Entrepreneurship is the last refuge of the trouble-making individual.
—Natalie Clifford Barney

INTRODUCTION

Attitudes toward entrepreneurship have undergone major changes since the Industrial Revolution. Social awareness has replaced individualism as a virtue, and this has had an impact upon the development of entrepreneurship. The coveted individualism of the entrepreneur lost some of its glamor when it started to include exploitation and irresponsibility. Although the era of the Carnegies, the Krupps, and the Rockefellers has passed into history, this doesn’t mean that entrepreneurs are a thing of the past, as just a cursory look at the developments in Russia, India, or China shows. But whatever the era, entrepreneurship is a fascinating phenomenon. People have always been curious about the personality make-up and motivations of the entrepreneur.

So what distinguishes entrepreneurs from other business people? Although it would be difficult to define entrepreneurs as a group, they do have some characteristics in common. Entrepreneurs are achievement-oriented; they like to take responsibility for decisions, and dislike repetitive, routine work. Creative entrepreneurs possess high levels of energy and a great degree of perseverance and imagination, which, combined with a willingness to take moderate, calculated risks, enables them to transform what often begins as a very simple, ill-defined
idea into something concrete. Entrepreneurs also have the ability to instill highly contagious enthusiasm in an organization. They convey a strong sense of purpose and, by doing so, convince others that they are where the action is. Whatever it is—seductiveness, gamesmanship, or charisma—entrepreneurs somehow know how to create an organization and give it momentum.

Why Study Entrepreneurs?

Studies of work behavior from a psychotherapeutic or psychoanalytical perspective have been relatively scarce. Most of the existing literature concerns itself with cases of work inhibition or compulsion. Occasionally, one finds a discussion of people in the creative professions. No attention has been paid, however, to entrepreneurs, even though they are major contributors to economic development.

The paucity of clinical material about entrepreneurship in psychoanalytic and psychotherapeutic literature suggests that entrepreneurs are unlikely to turn to psychoanalysts or psychotherapists when they encounter personal difficulties. They are not usually given to the kind of self-reflection and inner orientation called for by the clinical profession. And only in extreme situations (given the amount of time that needs to be invested in it) will they choose psychoanalysis as a form of therapy. Although most of my research on entrepreneurship has been of the more traditional management type (Kets de Vries, 1970, 1977, 1985), I was in fact fortunate enough to have an entrepreneur come to me for psychoanalytic treatment. This gave me the opportunity to study the inner world of one particular entrepreneur in great depth.

In presenting a clinical case study of an executive, I follow a tradition started by a number of other researchers interested in the nature of managerial work. In their search for rich description, these students of executive behavior realized (for pragmatic considerations) that they had to limit their sample size if they really wanted to understand managerial behavior (Carlson, 1951; Stewart, 1967; Mintzberg, 1973; Kotter, 1982; Noel, 1984, 1991). What differentiates my observations from the work of others is that the subject of analysis in others’ studies has been the general manager, not the entrepreneur.

Some of my observations are also based on extensive studies of entrepreneurs operating in a wide range of industries all over the world, including Russia and Asia. My usual entry into their companies was as an expert in strategic human resource management with a special interest in entrepreneurship and family business. Sometimes senior executives
asked for my help because they saw my clinical background as useful in untangling complex family and business situations. In a few cases, I played more of a coaching role to the entrepreneur. In many instances I dealt with ‘dramatic’ cases; this needs to be mentioned, as my sample may be biased.

From a clinical point of view, entrepreneurs are interesting people to study. Many have personality quirks that make them difficult to work with. For example, their bias toward action, which makes them act thoughtlessly at times, can sometimes have dire consequences for their organization. It begs the question: What should you look out for if you are considering taking an entrepreneur on board, working for one, or encouraging these people to start new ventures? What are the problems going to be? Where are the pitfalls? How are you going to avoid them? What provisions can you make to accommodate the typical entrepreneur? Do entrepreneurs have more personal problems than other people? In short, what is the anatomy of the entrepreneur? These are all questions that I explore in this chapter.

ENTREPRENEURSHIP: VIEWS FROM OTHER DISCIPLINES

An entrepreneur is usually defined as an individual who is instrumental in the conception and implementation of an enterprise. (The term is derived from the French verb *entreprendre*—to undertake.) In this process the entrepreneur fulfills a number of functions, which can be summarized as managing/coordinating, innovation, and risk-taking. The latter two in particular characterize the behavior of entrepreneurs. Innovation implies doing things that are out of the ordinary by finding new opportunities. Risk-taking concerns the entrepreneur’s ability to deal with uncertainty and ambiguity—his or her willingness to take economic and psychological risks. Because of the nature of their activities, entrepreneurs are major creators of employment and catalysts of change.

The absence of case material on entrepreneurship in clinical literature stands in stark contrast to the contributions on this subject from other disciplines such as economics, sociology, anthropology, psychology, and organizational theory. Research on entrepreneurship seems to be truly interdisciplinary. This is not surprising: all these different perspectives contribute to a considerable amount of confusion as to what entrepreneurship is all about—and may explain the wide diversity of factors supposedly influencing entrepreneurship.
Sociological and Anthropological Approaches

According to these disciplines a factor such as societal upheaval is considered to have considerable impact in the making of new entrepreneurs. Societal disruptions, which create structural changes in society, contribute to status incongruities, and have repercussions on family life, appear to affect the choice of non-traditional career paths (Hagen, 1962). Other studies indicate that entrepreneurs are more likely to come from ethnic, religious, or other minority groups (Weber, 1958; Sayigh, 1962; Hirschmeier, 1964; Kets de Vries, 1970). The experience of feeling ‘different’ seems to have an important influence on entrepreneurs. If the family of the entrepreneur does not seem to fit into the established order of things, their offspring may have little choice but to create a new niche for themselves in society.

Several writers have described the origins of entrepreneurs in ethnic and religious minority groups. The sociologist Max Weber’s thesis of the Protestant ethic is a familiar example. It is evident that the belief in a value system different from that of society at large can lead to frictions between the family and the outside world. Members of a minority group can be subjected to discrimination, which has repercussions within the family, causing tension and stress, but also makes for new challenges. These minorities will feel less hampered by the complicated social structure of the society they live in, and be more prepared to challenge established patterns. The combination of feeling different from mainstream society, plus not having the same opportunities as the predominant group, may encourage these people to strike out on their own.

There is another prominent feature in the backgrounds of such individuals: in many cases, their fathers were self-employed, perhaps by necessity—they may have had no alternative. Occupations were closed to them because of their ‘difference,’ which put them under strain. Self-employment, with its uncertainties and socio-psychological risks, will be more familiar to them. Given this familiarity, they may be more prepared (and inclined) to give it a go themselves.

The Economic Perspective

Economists tend to discuss entrepreneurship in terms of a receptive economic climate (Schumpeter, 1931; Knight, 1940; Redlich, 1949; Baumol, 1968). They refer to such factors as favorable tax legislation, the availability of risk capital, a well-functioning banking system, and the existence of ‘incubator’ organizations like those found in
Silicon Valley, Route 128 in Boston, or Sophia Antipolis in the south of France.

The Psychological Perspective

Here the emphasis has been on the assessment of specific entrepreneurial traits using a variety of psychological tests (Brockhaus and Horovitz, 1986; Gartner, 1989, Shaver and Scott, 1991). Unfortunately, because of a lack of consistency among instruments used and methodological problems, a very confusing and not always consistent psychological picture emerges.

Among some of the qualities regularly attributed to the entrepreneurial personality we can list high achievement motivation, need for autonomy, power, and independence (McClelland, 1961, 1975, 1987). In addition, some of these studies define entrepreneurs as moderate risk-takers, anxious individuals who are ‘inner directed,’ meaning that they possess an ‘internal locus of control’ (Lefcourt, 1976; Phares, 1976; Shapero, 1975; Brockhaus, 1980; Miller, Kets de Vries, and Toulouse, 1982).

COMMON PSYCHOLOGICAL THEMES IN THE ENTREPRENEURIAL PERSONALITY

It is not difficult to recognize an element of mythology and legend in articles about entrepreneurship that appear in journals like *Fortune* magazine, which devote part of each issue to preaching the gospel of enterprise and business leadership. Not surprisingly, the themes of individual success and failure are highly popular; they catch the readers’ imagination and are empathy-provoking since they awaken the rebellious spirit in each of us. Mythological heroes like Prometheus and Odysseus have now been replaced by that folk hero of the global world, the entrepreneur. He has become the last lone ranger, a bold individualist fighting the environmental odds. He is that individual who after enduring and overcoming many hardships, trials, and business adventures finally seems to have ‘made it.’ However, as the stories of many entrepreneurs show us, success is very fragile, and easily followed by failure.

