ABSTRACT

New Venture Failure (NVF) is a well researched field, emphasising on the importance of learning and recovering from it. However, studies about what it is that one can learn from NVF are scant. This Study explores how 27 experienced Australian entrepreneurs and intrapreneur perceive NVF, and what they have learned from it. We conclude with a list of advices to help novice and nascent entrepreneurs and intrapreneurs succeed in their first venture, as suggested by the participants.

INTRODUCTION

This is a work in progress which explores the relationship between two fields: new venture failure and entrepreneurial learning.

The attitude towards failure is culturally based (Cave, Eccles, & Rundle, 2001). In the US, the attitude towards failure is mainly positive, whilst in other countries, such as the UK and Japan, it is negative. This is the nature of the “failure paradox”, which this research is examining. However, to understand the nature of the paradox, one should define business failure. Watson and Everett (1993) summarised the definition of business failure into four main definitions: business closure for any reason, business disposed to prevent further losses, bankruptcy and failing to “make a go of it”. This research approach to venture failure is based on the entrepreneurs’ decision only, regardless of the objective state of the venture. Therefore, the definition of new venture failure is a nuance of “make a go of it” that is, described as “the entrepreneurs’ dissatisfaction of the venture’s progression”.

In this research, entrepreneur is defined as “an individual who applies innovative solutions to opportunities in new or existing organisations”, emphasising that entrepreneurs are found in established business as in new ventures. This definition is based on McKenzie and Sud (2008: 127) who stressed that entrepreneurs are individuals who can “see what is not there”.

The second field this study explores is entrepreneurial learning, including learning by entrepreneurs and organisations. The research accepts that learning is a combination of cognitive and behavioural learning approaches (Corbett, 2005), stating that learning is a creation of knowledge that leads to a behavioural change.

It is suggested that entrepreneurs prefer to learn from experience rather than from theories (Rae, 2004b). This type of learning is described as action learning. Action learning concepts were originally developed as a method for combining theory and practice in the entrepreneurial learning style(Harrison & Leitch, 2005). Entrepreneurs learn from every action they perform, gaining experience from both successful and failed procedures, however they will learn more from critical events (Deakins & Free, 1998). Furthermore, Sitkin (1992) suggest that entrepreneurs’ and organisations’ learning from successful procedures may result in a repetition of the same procedures that may be performed better, but they do not add to learning as they do not produce cognitive thinking on the procedures and as a result the influence is only on the short term performance. Therefore, the outcomes of failure should be a cognitive reflection on the organisational/entrepreneurial behaviour and performance, using the failure as a learning stage for better performance in the future (Sitkin, 1992).

The aim is to find how entrepreneurs and intrapreneurs define new venture failure and what they learn from it.
Most of the academic literature enforces the importance of learning from new venture failure, however the research on what is it that can be learned from it is scant. Therefore, this study adds to the growing body of research combining entrepreneurial learning and new venture failures, Figure 1 demonstrate the research place in the knowledge base.

The article will commence in classifying entrepreneurship typology and new venture failure emphasising on its paradoxical nature. Research questions and proposition are then stated. The article will continue with methodology, findings and discussion and will conclude with a conclusion and a suggestion for future research.

**LITRETURE REVIEW**

**Entrepreneurship Typology**

We acknowledge Bolton and Thompson’s (2004) definition that entrepreneurship is not only about generating revenue or the creation of new organisations. However, we notice the significance of adding the opportunity recognition to the definition, as suggested by Drucker (1993), McKenzie & Sud (2008) and Wooldridge (2009), emphasising that entrepreneurs are individuals and not a group of people. An organisation may employ more than one entrepreneur, but each entrepreneur is an individual, that may start a new venture or exploit a new opportunity. Furthermore, we recognize Sharma and Chrisman (2007) addition of corporate entrepreneurs (intrapreneurs) to the general definition of entrepreneurs. Therefore, we define entrepreneur as “an individual who applies innovative solutions to opportunities in new or existing organisations”.

Regardless of the entrepreneur’s definition, entrepreneurship literature mentions six types of entrepreneurs: nascent, novice, one time, serial, portfolio and habitual entrepreneurs. This section will define each entrepreneur type as found in the relevant literature and show the connection between the entrepreneur’s type and organisation / entrepreneurial failure.

