

From Family Boardrooms to Future Frontiers: Decoupling From the Past to Sustain Innovation

A.S. Menon¹, Sundeep Sudhakara Menon²

¹Professor and Fire Protection Specialist

²Perpetual Learner and Seeker in Fire Protection

Abstract:

Entrepreneurship is commonly defined as the organization and operation of a business venture under risk, yet in its truer sense it describes the capacity to recognize an opportunity and give life to an idea that would otherwise remain dormant. For family-owned firms, that capacity is shaped as much by history as by ambition: the assets, relationships and routines that built the enterprise can, over time, become the very constraints that prevent it from renewing itself. This paper examines how established and family-controlled firms can “decouple” from the patterns of the past, without discarding what remains valuable in them, in order to sustain innovation.

The study draws on four theoretical lenses that dominate entrepreneurship research: the cognitive perspective, the resource-based view, agency theory and trait theory. Each is reviewed for what it explains, where it falls short and what it implies for family firms. The review is complemented by insights from practicing entrepreneurs, investors and academics, by an illustrative new-venture business plan, and by a reflective application to a family-owned Indian manufacturer of fire detection and fire-fighting systems. The paper finds that no single theory is sufficient on its own; the theories are most useful when applied in sequence as a firm moves from founder-led creation to professionally governed growth. It proposes a four-part decoupling framework, separating present judgment from past success, resources from present markets, family membership from organizational roles, and tradition as a resource from tradition as a constraint, and sets out an agenda for further empirical research on innovation and succession in Indian family enterprises.

Keywords: Entrepreneurship; Innovation; Family business; Entrepreneurial cognition; Resource-based view; Agency theory; Change management; Decoupling.

Introduction:

The English dictionary defines an “entrepreneur” as a person who organizes, operates and assumes the risk for a business venture (Answers.com, 2008). In a truer sense, the word describes anyone who is able to create something from nothing: an individual who can capitalize on an opportunity, breathe life into an idea that merely exists, and carry it through until its impact is felt (Gravatt and Morgan, 2001).

The functions of the entrepreneur span the whole life of a business. The most important of them are:

- Recognizing the commercial viability of a product or service.
- Developing a marketing plan supported by market research.
- Administering effective operations and production.

- Managing finance.
- Supporting research and development to create new products.
- Designing an organizational structure that allows effective control.
- Building systems that connect operations to the end customer through the supply chain.
- Adapting strategy as the organization grows.

Underlying all of these is the ability to conceptualize, design and supervise, an ability that every successful entrepreneur needs whether the enterprise is family controlled, a small or medium enterprise (SME), a public limited company, a non-profit organization or a state-owned undertaking.

The form of the enterprise does, however, shape how that ability is used. Smaller firms lack the financial resources and market size that give larger firms their competitive advantage. They compensate through product innovation, imagination and perception in order to survive and grow, a strategy very different from that of a larger firm, which maximizes its return on investment by exploiting its capital and scale. Non-profit and state-owned organizations, by contrast, work towards fixed targets and objectives, are mostly budget-constrained and serve very particular needs (Hosmer, Cooper and Vesper, 1977).

Family-owned firms occupy a distinctive position among these forms. They usually begin with the entrepreneurial energy of a founder, but as they mature, the decisions taken in the family boardroom are increasingly shaped by loyalty, legacy and the memory of what once worked. This paper asks how such firms can decouple from the past, separating what should be preserved from what should be left behind, in order to reach new frontiers of innovation. It reviews the principal theories of entrepreneurship, considers what practitioners have to say about them, and applies them to an illustrative new venture and to a family-owned firm in the fire protection industry.

