

Spillovers from Popular Stories

Our collective inheritance of intangible public goods or social spillovers includes literature and the body of law created by previous generations of writers and jurists. In this chapter, and the last on imaginative discourse, I show how past entrepreneurial stories can similarly help present-day promoters reduce the perceived uncertainty of their ventures.¹

As in earlier chapters, I return to Bruner's narrative project, drawing extensively from *Making Stories* (2002) as a starting point. Specifically, the following three sections analyze

- Spillovers from literary and legal stories.
- Stories told by and about entrepreneurs and their ventures—and drawing on literary and legal parallels—the spillovers from these stories.
- Why popular entrepreneurial stories are more dynamic—why they come and go more quickly than the canonical stories in literature and the law.

The chapter concludes by examining changes in the kinds of initiatives businesses undertake—and the knock-on effects on their discourse.

1. Literary and Legal Stories

Three Gifts Bruner's discourse—offered in the narrative, not the logico-scientific mode—invites personal interpretations. Here is my take on Bruner's propositions about spillovers from stories that have become part of the accepted canon in literature and the law.

— *Sensemaking*. Stories that become part of the accepted canon, Bruner writes are an “invitation” to “see the world as embodied in the story.”² They help us “create meaning,” so our perceptions of Life imitate prior Art. “We say of people we know in real life that they are Micawbers or characters right out of a Thomas Wolfe novel.” By shaping our perceptions of how things are, stories also influence our expectations of future possibilities.³ We expect a Micawber-like person to behave like the optimistic, kindhearted Micawber character in *David Copperfield*.

Story-based sensemaking protects us from existential angst, the torment of living in a meaningless universe. We want a coherent account of what is going

on—and why. We especially crave sensemaking that gives us agency: we wish to persuade ourselves that doing this, not that, better serves a preferred end. We don't want to be the helpless pawns of pure chance.

Sensemaking has a special value in the law. Shared legal stories are “a matter of great moment,” writes Bruner, “for developing a body of law, the *corpus juris*.”⁴ Enshrined as legal precedents, they shape interpretations of conduct as permissible or unlawful. “Wellwrought” literary stories may also influence legal judgments, writes Bruner. He offers the 1954 Supreme Court decision on school desegregation as an example of “how literature finds its way into the law’s *corpus juris*.”⁵

From *Plessy* (1896) to *Brown* (1954)

In its 1896 *Plessy v. Ferguson* judgment, the US Supreme Court ruled that providing “separate but equal” railroad cars for traveling blacks and whites satisfied the Constitution’s equal protection clause. “If the railroad care standard also held for schools,” the plaintiff in *Brown v. Board of Education* (1954) had “no case.” The defendant would merely have had to show that “*de jure* segregated black schools were as just well supported materially as white ones.”⁶

But, argues Bruner, in the half-century after *Plessy*, there had been an “enormous literary change” through an “inward turn” in narrative:

Even for separate-but-equal Jim Crow railroad cars, the question had become a subjective one: How did it feel to be shunted into a separate railroad car or sent to the back of the bus? What did it do to one’s self-respect and, critically, to one’s will to learn and develop? The parallel question regarding schools became, What does segregation do to black children’s view of themselves, their self-esteem, their readiness to learn? The landscape of consciousness had become part of the narrative of equal protection.

In the years after *Plessy*, subjective themes of this nature were at the center of powerful (and successful) poetry, plays, and stories written by widely read black authors like Langston Hughes and Richard Wright. Their voices became part of the American literary tradition of consciousness and protest. They had plenty to say about what it felt like to live Jim Crow.

Their voices can be heard in the background of the 1954 Supreme Court opinion that finally overruled the separate-but-equal standard of *Plessy*. The Harlem Renaissance had given equal protection its subjective story—if not in the *corpus juris*, then in the popular imagination. In the *Brown* opinion, that subjectivity is explicitly mentioned, but it had begun to make its presence felt in the appellate litigation that preceded the Supreme Court decision.⁷

— *Language*. Canonical stories provide the terms and images we use in everyday discourse. Our language relies heavily on evoking likeness through metaphor and figures of speech, often supplied by fiction.⁸ Describing conduct as “flying too close to the sun” borrows from the ancient Greek myth of Icarus. A business journalist calling a corporate executive a “gunslinger” takes the metaphor from Wild West movies, not from personally witnessed shootouts.