Most of the stories about the rise and fall of entrepreneurs contain a number of common themes. We are usually introduced to a person with an unhappy family background, an individual who feels displaced and seems a misfit in his particular environment—a loner, isolated and
rather remote from even his closest relatives. This type of person gives the impression of being a reject, a marginal person, often with conflicting relationships with family members. We observe an individual who utilizes innovative rebelliousness as an adaptive mode with occasional lapses toward what appears to be delinquent behavior—demonstrating his or her ability to break away, to show independence of mind. Due to these reactive ways of dealing with feelings of anger, fear and anxiety, tension remains within the individual since he fears that punishment, in the form of failure, may follow. Failure is expected and success is often perceived only as a prelude to failure. Interrelated with this strange pattern of elation and despair, of successes and failures, we also observe a kind of person who, nonetheless, demonstrates a remarkable resilience in the face of setbacks, with the ability to start all over again when disappointments and hardships come his or her way.

The person we are describing, the entrepreneur, or the ‘creative destructor’ to use Schumpeter’s (1931) terminology, is a highly complex individual—often inconsistent and confused about his motives, desires and wishes, a person who appears to operate under a lot of stress who often upsets others by his seemingly irrational and impulsive activities. Taking a more in-depth look at this person’s personality, six main themes stand out in entrepreneurial behavior: a need for control, a sense of distrust, a desire for applause, a tendency to ‘split,’ scapegoating, and the flight into action.

**Need for Control**

The need for control is a significant theme for many entrepreneurs I have known. Occasionally, their preoccupation with control affects their ability to take direction or give it appropriately and has serious implications for how they get along with others. Some entrepreneurs are strikingly ambivalent when an issue of control surfaces—they are filled with fantasies of influence, power, and authority, yet also feel helpless. They seem to live with the fear that their worst fantasies will come true and ultimately place them at the mercy of others.

Consequently, some entrepreneurs I have studied have serious difficulty addressing issues of dominance and submission and are highly suspicious about authority. This attitude contrasts greatly with that of managers. While managers seem able to identify in a positive and constructive way with authority figures, using them as role models, many of the entrepreneurs I have observed lack the manager’s fluidity in moving from a superior to a subordinate role. Instead, they often
experience structure as stifling. They find it very difficult to work with others in structured situations unless, of course, they create the structure and the work is done on their terms.

To use a disguised illustration, Larry Malcolm, a successful US entrepreneur in the sporting goods industry, is a typical example. In my discussions with him, he talked about his inability to work for others. After he dropped out of college, Malcolm started work as a sporting goods salesperson for a department store. He liked the experience (sports had always been his great passion), but a fight with the department head over the right way to display merchandise prematurely ended his stay. He then found a clerical position in a clothing company that manufactured active wear. Although he managed to stay on longer at this job, he disliked the working environment, felt stifled, and finally quit.

In his third job, he didn’t fare much better. By this time, Malcolm had begun to realize that working for others was not his forte. Not knowing what to do and wanting time to think about the future, he took his savings and made an extensive trip to Europe. At a sporting goods fair in Germany, he met a designer whose work he liked, and on the basis of the man’s designs, managed to get a few orders from a department store and a number of small retail operations when he returned to the States. All of a sudden, Malcolm found himself running his own business.

Larry Malcolm’s story is not unusual. Many entrepreneurs seem to be driven by a magnificent obsession—some idea, concept, or theme that haunts them and that eventually determines the kind of business they choose to be in. Malcolm’s great passion was sport, and everything related to it. This partly explains his talent for finding more functional as well as attractive designs. But focused interest is not the only factor. Listening to entrepreneurs’ case histories, I have found many situations where, as with Malcolm, it was their inability to submit to authority and accept organizational rules that drove them to become entrepreneurs.

Those overly concerned with being in control also have little tolerance for subordinates who challenge their authority. In organizations, at times, this desire for control can lead to extreme behavior. For example, every morning one entrepreneur responsible for a $60 million consumer product operation habitually opened not only his own personal mail but also all mail (including e-mail) directed to the company. In addition, it was his habit to approve all requisitions, no matter how small. He said it gave him a feel for the overall functioning of the organization. Excessive concern with detail may have been appropriate in the start-up phase of a company but will increasingly become a burden to the organization,
as it stifles information flow, hampers decision-making, and inhibits the attraction and retention of capable managers. In this entrepreneur’s situation, although his subordinates admired many of his qualities, they deeply resented not being given any authority. The good, creative performers left; the downtrodden and mediocre stayed.

The lack of true accountability in this situation meant that information needed for decision-making did not circulate. As a result, sales and profits stagnated and the future growth of the enterprise was endangered. Buyers of entrepreneurial companies started by such people should be prepared to inherit a passive and somewhat ineffectual management group.

**Sense of Distrust**

The need for control is closely linked to suspicion of others. Some of the entrepreneurs I have known stand out as extreme examples because of the strength of their distrust in the world around them. They have a strong fear of being victimized or taken advantage of. They are always prepared for the worst. Paradoxically, many of them feel at their best when their fortunes are at their lowest. When they are riding the success wave, they imagine themselves incurring the envy of others. So as not to tempt the wrath of the gods, when people ask them how things are, they respond by saying that business is only ‘so-so’ or ‘not too bad.’ But if their fortunes turn and they are close to bankruptcy, they seem to feel as if they have paid some necessary price, done their penance for having been successful. Because it produces a sense of relief, ironically, their predicament can have a positive effect. With the alleviation of anxiety, they have the energy to start anew, which they do with enthusiasm and a sense of purpose.

People who possess these kinds of personality characteristics are continually scanning the environment for something to confirm their suspicions. This behavior pattern does, of course, have its constructive side: it makes the entrepreneur alert to competitors’, suppliers’, customers’, or government moves that affect the business. Anticipating the actions of others protects them from being taken unaware. But such vigilance can also lead them to lose any sense of proportion. Focusing on certain trouble spots and ignoring others, entrepreneurs like this may blow up trivial things and lose sight of the reality of the situation.

When a strong sense of distrust assisted by a need for control takes over, the consequences for the organization will be serious: sycophants will set the tone, people will stop acting independently, and political
gamesmanship will be rampant. Such entrepreneurs will interpret harm-
less acts as threats to their control and launch destructive counteractions
against them. Understandably, this kind of thinking may contribute to
a toxic work environment.

In one case, headquarters sent a consultant to help the chief execu-
tive of a newly acquired company to assess profitability by product line
and develop and implement a strategic plan. When the consultant arrived,
the ex-owner would not let him look at the financial statements on the
grounds (he explained to headquarters) that the consultant might use
the information to help the competition. On another occasion, when
his machines were idle and he had to lay off employees, the same person
refused to sell goods-in-process to a non-competing business. He argued
that he had once been burned when a competitor used his goods-in-
process to manufacture a line of products that competed with his own,
and he was not going to let it happen again.

In another instance, the vice-president of human resources of a
conglomerate was surprised to discover that the former owner of a sub-
sidiary had television cameras monitoring the front and back entrances
of both his plant and his office building. To allay his fears that employees
were stealing from him, the manager kept on his desk two split-screen
consoles that he watched constantly.

The problem with countering such distorted forms of reasoning and
action is that there is always a degree of reality behind the fear and sus-
picion. If one looks hard enough, one will always find some confirma-
tion of the entrepreneur’s suspicions—someone stealing something, or
acting against the company’s interests. Unfortunately, the person who
manages this way forgets the price the company pays in deteriorating
morale, low employee satisfaction, and declining productivity.

Desire for Applause

The common heroic myth begins with the hero’s humble birth, his rapid
rise to prominence and power, his conquest of the forces of evil, his
vulnerability to the sin of pride, and, finally, his fall through betrayal
or heroic sacrifice. The basic symbolic themes—birth, conquest, pride,
betrayal, and death—are relevant to all of us. And some entrepreneurs
act out the same myth. They feel they’re living on the edge, that their
success will not last, but they also have an overriding concern to be
heard, recognized, and regarded as heroes.

A very gifted entrepreneur, who was experiencing great stress while
working out how quickly to expand his business, described to me a
recurring dream he had. In the dream, he would be standing on a balcony, looking down, and see a group of women smiling admiringly up at him. This scene would soon fade and the admirers would turn into harpies. Feeling suffocated, he would wake up screaming. He also recalled dreams of himself as a swaggering cowboy climbing an ever-narrowing trail leading to the top of a mountain. But below the top, a gate blocked the road. To move past it, the man would have to risk sliding down.