1. **Nascent Entrepreneurs** – *Nascent entrepreneurs are individuals who have made their first steps towards starting their first new venture* (Bosma & Harding, 2006; Gulst & Maritz, 2009). The venture may be a new business (start up) or embedded in a matured business. These nascent entrepreneurs may become managers of a start up, or lead the new venture in the business that employs them. For these people, as they are not yet entrepreneurs, failure is just a risk they take in consideration when deciding to become entrepreneurs. Whether they will become successful or failed entrepreneurs in the future, only their actions will decide.

2. **Novice Entrepreneurs** – *Novice entrepreneurs are entrepreneurs that started their first venture* (Amaral & Baptista, 2006; Gulst & Maritz, 2009), regardless whether it is a new business or a new venture. They are less experienced and will either stay one-time entrepreneurs or become habitual entrepreneurs. Failure in this case will be determined by their future activities and depend on their reaction if their first venture fails.

3. **One-Time Entrepreneurs** – *One-time entrepreneurs are entrepreneurs that started their first venture, and did not start other ventures* (Gulst & Maritz, 2009; Sarasvathy & Menon, 2003). These entrepreneurs will continue to develop and grow this venture if it succeeds or return to employment if it failed. This is the only group of entrepreneurs that this research regards as failed entrepreneurs, as they stopped their entrepreneurial activities, and therefore fall into Saravasthy and Menon’s (2003) definition.

4. **Habitual Entrepreneurs** – *Habitual entrepreneurs are entrepreneurs that start new ventures consistently* (Gulst & Maritz, 2009; Westhead & Wright, 1998), one at a time or simultaneously. The important concept here is that regardless of the result of their venture (failed or succeed), they will start a new one. The failure and success of this group is always considered in retrospect, at the end of their entire entrepreneurial career. In this research, this group will be addressed as successful entrepreneurs accepting Sarasvathy and Menon (2003) and Timmons and Spinelli (2009) definitions that there are no failed habitual entrepreneurs just failed ventures

   a. **Serial Entrepreneurs** – *Serial entrepreneurs are habitual entrepreneurs who create new ventures, one at a time* (Gulst & Maritz, 2009). The ventures can be a new business (Bosma & Harding, 2006; Florin, 2005) or embedded in a matured business (Morris, Kuratko, & Covin, 2008; Sharma & Chrisman, 2007). This research adds the intrapreneurs to the serial entrepreneurs’ definition. Although they do not open
new businesses, or may even not run the business, they habitually create new ventures in the business, they work at. Disregarding these entrepreneurs would suggest that entrepreneurs like Bill Gates are one-time entrepreneurs and not serial entrepreneurs, as suggested above. As the serial entrepreneurs are a sub group of the habitual entrepreneurs, therefore they will always be considered as successful entrepreneurs.

b. Portfolio Entrepreneurs – Portfolio entrepreneurs are habitual entrepreneurs who create, manage and/or lead new ventures, simultaneously (Gulst & Maritz, 2009; Ucbasaran, Westhead, & Wright, 2008). They are involved in some new businesses and/or some new ventures embedded in matured business at the same time. The emphasis in this type of entrepreneurs is that they divide their attention to multiple ventures instead of focusing on one. As with the serial entrepreneurs, these entrepreneurs are treated as successful entrepreneurs regardless of the success or failure of a specific venture.

New Venture and Business Failure

The attitude towards failure is culturally based. While the attitude in the USA towards failure is mainly positive, the attitude towards failure in other countries, such as the UK and Japan is negative. This is the nature of the “failure paradox” (Cope, Cave, & Eccles, 2008; Landier, 2005; Lee & Peterson, 2000).

However, before trying to understand this paradox, one should understand the phenomenon of business and new venture failure. The academic literature does not agree on a common definition for business failure (Watson & Everett, 1993). Researchers define failure as it fits their research question and the failure ratio they wish to indicate. Therefore, Pretorius (2009) suggests that there is a lack of comparability in research outcomes.