“Prototypical plights” depicted in narratives “become root metaphors of the human condition—like Sisyphus forever pushing his rock uphill, a root metaphor for self-sustaining frustration,” writes Bruner. “Many situations can be assimilated to the image of Sisyphus, even the tenant farmer perpetually in debt to the landlord and forever too poor to buy his plot of land.”⁹ Similarly, we refer to events, things, and people by metaphors taken from narrative: “Heroes and broken contracts can be referred to only by virtue of their prior existence in a narrative world.”¹⁰ Even basic descriptive categories that are not obvious metaphors are often narrative-based.

Narrative Foundations of Categories

Categories are crucial “at every level of language,” Bruner observes (in his book *Minding the Law*, written with Amsterdam).¹¹ Simple description would be impossible without categories that put many possibilities into a single class—the millions of colors our senses can differentiate, reduced to a few dozen color categories.¹² Likewise, “Where there be law, so too must there be categories. For law defines categorically the limits of the permissible or, more often, of the impermissible. Since human imagination cannot conceive of the full variety of possible transgressions, law requires a system of categories to reduce that variety. So an innumerable array of natural and unnatural, potentially harm-wreaking temptations is dealt with under the rubric of ‘attractive nuisance.’”¹³

Like our sensemaking, categories are “*made in the mind* and not found in the world”¹⁴ (italics in the original). But they are “almost never constructed arbitrarily. Typically, they are extracted from some larger scale, more encompassing way of looking at things—either from some theory about the world or from a narrative about the human condition and its vicissitudes.”¹⁵ Thus, “‘Good faith effort’ is a category extracted from narrative; so is ‘golden opportunity’ and ‘gutsy kid.’ And so are ‘willful ignorance’ and ‘informed consent’ and ‘malice aforethought.’”¹⁶ Similarly, “Adultery is not defined merely by legal statute; its canonical variants take their life from . . . changing habits of thought—and of storytelling.”¹⁷

— *Collective Attitudes*. Canonical stories contain messages that influence collective norms and values. Stories, says Bruner, “always have a message,” although that message may be “so well concealed that even the teller knows not what ax he may be grinding.”¹⁸

Since time immemorial, story messages have affirmed conventions of good moral conduct. Ancient Greek myths “were intended as models for virtues and vices.”¹⁹ Filial duty is repeated throughout the twenty-four thousand verses of the *Ramayana* (eighth–fourth-century BCE Indian epic). Aesop’s fables ended with an explicit “moral of the story.”²⁰ Biblical stories and parables do not spell out their point as clearly (providing opportunities for priests and exegesis scholars to draw out their ethical implications), but they certainly carry ethical messages. Medieval morality plays featured characters who personified virtues and vices and stories of “the temptation, fall and restitution of the protagonist.”²¹ Modern writers like C. S. Lewis and J. R. R. Tolkien—and numerous lesser hacks—have continued to tell good-versus-evil stories with religious overtones and messages.

In turn, collective conceptions of good and evil shaped by canonical stories influence private discourse. Seemingly individual sensemaking, including causal beliefs—doing *x* will produce a desired effect *y*—cannot escape the influence of collective norms. Socially acceptable means and methods restrict the ‘*x*’s we naturally contemplate and promote. Moreover advancing views abhorrent to our targeted audiences tends to fail, while conforming to accepted norms increases the potential for agreement-producing dialogue.

Coevolution of Cultures and Stories Influential stories do not always affirm accepted values, however. Great fiction, per Bruner, is often “subversive in spirit”²² and shows evil in what complacent readers might otherwise take for granted. By exploring “human plights through the prism of imagination,”²³ books like Harper Lee’s *To Kill a Mockingbird* awaken a “sense of injustice,”²⁴ Bruner writes. “*Uncle Tom’s Cabin* played as great a part in precipitating the American Civil War as any debate in Congress. Indeed, debates about slavery were banned from the floor of Congress after one of them led to a caning, and this lent the power of rarity to Harriet Beecher Stowe’s remarkable novel, setting the travails of slavery in a narrative of suffering responded to by human kindness.”²⁵

Moreover, cultures often tolerate exceptional storytellers who question prevailing beliefs. Societies somehow accommodate underground writing even under totalitarian regimes. Informers and a harsh security apparatus, not cultural values, repressed *Samizdat* publications in the former Soviet Union. The state, not the culture, imprisoned Aleksandr Solzhenitsyn and then banished him from the USSR.