If one looks at these dreams as symbolic, albeit in a simplified way, one sees certain wishes and fears standing out. One of the more noticeable characteristics of both dreams is their grandiosity; they involve high positions—balconies and mountains—and the way to reach both is fraught with many dangers.

One way of looking at the need for applause is to see it as a reaction against feelings of insignificance. Some entrepreneurs I have met hear an inner voice that tells them they will never amount to anything (Larry Ellison of Oracle is a good example of this: in his case he apparently hears the voice of his stepfather). But regardless of who put this idea into their minds, these people are not retiring types who take such rebukes passively; they are defiant, and try to deal with them creatively through action. They will ride to the top in spite of all the dangers; they will get the applause; they will find a way to master their fears.

A manifestation of this need is the interest some entrepreneurs show in building monuments as symbols of their achievements. They suffer from the ‘edifice complex,’ as some people have humorously named it. Sometimes this takes the form of an imposing office building or production facility; sometimes it is a product that assumes symbolic significance. For example, one entrepreneur wanted to show people in the section of town where he grew up that he had amounted to something, and built an imposing head office and new factory. The contrast between his building and the decrepit surroundings in which it stood was striking. That this action jeopardized the company’s financial position—it was done during a period of economic decline when all advisers advocated off-shore production—made the decision even more bizarre.

The Tendency to ‘Split’

An individual’s personality consists of enduring, pervasive behavior patterns created by complex, deeply embedded, psychological characteristics. Although each of us may behave differently, we all have defenses that help us deal with the stresses and strains of daily life. The
relationships we develop with others are colored by the kinds of defenses we use.

People who are in trouble psychologically (who have difficulty balancing their internal and external lives) often resort to the defense of ‘splitting’ as a way of coping. Splitting is a tendency to see everything as being either ideal (all good) or persecutory (all bad). The way these people see themselves and others becomes so dramatically oversimplified that they fail to appreciate the complexity and ambiguity inherent in human relationships. They tend to see things in extremes, idealizing some people and vilifying others. The attitudinal pendulum shifts all too easily.

One entrepreneur I studied made a point of hiring young MBAs just out of school. He would marvel at their mastery of the latest management techniques and hold the new executives up as examples to his other employees. He would tell them that these were the kinds of managers he needed. Inevitably, his lavish praise would stir up enormous resentment among the rest of the staff (with predictably spiteful consequences). But also, just as inevitably, the president’s infatuation with his latest recruits would soon exhaust itself and disappointment would set in. No recruits could live up to his exaggerated expectations, and eventually, like the other MBAs who preceded them, they would leave.

When this same man sold his company, he was at first quite enamored of the acquiring company’s CEO, praising his new boss’s accomplishments to all. It gave him great pleasure to dwell on certain incidents illustrating the CEO’s achievements. But as with all the others, this infatuation did not last long. A request for more information about a new advertising campaign from the private equity firm that had acquired his company was the turning point. The ex-owner interpreted the request as a vote of no confidence, an attempt to find fault with his actions, and even as part of a plan to get rid of him. He had had similar reactions to other requests from headquarters. Almost overnight, the CEO changed in his eyes from hero to chief villain. Eventually, because the entrepreneur withheld information, the CEO had no choice but to make his fears come true, and let him go.

**Scapegoating**

We all have a tendency to externalize internal problems: we project our own discomforts and fears onto others. When we attribute a threat we feel to someone else or to an event, it becomes more manageable. But if this tendency becomes exaggerated and if it turns into the predominant...
reaction to stressful circumstances, it can become problematic. Scapegoating is a method people commonly adopt to maintain their view of themselves as blameless. People who act this way experience little sense of personal responsibility. They distance themselves from the problem and deny and rationalize away whatever responsibility they may have had. They refuse to see what they don’t like and blame others.

One entrepreneur who had sold his company, but remained in charge, refused to accept reports that sales were dropping rapidly or to acknowledge that a number of creditors were ready to pull the plug on the company. Instead of recognizing that the downturn resulted from mismanagement on his own factory floor and in his design department, he denied his own responsibility and blamed any adverse indications on the government or on customers’ malice. He argued that the new product line had miraculous potential, and nobody in the company was bold enough to contradict his statements. Instead, his subordinates continually reassured each other that the president’s opinion must be correct. Despite a hands-off policy, head office eventually had to intervene and end the entrepreneur’s employment contract prematurely. It took many years of effort to get the company back into the black.

Flight into Action

Finally, several entrepreneurs I have worked with defend against feelings of anxiety (evidenced by their restlessness and irritability) by turning to action as an antidote. The anxiety of dealing with events in a reflective manner is too much for them. They prefer to flee into action, even if it is impulsive and thoughtless, without considering all the facts. This is not because waiting out events has no attraction for them. Rather, they have such a strong fear of passivity (because it could make them overdependent and thus controlled by others) that they have to act counter-dependently.

These common themes in entrepreneurs’ personalities do not spring out of nowhere. They develop from causes lying in their early childhood experiences.

The Effects of Family Dynamics

For a number of male entrepreneurs that I interviewed, childhood was a disturbing experience. (Many female entrepreneurs have similar experiences but, so far, my sample is too small to arrive at valid conclusions.) In many of their memories, the father appeared to be the main villain.
He would frequently be blamed for deserting, manipulating, or neglecting the family. Death can be interpreted by a child as the ultimate form of desertion or rejection—and a remote or absent father makes a poor role model. It can leave the developing child, and later the adult, troubled by a burdensome psychological inheritance centered on problems of self-esteem, insecurity and lack of confidence.

The absence, or remoteness, of the father image in the family is often complemented by the mother assuming part of the father’s role. In conversations with entrepreneurs, their mothers usually come across as strong, decisive, controlling women who give the family some sense of direction and cohesiveness.

Henry Deterding, the main figure behind Royal Dutch Shell, was six years old when his father died. The father of Karl Benz, the entrepreneur who laid the foundation of the Mercedes-Benz Corporation, died when his son was one. John Johnson, who started the Johnson Publishing Company (which publishes magazines like *Ebony* and *Jet*, aimed at African-Americans), experienced the death of his father when he was 13. Deterding, Benz, and Johnson experienced poverty or near-poverty in their youth. And so we can go on.

These are only a few examples from an eclectic group. Themes of poverty, death and loneliness recur, indicating how many entrepreneurs had disrupted childhoods, and emphasizing the influence of psychological deprivation, although these factors do not explain everything in a complex picture. Many of the stories told by entrepreneurs skim the surface. Thus to get an even better understanding of the inner world of the entrepreneur a clinical case study may be illustrative.

**CASE STUDY: THE ENTREPRENEUR’S STORY**

The case study that follows looks in considerable detail at one particular entrepreneur. First, however, in order to appreciate the context in which it was made, I will make a few comments about the psychoanalytic process.

**The Psychoanalytic Process**

Although the sample size in the other studies of managerial work has been small, in no instance has it been limited to a sample of one, as in the case I present here. The individual under investigation was not studied for a few hours, a day, a week, or a month, however. He is
somebody whom I saw for five 50-minute sessions a week over a period of four years. Some people find it helpful to devote a part of their day to reflection. Such an intense process is rare outside the helping professions: this kind of continuity, however, gives the psychoanalyst an opportunity to observe microscopic changes in mood states and behavior. The rich description that this sort of experience allows should compensate for sample size.

Length of treatment is very much a consequence of the process of working through insights acquired during the psychoanalytic process—the time it takes to deal with resistances. Insight by the client into the origins of many patterns of behavior can be acquired relatively quickly. However, in psychoanalytic treatment, the bulk of the time is spent on reporting, experimentation, and the exploration of new ways of dealing with present life experiences. The Chinese have a saying, ‘The eye cannot see its own lashes,’ which sums up the process. Changing established behavior patterns can take quite some time, as many people have a tendency (particularly in situations of crisis) to fall back on their old ways of functioning. In human behavior, the wish to recover is strongly matched by the desire to cover.

When listening to a person’s story, it is essential to bear in mind the distinction between narrative and historical truth (Spence, 1982; Edelson, 1993). The most critical part of a person’s story is how he or she remembers it. That version of the truth will create the psychological impact that shapes personality. Whether or not the remembered version is true to the facts is much less important. Our sense of identity is very much the heir of the personal myth by which we live, a myth that connects the past with the present (Hartocollis and Graham, 1991). The psychoanalyst pieces these stories together from different fragments into an integrated whole.

The insights provided by this exploratory study have been enhanced by knowledge derived from a considerable number of structured and unstructured interviews with entrepreneurs, plus a large questionnaire-driven research database (Kets de Vries et al., 1989). Although these other studies have helped me to understand better the dynamics of entrepreneurship, none, however, has provided me with the kind of insight that I derived from the intense, clinical dialogues I had with this client.