Watson and Everett (1993) summarised four main definitions for business failure; discontinuance for any reason, disposed to prevent further losses, bankruptcy and falling short of goals. They argued that the failure rates changes according to the failure definition between the two extremes – discontinuance for any reason (highest failure rate) and bankruptcy (lowest failure rate), where disposal to prevent further losses is between them. However, falling short of goals is outside of this continuum, as it is defined by the entrepreneurs themselves and not by the authorities or any other outside observer. Hence, this research approach to venture failure is based on the entrepreneurs’ decision only, regardless of the objective state of the venture / business. Therefore, the definition of new venture failure is a nuance of “falling short of goals” and is described as “the entrepreneurs’ dissatisfaction of the venture’s progression” (Gulst & Maritz, 2010).

We differentiate between a new venture and an organisation. A new venture is any creation of a new product or service while an organisation is a legal entity. The new venture can be the whole organisation (as in a start up) or embedded in a mature organisation.

This is the most appropriate failure definition for this research as the unit of measure in the research are the entrepreneurs and not their businesses. Furthermore, this definition is appropriate to business failure as well as new venture failure.

The Paradoxical Nature of New Venture Failure

The attitude towards failure is ambivalent. The first intuitive feeling about business failure is that it is something to avoid. Utterance as the next citation is a common attitude towards business failure:

“In our culture, failure is anathema. We rarely hear about it, we never dwell on it and most of us do our best never to admit to it. Especially in organizations, failure is often simply not tolerated and people avoid being associated with failure of any kind” (Berg & Mirvis, 1977).

On the other hand, failure is thought to be a good teacher, as is understood from the next citations:

“The process of learning from business failure also benefits society, through the application of that knowledge to subsequent businesses.” (Shepherd, 2003: 318)

Therefore, entrepreneurs will not want their names connected to a failed venture, as there is a tendency to confuse between failed ventures and failed entrepreneurs (Politis & Gabrielson, 2009; Sarasvathy & Menon, 2003; Stokes & Blackburn, 2002). Some of the researchers see it from a positive point of view as long as it is used as a learning stage for better future performance (Connell et al., 2001; Knott
& Posen, 2005; Sitkin, 1992). Others argue that although the failure is a learning stage, organisations and entrepreneurs may find it a difficult way to learn (Cannon & Edmondson, 2005), and therefore may discard it.

Furthermore, as mentioned earlier, the attitude toward business failure has a geographical perspective. While in the US, failure is taken as part of the entrepreneurs’ learning curve, in Europe and Japan and, failure is seen as a negative outcome, and entrepreneurs will find it difficult to fund their next venture if they failed in the first one (Cope et al., 2008; Landier, 2005; Lee & Peterson, 2000).

Cave, Eccles and Rundle (2001) researched the different attitudes between entrepreneurs that experienced failed ventures in the UK and in the USA. They found that in the UK, entrepreneurs admitted that the fear of failure had hindered their growth rate and they took fewer risks, as it was difficult to remove the failed entrepreneurs’ stigma that was associated with the venture’s failure. Once more, the entrepreneurs felt that their venture failure was attached to them personally. While in the US the entrepreneurs saw the failure as a learning process that helps them to become more resilient. The main difference between entrepreneurs from both countries lays in the culture of the countries (Lee & Peterson, 2000). Furthermore, as the attitude towards the failure is negative, entrepreneurs will spend resources on avoiding failure instead of learning from the failure (McGrath, 1999).

**New Venture Failure as Opposed to Entrepreneur's Failure**

“Failure doesn’t mean you are a failure it just means you haven’t succeeded yet” (Schuller, 2006)

The second part of the paradoxical nature of business failure is the confusion between entrepreneurs that closed their business versus “unsuccessful” entrepreneurs. In other words, between venture failure and failed entrepreneurs (Sarasvathy & Menon, 2003; Stokes & Blackburn, 2002). When a venture fails, in any definition of failure, the entrepreneurs must decide on their future: are they coping with the venture failure, learning from it and starting their next venture (McGrath, 1999; Shepherd, 2003; Singh, Corner, & Pavlovich, 2007) or do they exit entrepreneurial activities and return to employment. Sarasvathy and Menon (2003) argue that the entrepreneurs that go back to employment are the only entrepreneurs that are considered as failed entrepreneurs. Furthermore Bolton and Thompson (2004) definition of entrepreneurs does not consider these people as entrepreneurs at all. Sarasvathy and Menon (2003) argue that habitual entrepreneurs should never be considered as failed entrepreneurs, as they learn from their mistakes, and start a new and hopefully more successful venture.