Research Approach:

The study is conceptual and reflective rather than statistical. It combines (i) a review of the academic literature on entrepreneurship, innovation and family business; (ii) insights shared by entrepreneurs, investors and academics during a postgraduate Entrepreneurship and Innovation module at a UK business school; (iii) an illustrative business plan developed for a proposed childcare venture; and (iv) a reflective application of the theories to a family-owned Indian manufacturer of fire detection and fire-fighting systems with which the authors are associated. As in the authors' earlier case study on Total Quality Management in fire engineering, a case-based approach was chosen because it allows theory to be examined against the realities of a specific organization. The findings are therefore indicative rather than generalizable, a limitation addressed in the section on further research.

Background: Entrepreneurship and Innovation:

Entrepreneurship. There is no single agreed definition of entrepreneurship. In a Delphi study of researchers, business leaders and policy makers, Gartner (1990) found that definitions clustered around two quite different views: one focused on the characteristics of entrepreneurship, such as the individual, innovation and the creation of organizations, and the other on its outcomes, such as the creation of value and growth. Popular definitions tend to emphasize the person. The entrepreneur is described as someone who establishes and assumes the risk of a new or innovative venture, bringing management skills, imagination, creativity, long-term vision and, at times, an almost instinctive "sixth sense" for business. Whether such qualities can be taught, or only enhanced through experience, remains one of the field's enduring debates and is returned to in the conclusion of this paper. The meaning of entrepreneurship is

also shaped by culture: Dodd (2002), studying how entrepreneurs in the United States describe their work, found it expressed through metaphors such as a journey, a race and parenting.

Innovation. Innovation refers to thinking from a new perspective and, as a result, doing something new or different. In an organization, an innovation is usually an idea that is used to develop a product, service, market or technology. Schumpeter (1934) described this as the carrying out of “new combinations”: new goods, new methods of production, new markets, new sources of supply or new forms of organization, and innovation is one of the core themes identified in Gartner’s (1990) analysis. Innovation is often mistaken for something that matters only to new companies and ventures. This is not true. It is equally important to the survival of older and larger organizations, which must constantly develop competitive advantage over newer companies that are themselves continuously innovating. For family firms in particular, the challenge is less the generation of ideas than the willingness to act on ideas that depart from established practice.

Decoupling from the Past: Family Firms and the Weight of History:

Every successful firm accumulates a history: the products that made its name, the customers who stayed loyal, the suppliers who became partners and the routines that once solved real problems. In family-owned firms this history is personal as well as organizational, because the founder’s decisions are often embodied in the family’s identity. Leonard-Barton (1992) showed that the core capabilities which give a firm its advantage can harden into “core rigidities” that inhibit new product development. March (1991) similarly argued that organizations tend to favor the exploitation of existing competencies over the exploration of new possibilities, because the returns from exploitation are more certain and more immediate, a bias that is self-reinforcing and, in the long run, potentially self-destructive.

Family firms face an additional pressure. Gómez-Mejía et al. (2007) found that family owners often value the preservation of socioemotional wealth, meaning family control, identity and legacy, so highly that they will accept greater business risk to protect it while avoiding the kinds of risk that threaten family control. Chrisman et al. (2015) describe the resulting “ability and willingness paradox”: family firms frequently possess the ability to innovate, through long-term orientation and patient capital, but lack the willingness to do so when innovation threatens the family’s control or traditions.

Decoupling from the past does not mean rejecting it. De Massis et al. (2016) show that some of the most innovative family businesses deliberately draw on their traditions, including accumulated know-how, craftsmanship and relationships, as a source of new products, a strategy they term “innovation through tradition”. The task is therefore selective: to retain what remains a source of advantage and to release what has become a constraint. In the language of change management, this is the “unfreezing” stage that Lewin (1947) identified as the precondition for lasting change, in which established patterns are loosened before new ones can be introduced and then refrozen. The theories reviewed below are examined with this task in mind.