Most importantly, this case history permits a rare look at the inner world of an entrepreneur, a look that goes beyond the party line that is so often found at the heart of traditional interviews. This case history provides a rich store of information in which the interplay of personality and environment, and the process of personal change, can be observed in great depth. It tests some of the conjectures made about
the entrepreneurial personality and gives the reader a modicum of understanding of the complex psychological interrelationships behind the behavioral observations. It also gives us a better comprehension of the person–organization interface, helping us appreciate that many of the management theories of how people make decisions in organizations are oversimplified. This case history makes clear that in many instances the explanations of why certain decisions are made turn out to be *ex post* rationalizations.

It is clearly impossible to summarize in writing all that happened during the large number of sessions that made up this psychoanalytic intervention. For the sake of brevity, I have limited myself to a number of salient themes that, in my opinion, particularly affected this individual’s relationship to work and his organization. It will be seen that the themes that characterize the entrepreneurial personality, which I described earlier, come to the fore.

**The Presenting Picture**

Mr. X, a 44-year-old entrepreneur and father of four children, sought psychoanalytic treatment following separation from his wife after 21 years of marriage. In the initial interview, he described how he had thrown his wife out of the house. Apparently, her increasing need for more independence had become a bone of contention. Her newly found assertiveness also became noticeable at work (she was employed in his business). He complained about her lack of caring and suspected that she was emotionally involved with a younger man working at the office. In addition, he expressed strong annoyance that his children had taken the side of his wife.

Mr. X’s other complaints were rather vague at first, but after further prompting seemed to be of a depressive nature. He acknowledged that he had suffered from depression before, but that to the best of his knowledge it had never been so serious. As things were now, he felt completely worthless. Life had no prospects. He feared that he was losing his mind. His sorry state reminded him of the fact that his father had died in a mental hospital, a memory that still haunted him.

According to Mr. X, his wife’s departure also had serious repercussions at work, as her role in the company had been quite important. In fact, her leaving had meant the loss of two valuable employees as the young man had also left. Mr. X was now extremely worried about the future of the company and wondered whether it would survive all this upheaval. He had been an active person but now felt paralyzed at work.
He would sit for hours behind his desk staring into space. He could no longer make effective decisions. He was ashamed to admit that he had taken to reading horoscopes, using the information as a major input in strategic decision-making. He feared bankruptcy.

Going to work had become increasingly painful. At the office he had only negative thoughts; how he would be humiliated by his bankers, creditors, and customers; how they would gloat about his failure; and how his mother and other family members would react. Many times he had been completely unable to go in to work. Instead, he would spend the day in bed. Even taking care of the everyday household chores had become more difficult. At work, he felt disoriented, unable to give directions or make decisions. This really troubled him as he had always felt proud of his activity and decisiveness.

Mr. X also listed a number of somatic complaints. Although he had been an excellent sleeper in the past, he was now troubled by nightmares and suffered from insomnia. Sores in his mouth and throat also caused him great discomfort. He suffered from severe headaches that affected his eyesight. On some occasions he had actually temporarily lost the vision in one of his eyes. He also complained of diarrhea and nausea. After the separation from his wife he had had relationships with other women but had been troubled by impotence. Physical check-ups had shown nothing wrong with him. The doctors he had consulted suggested that his problems might be of a psychological nature. He knew he needed help, and so, despite his initial reluctance, he decided to try psychoanalytic treatment.

**Background**

Mr. X was the youngest in a family of six children. He had two brothers and three sisters. His father was a salesman who also dabbled in a few entrepreneurial ventures. Because of his work schedule, his father was often away from home. Mr. X remembered him as a boisterous man who laughed a lot and brought him presents from his frequent business trips. He had always felt that he was his father’s favorite.

When he was seven years old, his father became bedridden. Having his father in the house gave the boy the opportunity to spend more time with him. He began to feel close to his father. Eventually, his mother and older sister had his father transferred to a mental hospital where he soon died. Mr. X was only eight years old at the time. Later, he wondered whether the hospitalization had really been necessary. The true nature of his father’s illness, however, had been shrouded in secrecy. He
had tried a number of times to find out what had really happened, but had not been able to uncover the truth. The whole incident seemed to have been suppressed as a dangerous family secret. Mr. X suspected that his father had committed suicide which, given his family’s religious orientation, would explain the secrecy around the incident.

He described his mother as a very controlling, overprecise, critical woman who constantly worried about money and the future. After the death of his father she had to bring up the children alone, not an easy task since his father’s death had resulted in a considerable drop in family income and standard of living. According to Mr. X, this affected his mother’s entire outlook on life. He felt that she saw everything in a negative light. She never made a positive comment. Nothing he did was ever good enough. He also described her as a perfectionist. He had never been able to live up to her standards. Apart from the death of his father, his childhood was described as uneventful and quite happy. He felt proud of the fact that he had been something of a rebel as an adolescent.

Major Issues

The themes that emerged during the course of analysis centered on Mr. X’s relationships with women and his attitude to work. The tone of a large number of sessions in the first phase of the analysis was pessimistic; life was seen as a sacrifice. He also had a terrible fear of being alone. With his wife gone, he felt completely deserted. According to Mr. X, he once used to have everything. Now things were different; his health had been ruined; his life was in a shambles. He felt worthless. He wondered what had kept him so busy at work in the past.

Mr. X’s inner world seemed to be one of fragmentation and it took very little to set off some form of disequilibrium. In an effort to arrive at some kind of inner cohesion, it was extremely important to him to be in control. He revealed that throughout his childhood he had been scared of losing control. He was reluctant, for example, to fight with other children for fear that he would lose control and kill someone. Denial of inner reality and flight into external reality through work had become a way of life. His defensive structure, however, of escaping into action—‘the manic defense’ (Klein, 1948)—no longer seemed to work.

FALLING INTO EXTREMES

Initially, in analysis, Mr. X resorted to the defense of splitting described earlier (Freud, 1966; Kernberg, 1975, 1985). As symptomized by his
dramatic mood swings, an all-or-nothing attitude prevailed. Very little was needed to push him in one direction or the other. After having had an extremely intense, positive relationship with his company, during which he would tell everyone his wonderful vision of the future, the opposite was now the case. He detested the company and everything associated with it. Running a company was much too complicated; there were too many things to think about. It was just too much trouble. He often felt like giving the company away. Similar feelings were expressed about his car and his house. Possessions came with too much baggage. His relationships with others were seen in a similar light. Obviously, this behavior pattern colored his relationships and affected the way he ran the business, as well as influencing his relationships with customers and suppliers. And at times it led to disastrous action.

La vie en rose

It soon became obvious that denial of feelings of depression through unrealistic optimism, laughter, humor, frantic activity, and excessive control had always been an important element in maintaining Mr. X’s psychic equilibrium. In this context, it is interesting to note his attempts to fight his depressive state by eliminating negative thoughts. He had read a number of self-help books in an attempt to improve his ability to do this. For many years this had been one of his strategies of dealing with life—even though this appeared to be ineffective, since he was not completely clear about the reasons why he needed help.

As analysis progressed Mr. X began to see his early relations with others in a different light. He was willing to admit to himself that his childhood had not been as happy as he had made out. He realized that he had always preferred recalling only happy memories. In reality, it had been quite difficult to be the youngest in the family. The other members of the family treated him like a baby. They never paid attention to his needs. They thought he was spoiled and incapable, although he never experienced it that way himself. Looking back he felt he had had a rough deal. Moreover, he now realized that growing up under these circumstances did not help provide him with a sense of inner security.

Mr. X recalled how he would panic when his father and mother went out in the evening. He would scream not to be left alone. He was afraid of being tormented by his brothers and sisters who, according to him, were envious of him as his father’s favorite. Mr. X’s anger was specifically directed toward his oldest brother, whom he detested. A major reason for his resentment was that this brother had tried to take
the place of their father after his death. He also felt that this brother never treated him fairly, and made fun of him.

Mr. X remembered how, apart from screaming, he used to complain about physical symptoms to get attention and sympathy, to no avail. Only one of his sisters seemed to be willing to lend a friendly ear. Many times during therapy he would mention that the saddest thing he could imagine was to see a young child cry, an ill-disguised reference to himself.

Mr. X had conflicting memories of his father, a powerful, flamboyant man who brought him presents, but who also had a darker side. Another image emerged of a father who beat his children. He recalled that his father would stifle his behavior, forbidding him to speak at the dinner table: ‘Children should be like flies on the wall; they should not be heard.’ He also had an Oedipal memory of himself sitting in the car between his father and mother pulling at the gearshift to bring the car to a halt. But when that happened, his father had not been angry; instead he had shown understanding of his son’s budding assertiveness.