The attitude of a country towards business failure can be seen through its bankruptcy laws (Cave et al., 2001). In Australia, bankruptcy is a stage that last between 3 to 8 years (AussieLegal, 2009). During this time the entrepreneurs are not allowed to open any other business, however entrepreneurs may pay their debts from money they receive from relatives, and by that shorten the insolvent period. Furthermore, after the bankruptcy period is over, the name of the entrepreneur stays in the National Personal Insolvency Index (NPII) database. A different approach is the American approach towards bankruptcy. After declaring bankruptcy, the entrepreneurs may open their next venture and with the money they earn in it, pay their debts for the bankrupt venture (Legal-Information-Institute, 2009). The differences between these two laws suggest a political and cultural attitude towards business failure.

This research accepts Sarasvathy and Menon’s (2003) attitude, and refers to all habitual entrepreneurs, regardless the country they create in, as successful entrepreneurs, that may have in their history failed ventures, but coped with them and opened new ventures. Furthermore, as these entrepreneurs experienced failed venture, their experience may benefit nascent and novice entrepreneurs.

**Entrepreneurial Learning**

Skinner (1953) defined learning as a change of behaviour, emphasising that improvement in performance may be regarded as training and not regarded as learning. This definition was broadened by Huber (1991: 89), emphasising that learning is seen when there is a potential for behavioural change: “an entity learns if, through its processing of information, the range of its potential behaviours is changed”. Therefore, it is the process the entrepreneurs go through and not its outcome that is important.

A very different approach of defining learning comes from the cognitive and experiential learning theories where learning is defined as knowledge creation (Gibb, 1997; Harrison & Leitch, 2005; Kolb, 1984). This definition is based on the works of John Dewey, Kurt Lewin and Jean Piaget from the beginning of the 20th century (Kolb, 1984).

Entrepreneurial learning can be understood in two ways, learning to behave as an entrepreneur, entrepreneurs’ learning during their entrepreneurial career or a combination of both (Rae & Carswell,
2001). However, as we are exploring what entrepreneurs and intrapreneurs learned from their failed ventures, we focus on entrepreneurs and intrapreneurs’ learning during their career.

Cope (2005: 374) describes entrepreneurs’ learning as “learning experienced by entrepreneurs during the creation and development of a small enterprise, rather than a particular style or form of learning that could be described as ‘entrepreneurial’”. While accepting this definition, this research argues that experience can come from any venture creation, and not only ventures that create new enterprises.

Most researchers agree that entrepreneurs’ learning is a process of changing experience into knowledge, or just gaining knowledge, as depicted in Table 1. We accept the general definition that entrepreneurs’ learning is a process of changing experience to knowledge.

Entrepreneurs prefer practice to theory, a phenomenon that influences their learning styles (Rae, 2004a). Learning is achieved while creating and managing new ventures rather than in formal classes. It does not follow a planned structure, being done in real-time through the experiences acquired and reactions to changes, incidents and problems that are encountered (Deakins & Freel, 1998; Rae, 2004a, 2005). It is suggested that entrepreneurs learn by exploiting and exploring their experience and knowledge. They may exploit their experience by replicating more or less successful actions or exploring new actions when their action failed or when they do not have former experience in the subject (Minniti & Bygrave, 2001; Politis & Gabrielsson, 2009).

In addition to learning from their own experience, entrepreneurs learn by observing others’ actions, retaining the information, assimilating it in their memory and relating it to their own situations. This type of knowledge can act as a template for evaluating their own actions (Holcomb, Ireland, Holmes Jr, & Hitt, 2009). Therefore, entrepreneurs’ learning is defined as the creation of knowledge that leads to behavioural change.