New Venture Creation and the Growth of Firms:

Firms are usually described in terms of the characteristics and leadership qualities of their owner or entrepreneur. A good entrepreneur leads the company in a direction that makes it recognized for the qualities that he or she values. As firms expand geographically and stretch their brands, however, day-to-day decisions pass increasingly to managers. Where managers make decisions for personal gain rather than in the interests of the firm’s stakeholders, the separation of ownership from control becomes a

problem in its own right. Concern with this problem led to the development of “behavioral” and “managerial” theories of the firm, which depart from the classical model of the owner-entrepreneur (Fama, 1980). When managers and executives act in their own interest, the consequences can threaten the organization in its entirety, as the collapse of Enron Corporation in 2001 illustrated.

Entering new markets is itself an entrepreneurial act. Lumpkin and Dess (1996) treat such “new entry”, the launch of new or existing products into new or established markets, as the essential act of entrepreneurship, and argue that its relationship with performance depends on the firm’s environment and organizational context; technological newness and environmental dynamism are among the factors that most often shape the outcome. The creation, growth and development of a new venture can be compared to a life cycle, with different factors determining success and failure at each stage. Organization creation requires entrepreneurial vision to acquire and integrate resources, to create opportunities from the resources available, and to mobilize and control them (Gartner, 1990). The theories discussed below help to anticipate the critical success factors at each stage.

Theoretical Perspectives on Entrepreneurship:

Cognitive Theory

Entrepreneurial cognitions are “the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth” (Mitchell et al., 2002; restated in Mitchell et al., 2007).

The cognitive approach is highly regarded by practitioners, academics and researchers as a tool for understanding the length and breadth of entrepreneurship. It holds that what people think, say and do is shaped by mental processes through which information is stored, transformed and retrieved when it is needed. Baron (2004) argues that this perspective can help answer three basic questions: (1) Why do some persons, but not others, choose to become entrepreneurs? (2) Why do some people, but not others, recognize opportunities for new products or services that can be profitably exploited? (3) Why are some entrepreneurs so much more successful than others? In essence, the cognitive perspective deepens our understanding of entrepreneurs and their role in the entrepreneurial process. As Shane observes, entrepreneurship arises ultimately from the actions of persons, so understanding why and how they act as they do is crucial to understanding the process as a whole (Shane, cited in Baron, 2004).

Research on cognitive factors has sought to explain how entrepreneurs think, reason and reach decisions, and why some are more successful than others. Several characteristic tendencies have been observed, including overconfidence in their own judgments, greater use of the representativeness heuristic, and a reduced tendency to engage in counterfactual thinking, that is, imagining what might have happened had they acted differently (Baron, 1998). Social factors matter as well. Baron and Markman (2003) distinguish social capital, the network of relationships an entrepreneur can draw upon, from social competence, the ability to interact effectively with others. Organizations increasingly recruit for senior positions on the basis of social capital, and social capital may well open doors for an entrepreneur; but once a door is opened, the outcome depends on the entrepreneur’s competence and experience in raising funds, dealing with banks and attracting key partners and employees. Baron and Markman (2003) hypothesize that, other factors being equal, entrepreneurs with higher social competence achieve greater financial success. One practitioner, Mr. Mehta (Founder Partner, S.R. Mehta & Co.), cited the late Dhirubhai Ambani, founder of Reliance Industries, as an entrepreneur who benefited greatly from social capital.

Why do some people choose to become entrepreneurs while others do not?

The decision to become an entrepreneur may be driven by motivation and optimism. Shane noted that entrepreneurship deserves study precisely because individuals choose to pursue opportunities that they have already identified (cited in Baron, 2004). A careful perception of risk is the beginning of the entrepreneurial experience, yet many new ventures fail because entrepreneurs underestimate risk and become unwarrantedly optimistic. Prospect theory (Kahneman and Tversky, 1979) has interesting implications for how entrepreneurs view gains and losses: people evaluate outcomes relative to a reference point and tend to overweight small probabilities, so that entrepreneurs may misjudge both the likelihood of success and the risks they are running. Some grossly overestimate the probability that the critical success factors will fall in their favor, and even moderate probabilities are often read optimistically, without a rational assessment of the chances of success (Baron, 2004).