A more realistic picture of his father began to form. There was the kind, powerful man who catered to his needs. But then Mr. X would ask himself whether, in fact, his father had not been a very shallow person, a fake, and all posturing masked by laughter. These reflections made him realize how much he was like his father. He acknowledged that he behaved in a very similar manner; he would cover up his real feelings by making lots of noise.

Now, when he thought about his father, he felt like crying. What became clear during the sessions was that it could be seen as a form of belated grieving. Apparently, because of the secrecy around his father’s death, true mourning had not really been permitted at the time. Now, while he was mourning his father, a stark image appeared of an abandoned child crying into his handkerchief.

THE MEDUSA WOMEN

During childhood, Mr. X’s anger toward his mother was reflected in his fear of becoming an orphan. He used to pray every night that his mother would not die. But he was also afraid he would sleepwalk and kill his mother in his sleep. At the same time he had the irrational thought of hanging himself. Obviously, anxiety and guilt about his aggressive desires were regular companions. It took some time, however, before he recognized the origin and meaning of these feelings.
Gradually, in the course of analysis, he began to admit his anger toward his mother. He remembered how his mother would say that she should not have had six children, a statement that still troubled him. As the last child, it had made him feel unwanted. His arrival must have been an accident. His mother had always seemed busy, never available. Because of her seeming indifference, it had become a major theme in his life to prove to her that he was worth having. He wanted her to be proud of him, to admire him. But whatever he had achieved in the business world, it never seemed good enough. She never gave him any praise. He blamed his mother for driving his father crazy (as he felt she was driving him crazy). He actually questioned whether his father had been crazy at all, and wondered whether his mother had just wanted to get rid of him when he became bedridden and found that putting him in a mental hospital was the handiest solution.

Given the kind of relationship Mr. X had with his mother, it came as no surprise that he perceived women as dangerous, overcontrolling, not really to be trusted. Here the splitting defense mechanism was also evident as Mr. X would divide women into two categories, the easy and the proper. He had always been fascinated by prostitutes (and still was), but the fascination was accompanied by fear. Prostitutes were tempting but they could also be infected with diseases. He recalled an incident when he visited a prostitute. He felt that he had not treated her like other men. He had not taken advantage of her; he had gained her admiration. Paradoxically, he also remembered that as a young adult he had had many short relationships with women, treating them rather callously, usually dropping them when they became too clingy. He disliked feeling ‘choked.’

It was clear that Mr. X felt threatened by women. His dreams illustrated the role women played in his inner life. In many of his dreams, phallic women, portrayed as women with guns, would appear and lie on top of him, having intercourse while putting him in a passive position. He would wake up, frightened, feeling smothered. In other dreams, however, women would admire him from a distance. He described one dream in which he was persecuted by a number of large bees who kept striking at him. They were almost impossible to brush off. He associated this imagery with all the women he had dealt with in this life. Women could cling and sting, but also give honey. They could repel but also give pleasure. Gradually, however, dreams emerged in which he became more assertive with women, not taking such a passive role. Most importantly, in these dreams the degree of anxiety he had previously experienced was missing.
THE MEANING OF WORK

Being in Control

Starting and managing an enterprise had multiple meanings to Mr. X. It signified much more than a means of making a living. He had found out early in life, while employed by a German company, that working for others was too stifling. Being controlled by Germans was more than he could handle, particularly in the light of his vivid childhood memories of World War II. Indeed, at times when he let his fantasies run wild he would associate Germans with baby killers. They wanted everything done by the book; they were perfectionists like his mother; they did not permit any individual initiative. While he was associating in this way, the irrational thought came to him that the Germans may have had some responsibility for taking his father away from him. Obviously in Mr. X’s inner world, there was some kind of connection between his mother and Germans. He had previously compared his mother to a Prussian general. She exerted totalitarian control. To be independent, to be in control, meant to be free from mother. His inability to work for other people (who would tell him what to do) made him decide to start on his own as his father had done before him. That was the only way to get some power, and no longer be subjected to the whims of others.

The importance of control became very clear in the transference process during analysis. During the session Mr. X’s perception of the analyst would oscillate. At times I was perceived as the benevolent father figure. At other times, however, analysis meant domination. I would turn from an idealized, benign, all-powerful father into a nagging, controlling, never-satisfied mother. Lying on the couch, Mr. X even experienced physical sensations of choking. At times, he wanted to be considered the favorite patient, at other times he wanted to quit. He would ask how much longer it would take before he was ‘cured,’ when he would be able to function on his own again. Obviously, ‘cured’ in this context meant liberation from the ‘controlling’ analyst.

Mr. X recalled how, as a child after his father’s death, he had been troubled by their poverty, by his mother’s financial preoccupations, by his inability to obtain certain things, and by his envy of wealthier schoolmates. To these frustrations was added his insecurity about his position in the family. Home had never seemed a safe environment. He always had to be on his guard. He recalled vividly an incident where his oldest brother cheated him of the little money he had. As a child he had vowed to change all that. He was going to have money. He was
going to be a smarter businessman than everybody else. However, even as an adult, when someone took advantage of him, it filled him with intense rage. This was an indication of the extent of his narcissistic vulnerability.

Setting up his own enterprise seemed to be overdetermined. But it also presented a paradox. It was a compromise solution for dealing with an injured self. By starting his own business, Mr. X combined a life of insecurity with the prospect of security. The excitement of dealing with an unpredictable environment became a way of warding off painful underlying feelings of depression. Owning a company also meant defying his mother, who had always emphasized security. But it was also a way to be in control and escape her clutches. Moreover, starting a business could lead to great success. He could become financially independent. He might even do better than his father or siblings, and force his mother to admire him. But, in addition to what the business meant to him intrapsychically, there was the thought that he had given his bedridden father a promise to amount to something. To be successful in business would be his way of fulfilling that covenant.

The Need for Admiration

A central theme for Mr. X was that success in business would provide him with the admiration he sought. Deep down it also meant pleasing both parents. Success would make him special in their eyes; it would get their attention.

Thus it was not surprising that he threw his wife out of the business when she started to compete and no longer admired him. In addition, her interest in his younger employee had revived Oedipal concerns and sibling rivalry. It had also created a paranoid fear that they were going to steal his money. And money symbolized success, power, and prestige. Without money he was not going to amount to much. After his wife left him, however, owning the company had suddenly become completely meaningless. Instead, it had turned into a symbol of defeat. Obviously, Mr. X found it difficult to go on without having a cheerleader around.

The breakdown of his marriage occurred at a time when he started to become concerned about ageing, remembering that he had now reached the age at which his father had become bedridden and was sent by his mother to a mental hospital to die. For some time Mr. X suffered from a ‘nemesis feeling,’ the sense that he was repeating someone else’s life script. He wondered whether he would share his father’s fate.
Symptomatic of this anniversary reaction was his hypochondriacal concern that he had cancer and was going to die.

Grandiosity and Depression

As I noted earlier, success in business, and the consequent admiration received were very important for Mr. X’s self-esteem. During the course of the analysis, it became increasingly clear that, as a child, Mr. X’s emerging narcissistic needs had never been dealt with in an age-appropriate manner. Affection had always been a precious and rare quality during his infancy. With so many siblings, a negative, overcontrolling mother, and an absent (later deceased) father, there was not much love to go around. His mother had never been able to give him the narcissistic supplies he needed.

Fortunately, his father’s interest in him had helped alleviate this somewhat, but his father’s death when Mr. X was still very young had created a vacuum, leaving him even more vulnerable. This event had also revived Oedipal guilt (as reflected in fantasies of being victorious over his father, but also feeling responsible for his death), further hampering age-appropriate growth and development. The kind of situation to which he was subjected resulted in the acquisition of many of the qualities listed by Miller (1979) in her description of depression and grandiosity. A ‘false’ self, fragile self-esteem, perfectionism, fear of loss of love, envy, un-neutralized aggression, oversensitivity, a readiness to feel shame and doubt, and restlessness were all evident.

Mr. X’s mother, seemingly depressed herself and with strong obsessional traits, had fostered the development in Mr. X of extremely high standards—a very severe superego. As a lifestyle, Mr. X pursued ways to be grandiose as a cover for the ever-lingering threat of depression, which originated in his inability to fulfill the internalized expectations of his mother. To this was added the loss of the father whom he had never properly mourned. This needed self-image of specialness could be viewed as a compensatory reaction refuge against never having felt loved (Kets de Vries and Miller, 1985).

