



**E.D.B.A.
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JEAN-DENIS BUDIN**

jd.budin@credir.org

**THE UNTOLD LIFE STORIES OF
DISTRESSED FIRMS' MANAGERS:**

**IN SEARCH OF KEY SUCCESS FACTORS IN
FAILURES.**

FROM A POTENTIALLY FATAL ISSUE TO A RESEARCH QUESTION

- ✓ The life **trajectories** of entrepreneurs who lead distressed firms are **complex** processes.
- ✓ Diametrically opposed phenomena can be observed: from successful **rebounds** in subsequent entrepreneurial activities to significant **suffering** (long-term unemployment, burnout, suicide...)
 - ✓ Famous bankruptcies before better times: Ford, Disney, Trump, Heinz, etc.
 - ✓ Suicides ‘by Economic Crisis’, New York Times, April 14, 2012, cited by Krugman
- ✓ Some **behaviors** appear to be **irrational**.
- ✓ We present a qualitative **grounded research** study (*Glaser & Strauss, 1967*) to examine the very words of distressed entrepreneurs.

➔ the research question:

In the trajectories of entrepreneurs who lead distressed firms, can we identify key factors that determine the surpassing, the curing of failure, and subsequently finding the path to success again ?

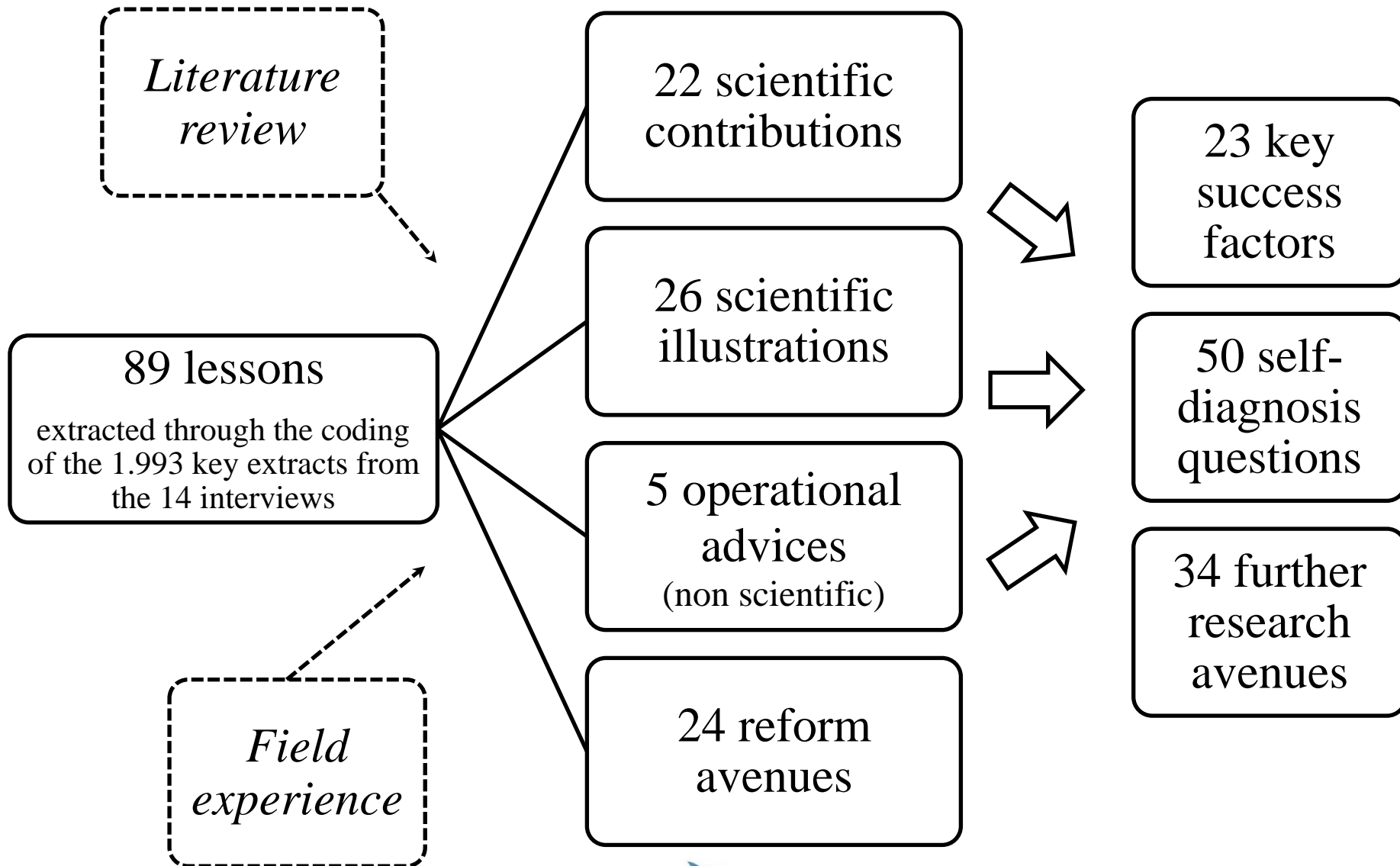
THEORETICAL FRAMING

- ✓ **Entrepreneurial failure** constitutes a domain that has been largely **overlooked** due to highly **complex field access**. It is difficult:
 - ✓ to track down managers of a dissolved enterprise
 - ✓ to persuade them to talk freely.
- ✓ *Shepherd (2003)* is a key contributor in entrepreneurial failure research; he has been calling for further research to bridge the gap in the literature.
- ✓ Our main scientific references in this work are:
 - ✓ **Bounded rationality** (*Simon, 1947*)
 - ✓ **Learning** (*Argyris, 1977*), (*March & Olsen, 1979*)
 - ✓ **Resilience** (*Cyrulnik, 1999*)
 - ✓ **Crisis management**: (*Weick, 1990*) and **small wins** (*Weick, 1984*)
 - ✓ **Weak signals** (*Ansoff, 1975*)

RESEARCH DESIGN

