework is sensitive to this context. The framework allows management, owners, and their advisors to diagnose and manage the innovation dimension and how it touches the family business with greater clarity and precision. Given the importance of innovation to the family enterprise and its multigenerational survival and the practicality and multiple applications of our framework, I believe that its elaboration is an important contribution to the literature.

6. AREAS FOR FUTURE RESEARCH

The framework we presented not only allows managers to think more concretely about who in their family business needs to intervene and how with respect to innovation but also allows researchers in innovation and in family business systems a way to focus more clearly on the connections between the two disciplines. For instance, further research could seek to gather more data on the role conflicts or conflicts between stakeholders that tend arise most frequently by virtue of each actors' specific position in the 3-Circle Model, how this impacts innovation, and what the most effective mitigation methods may be. Connecting the 3-Dimension Developmental Model to innovation through our framework may also provide a starting point for research concerning how to best plan for strategies that specifically preserve or enhance innovation capability as a family business moves along the business and ownership axes of the model. The proposed framework may also be a guide to focusing empirical data gathering and research on which innovation tactics and plays have historically worked well or poorly in family businesses and specifically how this connects to actors and groups in the family business system.

APPENDIX

The Three-Dimensional Developmental Model of Family Business

Key Terms: Glossary of Characteristics and Key Challenges

Source: Quoted and amalgamated from (Gersick et al. 1997, pp 32, 41, 48, 62, 72, 82, 92, 108, 114, 122)

Ownership Axis	Controlling Owner (p.32)	Characteristics	Owenership control consolidated in one individual or couple
			Other owners, if any, have only token holdings and do not exercise significant ownership authority
		Key Challenges	Capitalization
			Balancing unitary control with input from key stakeholders
			Choosing an ownership structure for the next generation
	Sibling Partnership (p. 41)	Characteristics	Two or more siblings with ownership control
			Effective control in the hands of one sibling generation
		Key Challenges	Developing a process for shared controll among owners
			Defining the role of nonemployed owner
			Retaining Capital
			Controlling the factional orientation of family branches
	Cousin Consortium (p.48)	Characteristics	Many cousin shareholders
			Mixture of employed and non-employed owners
		Key Challenges	Managing the complexity of the family and the shareholder group
			Creating a family business capital market.

continued

Family Axis	Young Business Family (p.62)	Characteritics	Adult generation under forty
			Children, if any, under eighteen
		Key Challenges	Creating a workable marriage enterprise
			Making initial decisions about the relationship between work and family
			Working out relationships with the extended family
			Raising children
	Entering the Business (p.72)	Characteristics	Senior generation between thirty-five and fifty-five
			Junior generation in teens and twenties
		Key Challenges	Managing the midlife transition
			Separation and Individuation of the younger generation
			Facilitatiing a good process for initial career decisions
	Working Together (p.82)	Characteristics	Senior Generation between fifty and sixty-five
			Junior generation between twenty andforty-five
		Key Challenges	Fostering cross-generational cooperation and communication
			Encouraging productive conflict management
			Managiung the three-generation Working Together family
	Passing the Baton (p.92)	Characteristics	Senior generation age sixty and above
		Key Challenges	Senior generation disengagement form the business
			generational transfer of family leadership

continued

Business Axis	Start-up (p.108)	Characteristics	Informal organizational structure, with owner-manager at the center
			One product
		Key Challenges	Survival (market entry, business planning, financing)
			Rational analysis versus the dream
	Expansion / Formalization (p. 114)	Characteristics	Increasingly functional structure
			Multiple products or business lines
		Key Challenges	Evolving the owner-manager role and professionalizing the business
			Strategic planning
			Organizational systems and policies
			Cash management
	Maturity (p.122)	Characteristics	Organizational structure supporting stability
			Stable (or declining) customer base, with modest growth
			divisional structure run by senior management team
			well-established organizational routines
		Key Challenges	Strategic refocus
			Management and ownership commitment
			Reinvestment

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