COMPETITION AND SELF-DEFEATING BEHAVIOR

Mr. X was caught in a bind. On the one hand being subjected to domination and terror of older siblings and mother was a way (painful though it might be) of getting some sort of attention. But, understandably, this
form of relating was unsatisfactory. He hated it, and it led to his strong
desire as an adult to avoid becoming stuck in a similar situation. He
needed to be in control. If pain was involved, he would be the one to
inflict it. He was never going to be a helpless victim again.

It is interesting to note that when in a triangular situation (an
Oedipal reactivation of the childhood situation), Mr. X experienced an
even greater need to compete for attention. The women he desired most,
those whose admiration he needed most, were the ones attached to
powerful, successful business colleagues. At times, in order to impress
these women, he would take impulsive business decisions that he would
later regret. He also recalled that when his wife admired another man,
his jealousy was so intense that he would fly into a rage. He would start
a personal campaign to defile that person. Nothing would stop him.
This state of mind had often led to inappropriate actions that endangered
his business.

Furthermore, Mr. X’s work habits had strong sadomasochistic over-
tones. His intensive work behavior, his need to keep himself busy, his
desire to be involved in everything, were driven by a great need for
perfection. Nobody in the company could do things as well as he could.
He would always find something wrong with the work of others. Acting
in this manner represented his despair and rage about his inability to
fulfill the archaic internalized expectations of his mother. Moreover, he
would externalize his mother’s incessant demands and the ever-present
criticism of his older siblings, and play a similar role toward his subor-
dinates in his business. Predictably, as a boss he was very difficult to deal
with.

But, as we have seen, playing the controlling, powerful businessman
was only one of Mr. X’s leadership styles. There had been times when
he was no longer able to handle the constant stress he had imposed on
himself. In fact, he had rarely found work pleasurable. Intrapsychically,
it symbolized submission to authority—and this was viewed as an obli-
gation. Somehow he felt assigned to the role of martyr in the larger
scheme of things. Success, power, and money were elusive entities. They
could be taken away at any time.

**THE SYMBOLIC NATURE OF THE ENTERPRISE**

The enterprise became an extension of Mr. X, vulnerable to attack, and
prone to failure. It was much more than merely a business, representing
in many ways his enfeebled self. In that respect, it was like a house of
cards, ready to collapse. Of course the unpredictable way he ran his
business, with its negative effects on the behavior of his employees and company performance, added a dose of reality to this concern.

In one dream, his business looked like a bombed-out church; in another, his business transformed into a sinking platform. Moreover, many dreams also contained an Icarus motif. In them, he would fly, trying to soar higher and higher. But this pleasurable interlude would soon be broken by feelings of anxiety. His wings were falling off and he might crash.

A considerable amount of the material brought up in analysis concerned machinery, which fascinated Mr. X. Many of his dreams centered on machines, reviving pre-Oedipal and Oedipal memories of preoccupation with his body image, physical functions, and sexual curiosity. In one dream he was hiding behind a machine and looking through the cracks, afraid to be caught; in another he was busy with a mud-throwing machine. His excitement about machinery and preoccupation with primal scene imagery seemed to be closely interwoven.

The enterprise also symbolized his ability to rebel. Setting up an enterprise somehow became a personalized statement of separation. It would make him a person in his own right. Unfortunately, however, he had only been partially successful in doing this. It seemed as if the separation-individuation phase that each infant faces had never been fully resolved (Mahler, Pine, and Bergman, 1975). The precariousness of his individuation was indicated by the ease with which developmental conflicts became reactivated.

In addition, the business also took on the quality of a transitional object (Winnicott, 1975), a plaything evoking the illusion of unity with the mother and creating an intermediate area of experience. It resembled a space between inner and external reality, a place where he could re-enact his fantasies; through play he could master his anxieties. It is interesting to note that many of the products made by his various companies could be retraced to these playful fantasies of childhood. The kind of imaginary companions he had had, the way he would magically transform his toys during play, all fulfilled a role in the eventual choice of industry, and the kind of products he was making. This lingering imagery very much colored some of his strategic decisions in the company and determined the selection of his portfolio of companies.

As a symbolic extension of his self, the business became his way of reparation: he would keep his ‘promise’ to his dead father and care for the needs of the simultaneously repulsive and desired mother. Business success also provided Mr. X with the means to acquire confirming and admiring responses, to fight his inner sense of worthlessness and
low self-esteem. The business became the means to acquire money, prestige, and power, thus warding off feelings of weakness, passivity, and helplessness.

The enterprise also enabled Mr. X to recreate a family situation according to his wishes. His temporary wish to reorganize the company, move towards centralization, and put all his businesses under one roof (a very poorly conceived business idea) could be traced back to this. As the owner of a business he could set up situations where he could take charge and make the rules. Through hiring and firing he could create an environment that would correspond to his alternating states of pessimism and grandiosity.

THE PROCESS OF CHANGE

Redressing the Balance

In the course of the analysis, Mr. X’s attitude toward the people in his life began to change. His relationship with his wife gradually became more balanced. Feeling more secure (having had the opportunity to explore his reactions toward her during our sessions), he asked her out for a date. For the first time in many years they had a really significant conversation. More of these meetings followed. The sadomasochistic quality of their previous interaction disappeared. In their relationship, it became less important to question who was controlling whom. He began to accept that his wife could be both assertive and affectionate. After a number of these trial encounters, his wife moved back into the house.

Another major change was apparent in his attitude toward his mother. He made a strong effort to empathize with her. He tried to understand what it had meant for her suddenly to find herself a widow with only limited means and a large family to raise. To his great surprise he discovered that by behaving differently toward her, their relationship started to improve. This changed relationship gave him increased peace of mind.

Changes in his behavior were also noticeable at work. He made an effort to create a more relaxed atmosphere. He no longer needed to be so competitive. He became better at neutralizing his aggression. He no longer had regular outbursts of anger. He began to perceive the world as less threatening. He was less worried about competition. He was more at ease with the suppliers and customers. He had discovered that unrestrained aggression was not the only way to succeed in business.
Ironically, as a first step toward creating a more pleasant atmosphere at work, he fired an older woman whom he had hired soon after his wife had left him. This woman reminded him of his mother, with a similar pessimistic outlook on life. She had created a very negative atmosphere at the head office. Now, seeing things more clearly, he wondered what had ever made him hire her. Was it because he needed to have a criticizing woman around, for lack of an admiring one?

Mr. X no longer wanted to sell his business. At times, however, he fantasized about the money he could get for the company. It made him wonder how his mother would react if he showed her how much his company was worth. Maybe that would make her admire him. But he realized that he did not really want to let go of the company. Although it had become less of an emotionally overinvested entity, having his own business was still very important for his psychic equilibrium.

Increased insight about the reasons for his behavior made working more pleasurable. Understanding why he behaved as he did widened his area of choice. He felt less like a prisoner of his past. Previously, he had had a need to create work, to be constantly busy. Without it, he felt lost. Now, however, he was making an effort to take life more easily, to find more effective ways of managing the business. He tried to redress the balance between action and reflection. He spent more time thinking about what he was trying to achieve.

Mr. X also tried to be less of a perfectionist and realized the importance of giving his subordinates space. They would learn by their mistakes, and should be allowed to make them. He realized that some of his best people had left the company because of the way he had treated them. He now tried to change this by hiring stronger people, individuals who were willing to stand up to him. He developed the ability to delegate. He became better at controlling his tendencies to micromanage and became interested in developing his people, taking on the role of mentor and coach.

The scope of the human resource function (previously restricted to salary and wage administration) was broadened. It became more strategically and developmentally oriented. He started to invest in leadership training and development. He also began to make plans for management succession after having discussed the matter with his sons, who were interested in coming into the business. Together they decided that each son would run a part of the business. To prevent future conflict, each would eventually have the chance to become majority shareholder of his share of the business.

Mr. X’s new way of running the company was reflected in the very positive results on the balance sheet. As the corporate climate
changed, and employees felt increasingly empowered, product innovation took off. The launch of new product lines was accelerated. Employees started to experiment with better ways of satisfying their customers. Both product and process innovation were on the rise but so was customer satisfaction. Good corporate citizenship behavior became the norm, with people going out of their way to help each other be more effective in the organization. Market share increased, and so did profitability.

Mr. X struggled a long time with his need for power and prestige. There was constant temptation to speed up the growth of the company. He recognized that this was driven by his need to feel more powerful and realized the danger of too rapid growth and overexpansion. For a long period in the analysis he would oscillate between the grandiose fantasy of building a conglomerate and his fears of it becoming too big. At times, he felt like the mythological King Midas; everything he touched seemed to turn to gold. But then he became anxious that growth might endanger his relationship with his wife and ruin his health. Being too conspicuous might also invite disaster. Others might grow envious and spoil his success, as often happened while he was growing up. His depression and his symptoms of physical illness might return.