Learning from Failure

“Firms go out of existence, but entrepreneurs survive and learn” (Timmons & Spinelli, 2009: 107)

As stated previously, venture failure can occur in new ventures embedded in a matured organisation (intrapreneurships) or in stand alone new ventures (entrepreneurship). This section will broaden the area of learning from intrapreneural and / entrepreneur new ventures’ failure. For reading clarity, this section will address entrepreneurships and intrapreneurships as entrepreneurship or new ventures. Likewise, this section will address intrapreneurs and entrepreneurs as entrepreneurs.

Venture failure is probably the one thing that almost all entrepreneurs face somewhere in their endeavours. At the same time, failure is probably the last thing on the mind of an entrepreneur starting out on the entrepreneurial process (Pretorius, 2008).

Venture failure can be addressed negatively or positively. While the negative outcomes of failure are monetary and emotional cost, the positive effects are associated with learning, gaining experience and other cognitive constructs (Mitchell, Mitchell, & Smith, 2004). Furthermore, many researchers emphasise that failure represents an essential requirement for learning, therefore, failure is an experience that entrepreneurs gain as part of their learning curve (Cave et al., 2001; Cope et al., 2008; Shepherd, 2003; Sitkin, 1992; Stokes & Blackburn, 2002).

Shepherd (2003) emphasises that learning from venture failure occurs when entrepreneurs are able to use the experience and the information, gathered in the failed venture, for revising their knowledge and beliefs. Therefore, entrepreneurs must reflect on their actions, understand what went wrong and use the new knowledge in their next venture (Shepherd, 2003). However, McKenzie and Sud (2008) demonstrate that although it is important to learn from failure, there are cases were there is nothing to learn from the failure. They give an example of failure caused by exogenous forces, however, this study believes that even from such an event entrepreneurs can learn. If they reflect on their actions, they can learn to avoid those forces in their next venture (for example, choose a different environment to start their next venture).

Although entrepreneurs learn from every action they perform, gaining experience from both successful and failed procedures, they will learn more from critical events (Deakins & Freel, 1998). Therefore, the outcomes of failure should be a cognitive reflection on the organisational (or the entrepreneurial) behaviour and performance, using the failure as a learning stage for better performance in the future. Successful procedures may result in a repetition of the same procedures that may be performed better, but they do not add to learning as they do not produce cognitive thinking on the procedures and as a result the influence is only on the short term performance (Politis & Gabrielsson, 2009; Sitkin, 1992).
Moreover, repeating successful routines may have an opposite outcome, as entrepreneurs become over-confident in their actions and repeat the same routine even if the situations have changed. In this case, their chance to fail the next time increases as it prevents them from adapting to change (Baumard & Starbuck, 2005). Therefore, the failure should be seen as a “learning journey” (Cardon & McGrath, 1999; Cope, Cave, & Eccles, 2004). In addition, the time and resources that entrepreneurs might use for avoiding the failures may become more costly than failing and learning from it (Huber, 1991; McGrath, 1999).

**Research Questions**

This study targets two groups, entrepreneurs and intrapreneurs. Both start new ventures, which may succeed or fail. When a venture succeeds the entrepreneurs and intrapreneurs may choose one of two options, start another new venture or continue running this venture. Although an interesting phenomenon, it is out of the ambit of this research. Likewise, when a venture fails, the entrepreneurs and intrapreneurs will choose one of two options; leave the entrepreneurial or intrapreneurial activities, or learn from the failure and start a new venture, Figure 1 describes this conceptual model.

As explained in above, learning can occur both from successful and failed ventures, in this schema the learning is defined as “gain experience” which is the result of the learning process. The arrow between the “fail” circle and the “gain experience” box is the gap that this study aims to fill.

This study will ask entrepreneurs and intrapreneurs to reflect on their former actions when their ventures failed and find what they have learned from it. The questions are retrospective as it takes time until the entrepreneurs and intrapreneurs can reflect on their actions without the grief emotions that may be connected to the failure (Shepherd, 2003).

Therefore, the research questions for this research are:

1. How do entrepreneurs and intrapreneurs perceive venture failure?
2. What is it that entrepreneurs and intrapreneurs learn from new venture failure?
3. What is the difference, if any, between entrepreneurs and intrapreneurs’ learning from venture failure?

**Research Propositions**

Qualitative research answers questions of “how”, “why” and “what”, and not about relationships between different variables, therefore it uses propositions instead of hypothesis. Stating the propositions are the rational and direction of the research. Furthermore, it creates criteria for judging if the research was successful (Yin, 2009).