The experience of the NEPC group in India is instructive. The group diversified rapidly into several unrelated industries, including aviation, within a short span of time, with little apparent regard for the probability of success, for risk aversion or for the cognitive factors described above. Several of the group's businesses subsequently failed or passed to other owners (Supreme Court of India, n.d.).

Why do some people identify opportunities that others miss?

The entrepreneur as opportunist believes that an identified opportunity is unique and can therefore benefit from the market, and the cognitive perspective can sharpen this ability as it develops. Models of pattern recognition, such as feature analysis, suggest that people identify an opportunity by recognizing its distinctive features at a glance: those features are stored in memory, and a new stimulus that matches them prompts the individual to see how the idea might be used (Baron, 2004). Developments in the automobile sector illustrate this, where concept prototypes are sometimes little more than imagination and are later developed, by combining attributes, into a real market opportunity.

Cognitive science has also applied signal detection theory to opportunity recognition. In this view, an entrepreneur must distinguish genuine opportunities ("signals") from background noise and can err either by missing a real opportunity or by pursuing a false one. Regulatory focus theory (Higgins, 1997) adds that individuals with a promotion focus, oriented towards gains and aspirations, adopt a more liberal criterion and explore many possibilities so as not to miss an opportunity, whereas those with a prevention focus, oriented towards safety and duty, concentrate on avoiding costly mistakes (Baron, 2004). Taken together, the two theories offer intriguing predictions about why some entrepreneurs capitalize on opportunities that others fail to see. Entrepreneurs, finally, need to be complex and adaptive in their mental processes; building on Kirzner (1973), Gaglio and Katz (2001) suggest that successful entrepreneurs possess a distinctive schema, which they term "entrepreneurial alertness".

Why are some entrepreneurs more successful than others?

A related question drives much of the research in this field: why do some new ventures fail? Part of the answer lies in the macro environment, including the state of the economy and capital markets, changes in government policy, competitors' strategies and technological change. Much of the remainder lies in the entrepreneur's own actions: the strategy developed, the decision-making process and the leadership style adopted. The cognitive perspective helps to explain these differences through contrasting perceptions of risk, counterfactual thinking, processing style and susceptibility to cognitive errors (Baron, 2004). For family firms the relevance is direct: the more a firm's past success is attributed to the founder's judgment, the harder it becomes to question that judgment when conditions change.

Resource-Based Approach

Andrews argued that corporate strategy should define the businesses in which a company will compete, preferably in a way that focuses resources to convert distinctive competence into competitive advantage (Andrews, cited in Montgomery, 1995). The resource-based view builds on this idea by explaining competitive advantage in terms of the distinctive resources and competencies a firm holds that competitors cannot easily imitate (Montgomery, 1995). Barney (1991) formalized the argument, proposing that resources yield sustained competitive advantage when they are valuable, rare, imperfectly imitable and non-substitutable.

In its basic form, the resource-based approach treats the profits a firm generates as returns to its resources, whether human, financial, physical or intangible. These resources can be measured and, to a degree, controlled, although their value changes with the market and the macro environment, and the firm must continually balance investment in its resource base against the consumption of that base. Oil exploration companies illustrate this trade-off well: discovered reserves are worth developing only if the quantity available, set against the cost of development, production and distribution, can be justified at prevailing market prices. The present value of future profits is therefore a function of the firm's initial stock of resources and of how it leverages and develops them over time, a development that is uncertain, or stochastic, rather than predictable (Montgomery, 1995). One implication often drawn is that a new entrant can compete with larger, established firms by investing selectively in the most essential resources, rather than trying to replicate advantages that incumbents have built through years of trial and error.