- ✓ This research is based on 14 **life stories** of entrepreneurs (*Bertaux, 1986*), (*Atkinson, 1998*). This approach married the specificities of **post-traumatic** life stories with the **peer effect** between the respondents and the practitioner-scholar.
 - ✓ 6 different origins of contacts, 2 countries, 4 regions, 4,000km
 - ✓ companies from 1 to 550 employees
 - ✓ 23 recorded hours → 500 pages,
 - ✓ coding with N*VIVO & EXCEL on 103 nodes: 1.993 significant verbatim extracts
 - ✓ **outstanding trust and emotion levels** with references to suicide attempts, marital destruction, deepest shame, amazing recoveries, etc.
- After coding, several **insights** began to emerge. These were examined in the light of an exhaustive **literature review**, covering domains in management research, but also other social sciences (e.g. psychology) and medicine. The results were **triangulated** on several occasions, notably thanks to the possibility of consulting the archives of a Bankruptcy Trustee.
- A conclusive **saturation effect** (*Eisenhardt, 1989*):
 - ratio of **new ideas** in the 3 final interviews: less than 10%

AN IMPRESSIVE INFORMATION VOLUME TO PROCESS: THE MEMORY COMMITMENT TO THE RESPONDENTS



22 SCIENTIFIC CONTRIBUTIONS

✓ The variable energy of the entrepreneur

1. The available energy variation: another bounded rationality
2. The charge/discharge cycle of the individual battery
3. The 3 lives model (business-private-leisure)

✓ The 3 lives of the entrepreneur: complexity to seclude them

4. The risks of permanent/no break activity of the professional cognitive environment
5. Private lives with increased instability impact managerial capabilities
6. A more and more difficult 3rd life for the entrepreneur
7. The A.R.I. model ([March](#)) does not operate any more
8. The impossible leave, or the specific trap of the owner-manager

✓ Key success factors exist in any failure situation

9. Integration of failure management in training processes
10. The Recognition spot ("R") in failing firms
11. The growing isolation syndrome
12. The contribution of self diagnosis to plan potential reaction to failure
13. How to coach failing entrepreneurs?