Gradually, however, he began to see the relationship between his need to expand the company and certain key themes in his inner world. This gave him an increased sense of freedom, of no longer being a prisoner of the past. His actions became more balanced. It also made for more thoughtful decision-making. He stopped reading horoscopes when deciding strategic moves. He became less impulsive when making decisions in the company.

THE ENTREPRENEURIAL LIFE CYCLE

Turning the Tables

This case study helps us to understand better the process entrepreneurs go through to become the kinds of people they are. We have seen how the entrepreneur emerges from childhood as a psychological risk-taker subjected to a high degree of psychosocial risk. Through intrapsychic transformation, original feelings of helplessness, dependency, and rejection are replaced by a proactive style in which power, control, and autonomy become predominant issues. What used to be an inclination toward submission and passivity becomes an active, more impulsive
mode of behavior. The role of the passive, helpless victim is replaced by acting the role of the person in control. For male entrepreneurs, the psychological absence (real or imagined) of the father may make the child experience an Oedipal victory, creating a highly ambivalent attitude towards people in positions of power and authority.

His inability to function in structured situations makes it necessary for the entrepreneur to design his own organization where he is in control and at the centre of action. His achievements in setting up enterprises become important tangible symbols of prestige and power. But his achievements are not sufficient to ward off a persisting sense of anxiety and other stress indicators. Rejection, dissatisfaction, and a fear of failure follow many entrepreneurs like inseparable shadows.

The Reactive Mode

Before society at large recognizes their capabilities, potential entrepreneurs enter a period of disorientation, without apparent goals, during which they are testing their abilities. These future entrepreneurs drift from job to job, encountering difficulties in the acceptance of their ideas, in conceptualizing and structuring possible ‘new combinations.’ Other people perceive them as a deviant, someone out of place, provocative and irritating because of their seemingly irrational, non-conformist actions and ideas. Non-conformist rebelliousness become entrepreneurs’ mode of behavior, their way of exerting power and control over an environment perceived as dangerous and uncontrollable. The entrepreneur’s actions do not derive from the inner strength and self-assurance that a secure, consistent family upbringing would have provided. Instead, the driving ambition can be seen as a means of trying to contradict strong feelings of inferiority and helplessness. Hyperactivity is a reaction against anxiety.

This special kind of ‘reactive model’ makes for a sense of impulsivity: the entrepreneur’s actions are determined by speediness, abruptness and short-term, operational planning. These people are characterized by a low tolerance for frustration and tension and a low attention span, constantly in pursuit of immediate gains and satisfactions. For the entrepreneur the initial impression, the hunch, is often taken as the final conclusion with no further serious search and deliberation process. There seems to be an absence of concentration, logical objectivity, judgment, and reflectiveness, as if the process of cognition is impaired and does not
fulfill its integrative function. This apparent lack of analytical thinking, and the absence of active search procedures and self-critical reflections become the predominant mode. Paradoxically, however, in spite of their tendency toward impulsive behavior, these entrepreneurial types make a deep, emotional investment in the companies they create.

The Significance of the Organization

The preparatory period of entrepreneurship, as we have seen, is accompanied by authority conflicts, failures in organization, socialization, difficulties in adapting to organizational structure, and predictable job-hopping behavior, which sets the stage for the unique relationship of the entrepreneur with his enterprise. As we have seen in our case example, the enterprise becomes the new setting where the entrepreneur's problems in adaptation and conforming to structure are accentuated and dramatized. Naturally, the business becomes the tangible symbol of the entrepreneur's success in overcoming odds and assumes a much greater emotional significance than the reality of the situation may warrant.

Unlike a manager's relationship with other people's organizations, the level at which an entrepreneur deals with his own organization is far more intense and conflict-ridden; this pattern cannot be explained merely by the higher financial risks at stake. While previously, they coped with life by avoiding structure and organization, their own organization becomes the end of the road. There is no other place to go, a development that contributes to the emotional significance of the enterprise.

A Growing Dysfunctionality

But the very fact of the entrepreneur's complete psychological immersion with the enterprise—a factor that may have been a key ingredient in its initial success—can lead to serious dysfunctional developments if the business continues to grow. Entrepreneurial organizations frequently reveal an organizational structure and work environment completely dependent on and dominated by the entrepreneur, around whom the entire decision-making processes center. They are headed by individuals who frequently refuse to delegate, have no interest in analytical forms of planning, and regularly engage in bold, seemingly unpredictable, proactive moves. These might account for the initial and continued success of the enterprise, but the lack of a conscious planning effort
carries a high risk. The entrepreneur has no sense of priorities and may spend as much time on trivia as on major strategic decisions.

Within the organization, power depends on proximity to the entrepreneur, is constantly changing, and creates a highly uncertain organizational environment. This state of affairs contributes to a highly politically charged atmosphere where changing coalitions and collusions are the order of the day. The formal organization chart is either non-existent or outdated by the time it is drawn up. It would be represented most accurately by a spider’s web with the entrepreneur in the centre. The organization usually has a poorly designed or poorly used control and information system (with no information sharing); there is an absence of standard procedures and rules and a lack of formalization. Instead, subjective, personal criteria are used for the purpose of measurement and control. Job descriptions and job responsibilities are poorly delineated or non-existent. The number of people reporting to the entrepreneur will be large, adding to a general sense of confusion.

Although entrepreneurs, in the initial stages of developing the business, might have had the ability to inspire their subordinates, the mere fact of growth has complicated this process. Their aversion to structure, their preference for personalized relationships, and their reluctance to accept constructive criticism makes growth, with its implicit need for a more sophisticated infrastructure and suprastructure and greater decentralization, increasingly difficult to handle. And if this pattern prevails, few capable subordinates will remain in the organization; the ones left will usually be poor caliber and spend a great part of their effort on political infighting.

**Decline in the Enterprise**

I am describing here the potential danger of the entrepreneurial mode; that given the nature of the entrepreneurs’ personal conflicts and their peculiar leadership style—useful as these qualities might be initially—growth may lead to the eventual destruction of the enterprise if the entrepreneur’s attitudes remain rigid and he or she refuses to formalize the organization or change decision-making patterns.

If the enterprise continues to grow, the effectiveness of the organizational structure and the means of decision-making will be increasingly inadequate to cope with the complexities of the external environment. The degree of environmental dynamism (changes in technology, market behavior, and competitors’ reactions), heterogeneity (differences in the needs and behavior of organizational constituents), and hostility (cut-
throat competition, resource shortages, etc.) determine how long these entrepreneurs will be successful while they continue to follow their old style.

Obviously in a very static industry segment the strain on the organization will not be noticed immediately. But eventually the organizational strains become intolerable and utter disorganization and financial losses are often the outcomes of the entrepreneur’s leadership style.

**Issues around Succession**

Given the entrepreneur’s rigid attitudes and frequent inability to modify behavior, abdication and succession are often the only alternatives if the enterprise wants to continue to grow. Although from a rational point of view it may be better for both enterprise and entrepreneur if the entrepreneur distances him- or herself and starts something new, from an emotional point of view this is not such an easy transition. The entrepreneur will find many rationalizations to avoid taking this step, starting with the argument that there is no one good enough to take over, a statement with the implicit message that there is no alternative but for the entrepreneur to stay on. The paradox of the situation is that the entrepreneur has created a high-dependency work environment. Because he or she has always regarded any encroachment upon positions of power and control with suspicion, it is highly unlikely that a capable administrator will have managed to rise through the ranks, making the founder’s statements about the impossibility of stepping down a self-fulfilling prophecy.

Many entrepreneurial organizations have difficulties shifting to a more formally organized enterprise. The ambivalent, paternalistic attitudes of the entrepreneur become a burden to the company as soon as the organization’s structure demands sophistication. The need for greater systematization places new demands on the entrepreneur, demands he or she may be unable to meet. At this point, the situation is ripe for the professional manager and a more formalized style of leadership, and turns paradoxical: the successful entrepreneur, who has guided the enterprise through the formative period of growth and maturity, moves unconsciously on a collision course that may contribute to his or her own elimination.

Family members also fall into the category of possible intruders threatening the entrepreneur’s position of control. Since family dynamics are often acted out in organizations, the presence of family members in the business intensifies the eruption of conflicts (Levinson, 1971).
There is a confusion of roles between the social system of the family and the business system (Kets de Vries, Carlock and Florent-Treacy, 2007). At the root of these conflicts are feelings of rivalry, where the conflict-ridden relationship that the entrepreneur had with his parents is now transferred towards his son. There is frequently a re-enactment of the old family romance, when the son or daughter of the entrepreneur is exposed to the same treatment the entrepreneur felt he or she once endured. But now it is the entrepreneur who is in the position of authority and control.