Although theoretically attractive, the resource-based approach faces problems in application. First, it can be indeterminate in its recommendations and explanations, partly because the actions of competitors cannot be specified in advance; Priem and Butler (2001) similarly questioned whether it offers managers actionable prescriptions. Secondly, in its original form it is essentially static: it explains why a firm holds an advantage today but says less about how that advantage should evolve over the long term. Thirdly, its focus on the firm's internal strengths can leave a gap between the firm and the markets and industries around it (Montgomery, 1995). The dynamic capabilities perspective of Teece, Pisano and Shuen (1997) responds to these criticisms by emphasizing the firm's ability to integrate, build and reconfigure its competencies as the environment changes, an ability that lies at the heart of decoupling from the past.

Agency Theory and the Family Firm

Agency theory examines the costs that arise when one party, the principal, delegates decision-making to another, the agent, whose interests may differ (Jensen and Meckling, 1976). It is highly regarded by researchers of family business, who face the challenge of identifying what makes family firms distinctive and how family involvement produces that distinctiveness. Agency theory helps to identify the dynamics inherent in family business and the role the family plays in it, although it struggles to explain under what conditions altruism among family members increases or reduces agency costs (Karra, Tracey and Phillips, 2006).

That question remains contested. Van den Berghe and Carchon argue that altruism reduces agency costs and improves firm performance for three main reasons (cited in Karra, Tracey and Phillips, 2006). First, altruistic behaviour fosters thoughtful and selfless conduct among family members. Secondly, it encourages family members to share a vision of collective ownership. Finally, it lowers communication barriers within the family, making information easier to share and reducing the need for formal monitoring. On this view, family involvement reduces agency problems and becomes a source of competitive advantage. Schulze et al. (2001) take the opposing position, arguing that altruism can create agency

problems of its own, for example when parents find it difficult to monitor or discipline their own children, or when family members are retained in roles for which they are not suited. Family-owned firms can also be biased, taking decisions for the benefit of the family rather than the organization.

Karra, Tracey and Phillips (2006) reconcile these positions by suggesting that altruism tends to reduce agency costs in the early life of a family firm but may increase them as the firm grows and the family network widens. Family businesses have often grown successfully by giving family members functional duties and responsibilities and by emphasizing their importance to the business, which motivates them to go the extra mile. The limitation appears when the business expands to the point where complete family involvement is no longer possible. It is at this point that the family boardroom must decouple ownership from management: bringing in professional managers, defining roles by competence rather than kinship, and building governance mechanisms that align the interests of family and non-family members.

Trait Theory

Trait theory distinguishes one individual from another in terms of personality. Entrepreneurs are believed to differ from others because of certain traits they possess, among them a high need for achievement (McClelland, 1961), a desire for control over their own destiny, a tolerance for ambiguity and a willingness to take risks. These behavioural traits help them to recognize opportunities and then to innovate, create and pursue their need for achievement and control.

Trait theory has, however, been strongly criticized. Gartner (1988) argued that “who is an entrepreneur?” is the wrong question, because research had failed to identify a consistent set of traits separating entrepreneurs from non-entrepreneurs; he proposed that the field should instead study what entrepreneurs do, above all the creation of organizations. The trait perspective nevertheless remains influential in practice, particularly in the widely held belief that entrepreneurs are “born, not bred”, a view examined in the conclusion of this paper.

Table 1: Theoretical perspectives on entrepreneurship and their implications for family firms

Perspective	Central question	Implication for family firms	Principal limitation
Cognitive theory	How do entrepreneurs think, judge and decide?	The founder's past judgments can harden into unquestioned heuristics; counterfactual thinking helps successors challenge them.	Centered on the individual; gives less attention to organizational context.
Resource-based view	Which resources create sustained competitive advantage?	Family know-how, reputation and relationships can be valuable and difficult-to-imitate resources.	Static and indeterminate; says little about how advantage should evolve.
Agency theory	How are the interests of owners and managers aligned?	Altruism may lower agency costs early in the firm's life but raise them as the family and the firm grow.	Predictions about altruism remain contested.