Therefore although culture is usually “a maker and enforcer of what is expected,” Bruner observes, it also “paradoxically, compiles, even slyly treasures,

transgressions. Its myths and its folktales, its dramas and its pageants memorialize both its norms and notable violations of them. Eve tempts Adam to taste of the fruit of the off-limits Tree of Knowledge, and *la vraie condition humaine* begins with the Expulsion from the Garden.”²⁶ Differently put, conventional stories—the “coin and currency”²⁷ of culture—stabilize and align collective expectations while challenging stories can alter social attitudes.

Creative Impulses Transformational literature deviates from stock stories not only because cultures tolerate subversive stories but also because creative storytelling is inherently dynamic. One source of the dynamism comes from the tension between the need for verisimilitude—making an imagined world seem plausible—and some departure from the expected that makes the ordinary strange. For the first, verisimilitude, the storyteller relies on a stock script or formula that audiences have internalized from stories they have previously heard. The second, at least in stories aspiring to memorability or literary greatness, demands an unexpected divergence from the stock script.

Creative Divergences

In Bruner’s words, the writer or playwright’s task is “to imagine, to explore [out of the ordinary] possibility. But to do that, he must first establish a familiar ‘reality’ given that his mission is to estrange it, to render it alien enough to make imagined deviations from it seem plausible. In Ibsen’s *A Doll’s House*, for example, Nora’s dramatic revulsion becomes credible only against the deadening banality of her preternaturally ordinary husband. It is the playwright’s genius to have captured both the tedium of her life and her rebellion against it. The challenge of literary narrative is to open possibilities without diminishing the seeming reality of the actual.”²⁸

Literary genres—an overarching category, such as comedy or tragedy, whose scripts follow expected conventions—have a similar dynamic. “Verisimilitude in a made-up story is intensified by adhering (often slyly) to the rules of genre,” according to Bruner. “The hero-protagonist in a tragedy, for example, must suffer his downfall via the very virtues that make him a hero to start with. . . . So ingrained are such genre rules that fictional stories are made more lifelike simply by adhering to them.”²⁹ And typically, “narratives play variations on the plights portrayed in conventional literary genres,”³⁰ such as the downfall of the tragic hero. But “at their most venturesome” they can also “generate new genres to achieve their ends—as did Laurence Sterne or James Joyce, with his self-styled epiphanies of the ordinary.”³¹

New genres and conventions also have different Troubles with different resolutions, producing different effects on readers. “A wholesome setting-right of what the peripeteia put asunder [in the plot’s turning point] may be the stuff of true adventure and other old-fashioned stories,” Bruner writes, but in modern literature, “outcomes have taken an increasingly inward turn. . . . Story action in novels leads not so much to restoration of the disrupted canonical state of things as to epistemic or moral insights into what is inherent in the quest for restoration.”³²

Forgettable or trite stories stick to a standard formula or script. But memorable fiction—“great” literature—becomes canonical because it deviates. And by entering the canon, the deviant story alters the canon. It changes the conduct an audience considers normal and the scripts they accept as plausible.

External influences—new technologies, institutions, and social movements—also encourage innovative storytellers to produce new scripts and genres. The Scientific and Industrial Revolutions created the genre of science fiction, the specialization of criminal investigation led to police procedurals and detective novels, and urban immiseration and international drug dealing produced new kinds of heroes, villains, and stock plots. And reflexively, as mentioned, memorable stories helped alter the reality they portrayed, as in the abolition of child labor and slavery.

In principle, legal stories resist change because the system relies so heavily on precedent and the principle of *stare decisis*, of standing by things previously decided. Therefore, “legal stories strive to make the world seem self-evident, a ‘continued story’ that inherits a legitimated past,” writes Bruner.³³ In practice, the legal system and its stories aren’t static. Like innovative writers, creative litigators and judges find ways to modify, extend, and occasionally overturn precedents. Legal stories also change because of changes in social norms—which may themselves be altered by changes in literary stories, as in the 1954 school desegregation case.

Changes in canonical stories can also provoke reactions in an opposing direction. “The inward turn of literary narrative about race went a long way toward changing the legal interpretation of equal protection when it was given a subjective dimension in *Brown*,” Bruner writes. “But no culture is about just one story. A dialectically contrary one quickly arose: the story of the black being given ‘unfair advantages,’ a story with roots in the Reconstruction period after the abolition of slavery, when Northern commanders of occupation troops in the Southern states of the old Confederacy even appointed some black governors.”³⁴

2. Entrepreneurial Stories

Nonfictional and Semifictional Abundance The market for stories that support the discourse of entrepreneurs who don't tell their tales themselves is well supplied, but usually not in creative literature.

