Spotlight
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Can young family business members innovate outside the family firm without breaking ties?

What happens when young family members strike out with ventures of their own?

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Entrepreneurship is often romanticized as the daring pursuit of something new. But in the context of family-owned businesses (FOBs), the story is more complex. Younger generations frequently grow up immersed in the family business, absorbing its values, culture, and unwritten rules. Yet many aspire to chart a different course—launching ventures that live *outside* the core firm. These endeavors bring a unique set of challenges and opportunities, especially when they must navigate the family's expectations and internal power structures.

While much has been written about internal corporate venturing in family firms—such as spin-offs and innovation units—external venturing remains understudied. How do next-generation members initiate and legitimize ventures that aren't part of the legacy business? How do they balance respect for tradition with the desire for independence? And what does this mean for the future of family entrepreneurship?

To answer these questions, this article summarizes a rich longitudinal study that explores how young family members in two Mexican FOBs used everyday tactics—such as seeking approval, bypassing authority, and mimicking family models—to launch ten external ventures. Their stories offer valuable insights into the real-life complexities of entrepreneurship in a family setting.

WHAT WE STUDIED

The research draws on the *Entrepreneurship as Practice* (EaP) approach, which focuses on the lived, relational, and processual aspects of entrepreneurial action. Rather than looking only at outcomes, the study emphasizes the *how*—the everyday practices and micro-interactions that enable ventures to take shape within socially embedded contexts.

Using Michel de Certeau's distinction between "strategies" (dominant institutional logics) and "tactics" (subtle acts of agency), the authors examined how next-generation entrepreneurs maneuver within the constraints of the family business. The empirical study took place in Mexico, where family ties are culturally central and entrepreneurial ventures are often initiated through familial networks.

Two mid-sized Mexican FOBs were selected:

- **Alpha**, a food distribution firm owned by a mother and her seven sons.
- **Beta**, a textile business founded by a couple and now involving their four children.

Across these firms, the researchers observed **ten external ventures** over three years—five per family. Data collection included 28 interviews, numerous observations, and participation in family meetings and daily routines. This comprehensive approach allowed the researchers to uncover subtle but significant patterns in how new ventures were initiated, shaped, and sustained within a family context.

KEY INSIGHTS

1. Five Everyday Practices of External Venturing

Next-generation entrepreneurs used **five core practices** to navigate their relationships with family members and initiate new ventures:

- **Obtaining Family Approval**
  Entrepreneurs involved family members early on to align ideas with the family's values and secure

support. This practice often involved informal discussions during meals or shared routines.

- **Bypassing Family**
  Some ventures were launched quietly, avoiding the scrutiny or gatekeeping of senior family members. This could involve temporarily diverting attention or using familial trust selectively.
- **Family Venture Mimicking**
  Entrepreneurs replicated elements of the existing family business model, drawing legitimacy through familiarity while subtly tailoring the concept to their own goals.
- **Jockeying In Family**
  This practice involved acting within expected roles while strategically introducing new ideas—often reframing innovations as extensions of legacy practices.
- **Jockeying Around Family**
  Entrepreneurs created ventures in unrelated industries or with new partners (e.g., spouses), drawing on skills learned in the family firm but positioning the venture outside its domain.

Each practice reflected a form of *tactical agency*, enabling entrepreneurs to respond to or manipulate the "dominant order" of the family and its firm without direct confrontation.

2. Three Strategic Routes to External Entrepreneurship

These practices were not isolated; instead, they combined into **three broader venturing routes**, which represent patterns of behavior in how external entrepreneurship unfolded:

- **Route 1: Imitating the Family Business**
  These ventures stayed close to the family's model—reproducing its values, brand identity, or operational strategies. They sought approval and were framed as natural extensions of the family legacy. Example: a daughter launching a retail store identical to her mother's.
- **Route 2: Surpassing the Family Business**
  Entrepreneurs took more ambitious steps, modifying business models and introducing innovations, while still aligning with family values. These ventures often started as mimicry but evolved into transformative projects that modernized or improved family practices.
- **Route 3: Splitting from the Family Business**
  Here, ventures diverged from the family business entirely—exploring unrelated industries or markets. Often initiated in secrecy or with minimal family involvement, these ventures emphasized personal autonomy and self-realization, while still drawing on family-based competencies.

These routes are not mutually exclusive; entrepreneurs often moved between them depending on opportunity, family reaction, or venture evolution. What unites them is the way they emerged through subtle, context-sensitive actions rather than formal strategic planning.

TAKEAWAYS FOR FAMILY BUSINESS OWNERS AND SUCCESSORS

Support is not one-size-fits-all

Next-generation entrepreneurs require different kinds of support depending on whether they are imitating, evolving, or separating from the family firm. Recognizing these distinctions can help families provide more tailored guidance and avoid misunderstandings.

Innovation can look familiar

Not all innovation comes with disruption. Mimicking family models can be a first step toward entrepreneurial autonomy. Encouraging these initiatives—rather than dismissing them as unoriginal—can lead to valuable outcomes for both generations.

Silence isn't disloyalty

Some next-generation members operate quietly—not to reject the family, but to avoid unnecessary resistance. These ventures often circle back to benefit the family firm, whether through knowledge sharing, market expansion, or enhanced capabilities.

Practice makes entrepreneurship

Entrepreneurial success in family firms doesn't always come from bold leaps—it often comes from small, iterative actions. Supporting the everyday practices of idea testing, relationship-building, and resource use can foster long-term entrepreneurial development.

IMPACT

This study adds depth to corporate entrepreneurship literature by spotlighting *external venturing*—a form of innovation that begins within the family but extends beyond its organizational boundaries. The research also challenges the idea that new ventures must be disruptive or clearly distinct to be valuable. On the contrary, the most successful initiatives often emerge from careful navigation of family norms and subtle, continuous negotiation.

For policy makers and educators, the study emphasizes the need to support entrepreneurial training that includes relational and cultural competencies—not just business planning. For researchers, it highlights the value of practice-based approaches that attend to lived experience, especially in emerging economies where family remains the cornerstone of economic life.

RECOMMENDATIONS

- **For Family Firms**: Proactively create safe spaces for younger members to propose and test ideas—before they feel the need to bypass the system.
- **For Successors**: Understand and reflect on your own motivations. Are you imitating, surpassing, or splitting from the family model—and why?
- **For Advisors and Consultants**: Avoid binary thinking. External venturing can strengthen family firms if approached as part of a broader, generative system.
- **For Scholars**: Extend research on family entrepreneurship by investigating similar practices in different cultural contexts, particularly in Europe, Asia, and Africa.

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