Perspective	Central question	Implication for family firms	Principal limitation
Trait theory	Which personal characteristics distinguish entrepreneurs?	Informs the selection and development of leaders and successors.	No consistent trait profile has been established.

Source: Compiled by the authors from the literature reviewed.

Importance and Relevance of Entrepreneurship and Innovation:

“Man ... is a tame or civilized animal; nevertheless, he requires proper instruction and a fortunate nature, and then of all animals he becomes the most divine and most civilized; but if he be insufficiently or ill-educated he is the most savage of earthly creatures.”

— Plato, *Laws*, Book VI (Plato, 1892)

By virtue of their personality, behavior and capacity for learning, human beings have become civilized groups of individuals, equipped to anticipate and respond to changing environments. One thread that runs from the earliest human groups to modern organizations is the role of leadership within the group. In business, this leadership quality contributes to what may be called the “character building” of an entrepreneur. One practitioner summarized the qualities of a leader as charm, firmness, motivation and interest in people. The earliest leaders were, of necessity, innovators, and their innovations laid the foundations of civilized life; in the same way, today’s innovative entrepreneurs are building the foundations of tomorrow.

The practitioners and academics who contributed to the Entrepreneurship and Innovation module offered a range of perspectives on these ideas. Professor Wilson argued that entrepreneurs are born, not bred. The module combined theoretical frameworks with practical cases to examine the creation of new ventures, the development of essential resources, and growth. A recurrent theme was that the balance between success and failure in a new venture depends on both the macro environment and entrepreneurial skill, and that effective decision-making, control, prediction and proactivity increase an organization’s opportunities for growth. The businesses discussed included equity research consultancies, venture capital firms, a pub and bar business and IT consultancies.

Two speakers broadened the view of the macro environment. Lord de Mauley offered insights into entrepreneurship and public life in the United Kingdom, while Mr. Mehta described the regulatory environment in India, pointing to the government’s historically cautious, stability-first approach and its subsequent, gradual liberalization of capital account convertibility. The financial side of entrepreneurship was brought to life by speakers such as Stephanie of Space2work, who sold her house and committed all her savings to the creation of her venture, and the founder of The Verve, a pub in Leeds, who explained how she raised capital and reinvested it in expansion when the time was right.

Stephanie’s account was particularly instructive because she combined theory with practice, anticipating challenges and meeting them as they arose. She described a situation in which she dismissed her own nephew because she could not find a suitable role for him in the organization. The business was family owned, and the episode illustrates in miniature the central argument of this paper: a family firm that wishes to grow must be prepared to separate kinship from competence, even when doing so is personally painful. While these speakers emphasized resources, whether financial, human or otherwise essential, Professor Krsto Pandza stressed the importance of aligning resources and capabilities with external opportunities.

This reflects a significant development in the conceptual model of entrepreneurship and innovation, in which the entrepreneurial orientation of a firm is defined as a combination of risk-taking, innovativeness and proactiveness (Miller, 1983). Covin and Slevin (1989) confirmed the role of these dimensions and linked them to firm performance, and Lumpkin and Dess (1996) extended the framework by adding competitive aggressiveness and autonomy (Coulthard, 2007).

Influence of Entrepreneurship and Innovation on Developing a Business Plan:

Opportunity was the catalyst for innovation in the business plan developed during the module. When the team met to generate ideas for a proposed venture, each member brought several to the table. The team recognized that a completely new and untested idea could not be generated at short notice, and chose instead to focus on an idea that had a distinct market and a business proposition that could be made innovative. As the proverb says, “necessity is the mother of invention”, and it was a need of this kind, which Drucker (1985) calls a process need, that shaped the idea. Unlike other sources of innovation, a process need depends on both the internal and the external environment. Recognizing this helped the team to remain task-focused rather than situation-focused.