Therefore, the premises and propositions of this research are:

Premise 1: Entrepreneurs start new ventures as stand-alone new ventures, therefore, the venture is the business (Timmons & Spinelli, 2009)

Premise 2: Intrapreneurs start new ventures in an established organisation (Morris et al., 2008)

**Proposition 1:** Entrepreneurs perceive business success and failure as equivalent to new venture success and failure, whilst intrapreneurs distinguish between them

Premise 3: There is something to learn from New Venture Failure (Politis, 2005; Politis & Gabrielsson, 2009; Sitkin, 1992)

Premise 4: Entrepreneurs who have failed have more experience than entrepreneurs that did not fail (Mitchell et al., 2004).

**Proposition 2:** New Venture failure can be identified as part of the entrepreneurs’ learning curve.

Premise 5: By learning from failures, entrepreneurs have better chances to succeed in their next ventures (Cope et al., 2004; Deakins & Freel, 1998).

Premise 6: Experienced entrepreneurs have a constructive and retrospective view on their failed ventures.

**Proposition 3:** Experienced entrepreneurs can suggest ways they could have overcome the failures in their next ventures.
Proposition 4: Although possessing different perspective on business and new venture failure, entrepreneurs and intrapreneurs will learn similar things from venture failure.

**METHODOLOGY**

This research explores what entrepreneurs learned from their venture failure and intends to suggest that failure, although not a desired outcome of a venture, is not the worse case scenario and good things can come out of it. Therefore, this study is an exploratory qualitative research.

To understand new venture failure phenomena and what entrepreneurs and intrapreneurs can learn from it, this study uses “practice based theories” that explore what and how entrepreneurs and intrapreneurs suggest they have learned from new venture failures. Practice based theories are entrepreneurs’ narratives for making sense of what works and what does not from their experience (Rae, 2004b).

We have used a multiple method research approach; primary data collected by online survey and structured interviews. Also, secondary data was collected from former researchers as a base for validity of the primary data. The chosen sampling method is purposive sampling using opportunity and snowball techniques (Tashakkori & Teddlie, 2002). Cooper and Schilder (2003) have stated that in qualitative research, questionnaires are self-administrated interviews, and therefore can replace face to face structured interviews as a way to allow a broader sample. Therefore, the analysis of the data will treat the entire data set as data that came from structured interviews.

While searching for participant entrepreneurs, an opportunity to target two entrepreneurial databases arose. The databases are the last three years’ winners of Deloitte’s “Technology Fast 50” and WiT (Women in Technology) from Queensland. Both agreed to send the questionnaire to their members. In addition, 4 entrepreneurs that had failed ventures were interviewed. Both survey and structured interviews used the same questionnaire, adapted from Stokes and Blackburn (2002).

Data analysis uses cognitive maps to categorise the data. After categorising the data, the analysis used classic content and word count techniques (Ryan & Bernard, 2000). Cognitive map technique was developed by cognitive psychologists as a means of modelling causal relationships between variables within belief systems as reported by individual respondents. However the use of this technique was extended to describe the characteristics of social systems (Russell, 1999). This technique spreads the main themes on paper as a base for the map.

**FINDINGS AND DISCUSSION**

The questionnaire was sent to 300 entrepreneurs and intrapreneurs in Australia, with a participant rate of 9%. Out of the 27 participants, 3 participants failed to complete the entire questionnaire, however, they did complete the most important questions. 18 males and 6 females, aged between 25 and 64, answered the questionnaire, three of the participants failed to identify their gender and age.

Most of the entrepreneurs that participated in this study are habitual entrepreneurs (22 of 26). Out of the four none-habitual entrepreneurs and intrapreneurs, only one is a novice entrepreneur, in his first year as a business owner or manager, one has managed his business for 5 years and two are managing their business for 9 years. As this is their first venture or business, they have not experienced venture failure.

Two questions define if the participant is an entrepreneur or an intrapreneur. Question number 7 asks about the current business and question 31 asks regarding their entire endeavour. This study defined entrepreneurs and intrapreneurs regarding their entire endeavour. Therefore, we had 17 entrepreneurs and 7 intrapreneurs (3 participants did not answer these questions).