This unholy repetition of family dynamics occurs, particularly with the sons of male entrepreneurs. In their turn, they are now dependent on the entrepreneur’s whims, vulnerable to his erratic and unpredictable behavior and kept in an infantile position. The idea of abdication, of stepping down, is obviously resented by the entrepreneur; the fact that he will be succeeded by his son gives rise to more complicated feelings. The resentment will be increased incrementally with the trauma of reawakening old feelings of rivalry, with all their connotations of frustration and despair.

Edsel Ford’s relationship to his father, Henry Ford, the founder of the automobile company, is a good illustration of the abrasive dimensions these conflicts can reach and the destructiveness of this type of rivalry to the enterprise (Jardim, 1970). Henry Ford’s refusal to change strategy, or to make alterations to the Model T, and his unwillingness to encourage Edsel Ford in his efforts to build an infrastructure and suprastructure brought the company to the edge of bankruptcy. Under extraordinary pressure, changes were eventually made but at an extremely high cost in material resources and manpower. Sometimes, extreme old age or death are the only circumstances under which control can be taken away from the entrepreneur. Unfortunately, by that stage it might be too late to save the enterprise.

Successful entrepreneurs who manage to guide their enterprises through the formative period of development into a stage of growth and maturity may follow a path that eventually leads to their own functional self-elimination. They are people at the crossroads, enigmas, on the one hand highly creative and imaginative but, on the other, rigid, unwilling to change, incapable of confronting the issue of succession. Succession becomes identified with loss—death being the most dramatic form of loss—and therefore becomes taboo. But the issue of succession is inevitable not only for reasons of age but also because of increasing maturation and growth of the company. The entrepreneur is no longer alone; other interest groups such as employees, family members, bankers, customers, suppliers and the government have become involved. Depending on the
strength of the entrepreneur’s position, they can have some influence on the policies of the enterprise. But change achieved by this type of pressure is usually only modest. A more drastic type of change is needed for continued growth and success and for this, a sense of psychological maturity on the part of the entrepreneur is required—a willingness to confront his conflict-ridden behavior and overcome and surpass the problems of the past. But adaptation to present-day reality (and foregoing the legacies of his personal history) requires a considerable basis of self-awareness and insight.

The entrepreneurial personality is a study in contradictions; imaginativeness and rigidity, the urge to take risks, and the stubborn resistance to change. People often speculate about the possibility of changing the personality characteristics of creative people to eliminate the destructive qualities while preserving, if not enhancing, the constructive tendencies. These speculations are often based on wishful thinking—to have the best of both worlds of innovation and maturation. Greater self-awareness and discipline would undoubtedly serve these people well in making the transition from starting up an organization to taking on a meaningful leadership position during later stages of growth. But it is a rare individual who can develop this kind of awareness. Perhaps the more intelligent plan for entrepreneurs is to move away from their old ventures while moving towards other areas of innovation. Instead of trying to change themselves, they can continue to be pioneers, but on new frontiers.

**WORKING EFFECTIVELY WITH ENTREPRENEURS**

Anyone who deals with an entrepreneur—private equity firms, investment bankers, consultants, or individuals who work for one—would do well to be aware of the possibility of a complex drama playing out in the entrepreneur’s inner world. Doing so will help them understand what otherwise could be brushed aside as irrational behavior and actions. Unfortunately, the complex mosaic of contributing factors that leads to some entrepreneurs’ peculiar actions is often neither recognized nor understood.

Obviously, the individuals who should be the most concerned with this inner world are the entrepreneurs themselves. Entrepreneurs who resort to a manic defense—who never ask themselves why they are running, or where to—are in for an eventual shock. Too many entrepreneurial businesses self-destruct because of these behavior patterns. It is difficult to break the vicious circle, however, without some form of
professional help. The recognition of this need is a step in the right direction.

However, many entrepreneurs only realize that they are in trouble when it is far too late. They are not able to balance action with reflection. They have no sense of the continuity between past, present, and future. Unfortunately, the old adage that those who do not understand the past are forced to repeat it is true. If more entrepreneurs were aware of the fact that they are the keepers of the keys to their own prison, if they accepted the craziness inside them and did not run away from it, they could make more of an effort to do something about their situation.

In this discussion I have focused on the dark side of entrepreneurship. The cases I’ve outlined here are extreme; many of the relationships between entrepreneurs and others do not deteriorate so dramatically. Entrepreneurs do not necessarily have more personal problems than other people, nor do they inevitably have personality disorders. What one can extract from the previous comments, however, is that entrepreneurs have their own unique ways of dealing with the stresses and strains of daily life. In saying this, I want to emphasize that the boundaries between very creative and aberrant behavior can be blurred; normal and irrational behavior are not discrete categories on an established scale. The mix of creative and irrational is what makes entrepreneurs tick and accounts for their many positive contributions. Entrepreneurs create new industries and jobs and stimulate the economy. Their visionary qualities and leadership abilities enable those around them to transcend petty concerns and attain great achievements.

In one case I know, the president of a conglomerate worked hard to build a relationship based on mutual trust with the entrepreneur running a company he was considering acquiring. The two talked about the working arrangements and operational procedures each would accept. While the entrepreneur expressed his concern about preserving his independence, the president described the information he would need from any subsidiary to make him feel comfortable. They also agreed that the entrepreneur could call on the president at any time for assistance. After the acquisition, the president kept his promise to let the entrepreneur run his own show; he kept interference from headquarters at a minimum. The arrangement about assistance turned out to be critical. The president soon found out that the entrepreneur was using him regularly as a sounding board, which he did not mind since it enabled him, in an atmosphere of mutual trust, to bring a healthy dose of reality to the entrepreneur’s occasionally high-flying schemes. This loose-knit
arrangement turned out to be very successful. The new acquisition became one of the most profitable in the conglomerate's portfolio of companies.

Collaboration with the kind of entrepreneurs I have described in this chapter can be very trying. The last case provides a clue, however, to how executives and venture capitalists can work with these imaginative, but sometimes difficult, people. The challenge is to develop a relationship based on mutual trust that will allow the executive and the entrepreneur to talk openly and regularly, and that will enable the latter to test ideas against reality.

To facilitate this process, venture capitalists and chief executives should respect the entrepreneur's need for independence and design control and information systems accordingly. Living with such an arrangement is not easy and executives at the head office will need to maintain an appropriate balance between monitoring performance and letting go of control. One way to ensure the autonomy of acquired companies is to minimize headquarters staff in order to prevent excessive interference.

Top executives should take additional precautions before taking an entrepreneur on board. Before buying an entrepreneurial company, look carefully at the quality of management that will come with the deal. Can the talent pool of the company you're about to acquire be trained and developed? Or are you facing such mediocre management that will make it very difficult to build a team that will fit the acquiring company's culture? Is there a degree of trained incapacity that will make it impossible for the acquired management group to move the company forward, if the entrepreneur leaves?

Executives should also consider the fit between the entrepreneurial company's culture and that of the acquiring company. How similar are the basic values in the two organizations, for example, about issues like accepted behavior, structure, and goals? (I am not thinking of a dramatic transformation but of a gradual shift.) Corporate executives should be equally open to change; cultural adjustment works both ways. In any case, executives need to consider whether the cultural differences are so great that a clash is inevitable.

Because of the wealth of product and market knowledge entrepreneurs usually have, separating them from their companies should be a last resort. If it quickly becomes obvious that an entrepreneur's need for autonomy overshadows everything else, it may be advisable to retain him or her only for a short transition period. As a rule, acquiring companies feel the need to impose their cultures on subsidiaries, and more often than not, entrepreneur-owners decide to leave.
Whatever executives or venture capitalists finally decide to do, they should keep in mind that entrepreneurs’ personality quirks may have been responsible for the very drive and energy that made them so successful. Instead of fighting these idiosyncrasies, executives should regard developing them as a challenge.

ENDNOTES

The material for this chapter has been gathered from the following previously published sources:


1. Shapero (1975) used Rotter’s (1971) ‘internal-external’ scale to determine the locus of control of entrepreneurs. Entrepreneurs tended to be on the internal end of the scale. Internal people were defined as individuals who felt that they have some influence on the course of events in their life (as opposed to external people who felt dominated by outside forces such as luck or fate). For internal people, personal destiny comes from within and therefore they tend to be more self-reliant and more in need of independence and autonomy.

2. All names are fictitious.

3. The Oedipus complex is a concept from psychoanalytic theory referring to a stage of psychosexual development where a child of either gender regards the parent of the same gender as an adversary, and competitor, for the exclusive love of the parent of the opposite gender. The name comes from the Greek myth of Oedipus, who, unaware, kills his father, Laius, and marries his mother Jocasta.