Serious playwrights, novelists, and moviemakers, unlike Schumpeter, have often treated entrepreneurs as villains, not heroes. Shakespeare's best-known commercial character, Shylock, is a heartless moneylender. His nemesis, the intelligent, quick-witted, and beautiful Portia, plays a lawyer's apprentice.³⁵ Anthony Trollope's magnificent, one-hundred-chapter *The Way We Live Now* satirized the financial scandals of the 1870s. Its protagonist, financier Augustus Melmotte, who buys a seat in Parliament and has the aristocracy craving his favor, turns out to be a forger and a fraud. The source of the Great Gatsby's mysterious wealth in F. Scott Fitzgerald's 1925 novel turns out to be bootlegging. Orson Welles's *Citizen Kane* is about a scandal-mongering media tycoon, philanderer, and wife abuser.

Often ignoring the benefits of technological progress—the decline in hunger, infant mortality, increasing lifespans, and living standards—great literature has highlighted its dark side. Blake's "dark Satanic Mills" poem, Charles Dickens's novels on child labor, John Steinbeck's *The Grapes of Wrath*, Upton Sinclair's *The Jungle*, Charlie Chaplin's *Modern Times*, Martin Ritt's *Norma Rae*, and Steven Soderbergh's *Erin Brockovich* are celebrated examples.³⁶

Physicians-turned-writers—Arthur Conan Doyle, A. J. Cronin, and W. Somerset Maugham—have authored sympathetic stories about medical practice. Lawyers Erle Stanley Gardner and John Mortimer's fiction (later turned into TV shows) portray lawyers favorably: Gardner's Perry Mason and Mortimer's Rumpole representing unjustly accused and down-and-out defendants dramatically beat the odds to secure not-guilty verdicts. I am unaware of any similarly popular pro-business fiction written by entrepreneurs or managers.

Yet other kinds of storytelling does put enterprise and innovation in a good light. Celebrated innovators and industrialists publish memoirs, which I quote or paraphrase in this text and in my earlier work. Turning to the bookshelf behind me, I see titles by Alfred Sloan (General Motors), David Packard (H-P), Sam Walton (Walmart), Richard Branson (Virgin), James Dyson (Dyson), Joe Coulombe (Trader Joe's), Patrick Kelly (PSS), and Marvin Bower (McKinsey). All easily satisfy Bruner's specification for a story—protagonists with intent, Troubles, and resolutions.

Biographies (e.g., of Jeff Bezos and Steve Jobs) and histories of noteworthy innovations (e.g., computers, container shipping, and winemaking in France) on my bookshelf also satisfy the story specification. They are neither hagiographies nor hatchet jobs. There are, of course, non-fiction bestsellers that

recount downfalls—of Enron and Theranos, for instance. Serious newspapers and magazines also publish stories about enterprise with both sad and happy endings. Some are exposés ending in bankruptcies or jail sentences. Others chronicle tenacious innovators overcoming challenges to introduce a transformative technology or create a billion-dollar enterprise. Even the *New Yorker*, often skeptical of capitalism and celebrity entrepreneurs like Elon Musk,³⁷ publishes favorable long-form accounts in its *Annals of Innovation, Technology, Invention, and Business*. Conversely, *Inc.* magazine, which celebrates entrepreneurship, publishes cautionary tales about hubris and failure.

Business schools consume and spread stories packaged as case studies. Every business school I know of, including those whose faculty disdain “storytelling” research, uses story-infused case teaching to some degree. At HBS, cases are not only a cornerstone of teaching; their production and sale to other schools help maintain the institution’s brand and earn sizable revenue. Reciprocally, HBS invests heavily in case writing and, reportedly after a hushed-up scandal, verifying the contents of the cases.

Low-cost storytelling makes the *Harvard Business Review* an especially profitable money-spinner for HBS. Although operating under a university banner—and unlike the story-rich *Business History Review* (also hosted at HBS) and the *Harvard Law Review*—HBR does not require contributors to document facts or acknowledge prior work.³⁸ It also publishes self-congratulatory pieces by business celebrities, sometimes awkwardly timed.³⁹ In my observation, the quality press has, historically at least, been far more careful in verifying facts and quotes and crediting the sources of their ideas than HBR. Well-known journalists, including Pulitzer Prize winners, have been fired for making up quotes and characters.⁴⁰ HBR authors risk no reckonings for peddling similar “factions.”⁴¹

Yet with unpaid contributions and low vetting expenses, HBR’s story machine grinds profitably on. Like audiences of angry talk shows, readers seem to have low demands for accuracy. Operating for over a century, HBR has established an unbreakable lock on its oeuvre. Over the years, it has published influential articles whose storylike character would preclude publication in conventional academic journals. Such pieces have produced valuable spillovers for commercial enterprise.