**New Venture and Business Definition, as perceived by the participants**

The academic literature does not differ between business failure and new venture failure, suggesting that new venture is equal to a business (as in the case of start-ups). However, as the current research targeted entrepreneurs and intrapreneurs and differed between new ventures embedded in a mature business and new ventures that are the business (start up), it seeks to see if there is a difference in failure definitions.

Most of the entrepreneurs that participated in this study did not differentiate between business failure and new venture failure. They have defined failure through financial reasons, as bankruptcy, closure for financial reasons, profitability or cash flow. This seems reasonable as in their case the venture is the business, therefore when the venture fails financially the entire business fails financially.
However, the intrapreneurs that participated in this study differentiate more clearly than the participating entrepreneurs between new venture failure and business failure. They defined business failure as a business that is not managed properly while new venture failure was defined as a venture that does not grow.

It is interesting to see that entrepreneurs defined success and failure as opposites. They defined business and new venture success as a business or new venture that have a sustainable profit. While business and new venture failure were defined as a business or new venture that does not make a profit.

Intrapreneurs, on the other hand, defined business success and failure as two different things, as if not on the same continuum, while defining new venture failure and success as opposites. They have defined business success as a business that achieved its goals whereas business failure is a business that is not managed properly. Venture success and failure are defined by meanings of growth.

This confirms proposition 1 that suggested that entrepreneurs perceive business and new venture success and failure as identical, while intrapreneurs differ between them.

**Entrepreneurial Learning**

In the literature review, we defined learning as “the creation of knowledge that leads to behavioural change”. The creation of knowledge is based on the experience that entrepreneurs and intrapreneurs gain in their ventures, regardless if it is a venture in an existing business or a stand-alone new venture.

Therefore, the participants in this study were asked to rate their success as managers while managing their failed venture, between one (unsuccessful) and five (successful). In addition, they have self evaluated the change in their skills as result of their experience in the failed new venture and or business.

When asked to rate their managerial skills during the time they have managed the failing venture, half of the participants rated their skills as 3. None of the participants rated their managerial skills as 5. This can result from the entrepreneurs and intrapreneurs feeling that if their venture has failed, they cannot be good managers.

When asked to rate the change of their skills as result of the failing new venture, most of the entrepreneurs and intrapreneurs stated that their skills have improved, as shown in Table 2. The change in skills confirms that the participants learned from the failed new venture. The participants that rated themselves as unsuccessful managers (rated 1 or 2), rated their managerial skill as much better, all rates were 4 or 5, these entrepreneurs show the highest level of learning.

It is expected to observe that some of the participants mentioned that there was no change in their skills. However, it is interesting to see that some participants said that their managerial skills were worse. This can occur as result of their reaction to the failure, that can lead them to lack of confidence. In addition, negative fellings toward venture failure can suggest that if the venture have failed, then the entrepreneur and intrapreneur cannot be a good manager.

Furthermore, one participant wrote “The experience (good and bad) from the previous venture is the most important aspect when going into a new venture. Each venture tends to be more successful. There is always wholesale knowledge acquired from 3rd parties, but this is probably only 10% of the benefit of my own lessons learned.” Suggesting that learning from experience is the most important type of learning that he had.

Participants in the study agreed that they learn from every experience in a new venture, whether it be a good or a bad experience, and this learning helps prepare or their next venture. This type of statement confirms proposition 1 as it sees new venture failure as a learning experience, and therefore it can be identified as part of the learning curve.

**Suggestion to Novice Entrepreneurs and Intrapreneurs**

Based on their experience from failed and successful ventures, participants were asked to share their experience by suggesting what they would take with them to their next venture and what they would avoid. In addition, they were requested to share an experience that would help novice entrepreneurs and intrapreneurs avoiding new venture failure.

Two participants answered that they do not take any useful experience from one venture to the next, as each ventures is different. However, they did have experiences they would avoid in their next venture
and suggestions to novice entrepreneurs and intrapreneurs. Therefore, although they may not be aware of it they did learn from failed ventures.