One of the authors, as the team’s marketing specialist, helped to develop a strategically distinct proposition for a highly competitive market. The market research indicated that customers were not price-sensitive and were driven more by service. The proposition was therefore a branded childcare service for a niche market with a technological focus: working parents would be able to watch their children’s activities through live cameras. The team was aware that this proposition could easily be imitated, but the addition of pick-up and drop-off services made the offer distinctive. The long-term strategy was to use the revenues generated to build a sports training school for children aged between five and fourteen and, once the standard had been benchmarked, to expand through franchising rather than through capital-intensive projects.

Drucker (1985) identifies five basic criteria for a successful innovation based on a process need. The venture was tested against each of them:

1. The process must be self-contained.
2. There must be a weak or missing link. This was addressed by using a TOWS matrix in place of a conventional SWOT analysis. The TOWS matrix (Wehrich, 1982) matches internal strengths and weaknesses against external opportunities and threats to generate specific strategies, rather than merely listing the four sets of factors.
3. There must be a clear definition of the objective.
4. The specifications for the solution must be clearly defined.
5. There must be a realization that there ought to be a better way of performing the same function.

The proposed company, Happy Days Childcare, was structured with five directors. Three executive directors, responsible for finance, operations and marketing, would be engaged from the outset. The remaining two, including one of the authors, would be partners: the author would oversee marketing and promotional activities as required and join the executive board as the company expanded, while the other partner, an IT consultant who developed the live-camera system and the company’s other IT functions, would participate actively in decision-making (Drucker, 1985).

Application of Entrepreneurship and Innovation: A Family-Owned Fire Protection Firm:

The theories reviewed above were applied reflectively to a family-owned Indian manufacturer of fire det-

ection and fire-fighting systems with which the authors are associated. The fire protection industry is safety-critical: its products must perform without fail in an emergency, so innovation must be pursued without compromising reliability or compliance with codes and standards. This makes the tension between preserving the past and pursuing the new especially acute.

The resource-based view can be used more extensively to build competitive advantage through innovation, and to create products whose technological advancement makes them difficult to imitate. The company was already applying this approach by extending its reach through a dealer network and by trading on the resources available to it. The cognitive perspective becomes relevant as the company considers expansion into other countries. Because the management is family oriented, the founder-CEO's direct involvement in the early stages of a new venture brings the benefit of experienced judgment, but also the risk of the cognitive biases described earlier: overconfidence, reliance on past success and a reluctance to consider what might go wrong.

As the enterprise grows beyond the scale at which family members can manage it directly, agency theory becomes the more relevant lens. Mechanisms such as professional non-family managers, clearly defined roles, performance-linked incentives and an active board can contain agency costs while preserving the family's stewardship of strategic direction. Combined with the resource-based approach, this offers a path by which the firm can move from the family boardroom to professional governance without losing the knowledge, reputation and relationships that made it successful. The exercise has also shaped the authors' own outlook as entrepreneurs: to be opportunistic, but with a skeptical and rational approach.

Towards a Framework for Decoupling from the Past:

Drawing the preceding sections together, the authors propose that sustaining innovation in a family firm requires four distinct acts of decoupling. Each separates something that has become fused over time, while retaining what remains valuable. They are summarized in Table 2.

Table 2: A proposed framework for decoupling from the past

Decoupling	What is separated	Theoretical anchor	Illustration in this paper
1. Cognitive	Present judgment from past success	Cognitive perspective (Baron, 1998; 2004)	Over-optimism and rapid diversification in the NEPC example
2. Resource	Resources and capabilities from present markets	Resource-based view; dynamic capabilities (Teece, Pisano and Shuen, 1997)	Aligning resources with external opportunities; extending reach through a dealer network
3. Governance	Family membership from organizational roles	Agency theory (Schulze et al., 2001; Karra, Tracey and Phillips, 2006)	The family-business founder who dismissed a relative for whom no suitable role existed
4. Identity	Tradition as a resource from tradition as a constraint	Core rigidities (Leonard-Barton, 1992); innovation through tradition (De Massis et al., 2016)	Retaining know-how and reputation while professionalizing the fire protection firm

Source: Proposed by the authors.