✓ New approaches in managing failing companies

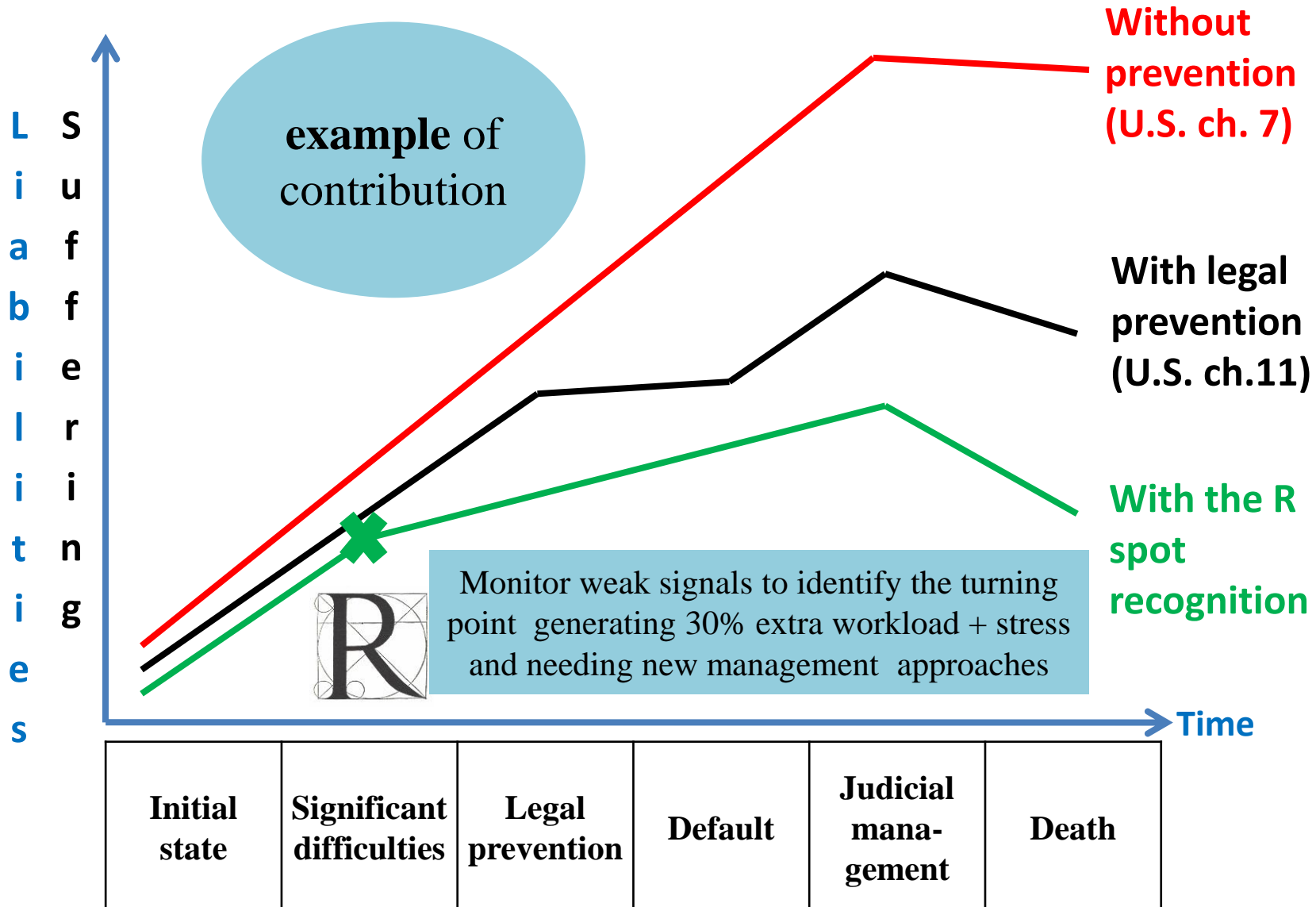
14. Sales & H.R. factors create the vast majority of failure
15. Identify the motivations of the failing entrepreneur
16. The need to anticipate the changing rationalities of third parties
17. The highly complex staff reduction decision making and implementation
18. The need to minimize dividends to ensure financial safety

✓ Methodology hints in life story interviews

19. An ideal tool for scholar practitioners
20. The life segment story: a key freedom for the respondent
21. The peer effect in the interviewer/respondent relationship
22. The post-traumatic life story interviews

IDENTIFYING THE R SPOT

➔ MINIMIZED LIABILITIES + OPTIMIZED TRAJECTORY



The R spot expression is key in raising entrepreneurial awareness. Like the **G spot**, we know the R spot exist even if localization is uneasy. It also pays tribute to the Z score of Altman...

CONCLUSIONS

- ✓ YES, we have uncovered **some key success factors in business failures**.
- ✓ This research project seems to be the first one based on the scientific collection of the failing entrepreneurs' actual words.
- ✓ Engaged management scholarship is an **exceptional bridge** between theory and practice.
- ✓ We bring progress for practitioners, and we can **save lives** (companies and entrepreneurs).
At least one entrepreneur refrained from suicide after a post research life story interview and the discovery of these key success factors in failures.

The Dauphine Faculty views on this thesis:

- ✓ Jean Denis Budin defended his EDBA Thesis a few weeks ago. The work he did opens new avenues in management research. It does so because he used appropriate research methods with the appropriate world-class scientific rigor; and this is not easy concerning the semantic content analysis of 'life stories' interviews. Jean-Denis also brought a lot because he skillfully explored and utilized the research literature. Beyond this, he managed to do a good thesis because, thanks to his personal experience, he accessed very interesting people to get precious data. Above all this, Jean-Denis invested himself in a research topic that is highly relevant to our times and societies. His thesis is an accomplishment in engaged scholarship. The Paris-Dauphine EDBA Program is proud to help executives to give so much to the research community.

Pierre Romelaer, Co-Director of the **Paris-Dauphine** EDBA Program.