Learning from failed ventures will usually be formulated in a negative way. For example, if someone had a successful experience with his or her partners and team members, they will see it as a good experience to take with them to their next venture. However, they feel that the partners were the reason for their venture failure; they will describe it as an experience to avoid in their next venture. Either way, the learning that occurred from both experiences is the importance of finding suitable partners and recruiting member teams smartly. Therefore, the following list is a combination of all suggestions given by the participants in the study:

1. **Be prepared**
   1.1. Be prepared that some ventures fail. Detach yourself from the venture and search for fatal flaws in the planned venture before starting it. When finding them, prepare a plan how to avoid them.
   1.2. Assume that everything takes longer, costs more and is not always applicable.
   1.3. Have a good financial plan and ensure you have sufficient funding to survive until sales form a profit.
   1.4. Do an adequate market research. Make sure you know who your customers are and that your product or service solves the client’s pain point.
   1.5. Take your time in setting up the new venture and developing your product as being first in the market is not always worthwhile. Spend enough time and money on due diligence. Remember, bugs in the products can create bad impression.
   1.6. Do not spend too much on building the venture before you tested your idea and ensured there is a real opportunity in it.

2. **Personal**
   2.1. Be persistence and do not give up easily.
   2.2. Believe in your venture, others may try to discourage you. Do not let them influence you and trust your instincts.
   2.3. However, do not be over optimistic and over confident. Be prepared to walk away sooner rather than later if you feel that the venture is not reaching its goals.
   2.4. Focus only on those aspects that drive the business forward and avoid time wasters.

3. **Management**
   3.1. Have clear goals, and write your business plan accordingly.
   3.2. Do not start too small, but with caution.

4. **Team / Partnership**
   4.1. Avoid bringing in the wrong people. Hire quality staff and do not be afraid to hire smart people. Make sure you hire only staff you trust and do not worry about the costs.
   4.2. Choose your partners carefully. You need to be able to compliment each other and be able to work together in stressful times.

5. **Financial**
   5.1. Be good at raising finance and avoid unnecessary costs.
   5.2. Know your break-even point and the profit margins you can allow yourself in order to stay in the business.
   5.3. Invest back in the business before giving dividends to stakeholders.

6. **Learning**
   6.1. Develop the required skills to manage a business (regardless if the venture is the business or embedded in an organisation).
   6.2. Do not rely too much on professional staff. Be able to understand basic financial statements, market research results and so on. You do not need to know how to write them but you need how to know to read them.
   6.3. Each venture is part of your learning curve. Therefore, accept any failure and success as a learning experience that will help you in your next venture.

This list of suggestions demonstrates that experienced entrepreneurs and intrapreneurs can offer ways that will help novice and nascent entrepreneurs and intrapreneurs succeed in their first venture. These findings confirm propositions 3 and 4.

**CONCLUSION**

This study explored how entrepreneurs and intrapreneurs perceive new venture and business failure, suggesting that they observe it differently. While entrepreneurs did not differentiate between business and new venture failure and defined both through financial reasons, as bankruptcy, closure for
financial reasons, profitability or cash flow. Intrapreneurs defined business failure as a business that is not managed properly while new venture failure was defined as a venture that does not grow.

The study did not find significant difference between entrepreneurs and intrapreneurs’ learning from new venture and business failure. Therefore, the previous list of suggestions is suitable for novice and nascent entrepreneurs and intrapreneurs.

Limitations and Future Research
The study included only 27 Australian entrepreneurs and intrapreneurs. Therefore the results cannot be generalised. However, it shows that there is a place for further investigation that will suggest a framework of steps that nascent entrepreneurs and intrapreneurs should take in order to succeed in their first venture. Future research should include more countries to include cultural differences to the framework.

ACKNOWLEDGMENT
We want to thank Ms. Miriam Feldheim for her help with editing this article.

APPENDICES

Appendix 1: Tables and Figures

Figure 1: Conceptual Model

Source: developed for this study
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<td>Search for new technological and business opportunities and ways to capture those opportunities with adaptive and more risk-averse learning that leverages existing knowledge</td>
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REFERENCES

Cardon, M. S., & McGrath, R. G. (1999). When the going gets tough... Toward a psychology of entrepreneurial failure and re-motivation. Frontiers of Entrepreneurship Research 58-72

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