The framework implies a sequence as well as a set. Cognitive decoupling usually comes first, because a firm cannot change what its leaders do not question. Resource and governance decoupling follow as the firm grows. Identity decoupling, the most sensitive of the four, is often achieved only during succession, when a new generation must decide which parts of the founder's legacy to carry forward. In Lewin's (1947) terms, the first act unfreezes the organization, the middle two move it, and the last refreezes it around a renewed identity.

Conclusion:

This paper has reviewed several entrepreneurial theories and perspectives. Although each has theoretical advantages, there is insufficient research to support their implementation in practice. Much of the research is limited to particular types of organization, and given the number of new products and industries that constantly emerge and the diversity of entrepreneurial organizations, the evidence base remains comparatively narrow. As a consequence, most of these theories are still evolving, and they call not for blind implementation but for application with a measure of innovation of their own.

Entrepreneurship can be pictured as an inbuilt capacity that is in constant interaction with the elements around it. A word-for-word application of theory is therefore unlikely to be the best way to manage an entrepreneurial organization. It is equally important to develop insight into how the organization actually works, and to exercise judgment grounded in an insider's view of the enterprise; only such intrinsic research and analysis can help an organization become more successful. The review also suggests that the theories are most useful when applied in sequence: the cognitive perspective at the stage of founding and opportunity recognition, the resource-based view as the firm builds its competitive position, and agency theory as ownership and management separate with growth.

For family firms, the central lesson is that the past is both an asset and a constraint. The boardroom that built the enterprise must learn to decouple from the founder's certainties, from resources tied to yesterday's markets, from roles assigned by kinship rather than competence, and from traditions that no longer serve, while retaining the knowledge, reputation and values that remain a genuine source of advantage.

Finally, it is often said, as Professor Wilson argued, that entrepreneurs are born, not bred. Some of the most successful entrepreneurs, among them Steve Jobs, Bill Gates, Richard Branson and the late Dhirubhai Ambani, were young and inexperienced when they began. Without formal entrepreneurial training, they made their mark through a surge of innovation and a sound instinct that helped them make the right judgments, grasp the right opportunities, evaluate risks and withdraw gracefully when the risks became too high. Their persistence, intelligence and perceptive eye for opportunity brought them the success that every entrepreneur hopes for. Yet the cognitive research reviewed here suggests that the question is not settled: while disposition may be innate, capabilities such as alertness, counterfactual thinking and the disciplined assessment of risk can be sharpened through education and experience. The truer position may be that entrepreneurs are born with a disposition, but bred into judgment.

Further Research:

This study has examined the application of entrepreneurial theories through the literature, practitioner insight and reflective case analysis. The next step is to test these ideas empirically. The following areas are proposed:

1. Empirical testing of the decoupling framework through a survey or longitudinal study of Indian family-

owned SMEs, examining whether firms that achieve cognitive, resource, governance and identity decoupling show higher rates of innovation and growth.

2. Study of succession, and of how second- and third-generation leaders decide which elements of the founder's legacy to retain and which to release.
3. Measurement of socioemotional wealth in Indian family firms and its relationship to investment in research, development and new technology.
4. Investigation of whether entrepreneurial alertness, counterfactual thinking and risk assessment can be developed through training, as an empirical test of the "born or bred" debate.
5. Examination of innovation in safety-critical industries such as fire protection, where regulatory codes, certification and the requirement of zero failure shape what kinds of innovation are possible. This would extend the authors' earlier work on Total Quality Management in fire engineering.
6. The role of digital technologies, such as connected detection, remote monitoring and data analytics, as triggers for decoupling in traditional manufacturing and service firms.

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