Iconic Examples Two classic HBR articles exemplify the spillover effects. One by Michael Porter, published in 1979, introduced his Five Forces framework.⁴² Porter expanded on the HBR article in his landmark 1980 book, *Competitive Strategy*.⁴³ As mentioned (chapter 7), Porter adapted his framework from economic theory and did not give it a story structure. But as also mentioned, Porter drew heavily on case studies, making his framework unsuitable for

story-averse economics journals. Yet Porter's framework has long provided categories for business discourse, especially in routines to evaluate large company initiatives (chapters 16 and 17).

The second, *Disruptive Technologies: Catching the Wave*, coauthored by Clay Christensen and his thesis adviser Joseph Bower, was published in 1995.⁴⁴ Like Porter, Christensen turned his *HBR* article into a landmark (1997) book: *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*. The sources and structure of the Christensen publications were squarely in the narrative mode. They drew on a few detailed case histories, many from the disk drive industry, that Christensen had studied for his doctoral dissertation. Unlike Porter's five-force framework, Christensen's disruption model had a simple story structure with a beginning, middle, and end.

Briefly, the Christensen plot starts with an incumbent dominating its market. Entrants who cannot attack its core find a foothold on the periphery. They offer customers who do not need all the bells and whistles of the incumbent's mainline product a simpler but cheaper alternative. The incumbent either ignores the technically inferior offering because it is complacent or wants to keep the high profits of its existing products. But eventually, the entrant upgrades its product, moves out of its low-end niche, and takes over the core. The king is dead. Long live the new king.

My left-brained thinking dismissed the generality Christensen and his acolytes attributed to the disruption story. Manifestly, many landmark innovations, such as the iPhone and the Tesla, start life as expensive top-line products. The practical solution proposed to incumbents—preempt upstarts by creating nimble units that don't serve existing customers—also seems questionable: Incumbents cannot afford to be spooked by peripheral shadows. They must deal with more obvious threats from other large companies and regulators. And many of Christensen's fearless forecasts—that the iPhone would fail and that cheap alternatives would soon (as of 1999) dethrone Microsoft's Office software—turned out to be demonstrably wrong.⁴⁵

Why, then, did people like Steve Jobs and Intel's Andy Grove take the disruption model seriously and admire Christensen's book so much?

Sensemaking, Linguistic, and Attitudinal Spillovers My mistake: I had applied the logico-scientific standard of logical or empirical validation to Christensen's narrative-mode discourse. His disruption story drew its power from its plausibility and resonance. Recall Bruner's observation that new stories seem plausible because of their similarity to familiar old stories. The disruption tale recalls well-worn stories, one from the Old Testament and the other from ancient Greek myth. Christensen's innovators evoke David using simple tech to

slay Goliath, and incumbents are like tragic heroes doomed by misjudgments or character flaws.

In the business sphere, the disruption tale also offers the spillovers of literary and legal storytelling discussed earlier: it has influenced sensemaking, language, and attitudes.

We lament the “senseless” deaths of organizations and not just of fellow humans. Somehow, the implicit default seems to be eternal life, so the failure of successful organizations demands an explanation. And indeed, during the glory decades of Galbraith’s *New Industrial State* (chapter 16), the immortality of giant businesses seemed assured. After that era ended, sensemaking started: high inflation, unions, and Japanese competitors were all blamed. Yet these explanations ran their course after the 1980s when inflation and unions retreated, and Ezra Vogel’s claim of “Japan as Number One” became implausible. The 1990s demanded a new mortality tale, which Christensen’s disruption successfully supplied.

Moreover, where Porter mainly analyzed, Christensen prescribed. Besides offering to explain how, as the subtitle of Christensen’s book says, *New Technologies Cause Great Firms to Fail*, disruptive sensemaking explicitly promoted proactive agency. Christensen advised upstarts to target niche customers who preferred cheaper and simpler products and incumbents to forestall such attacks with their own low-end offerings. The resonance of the messages affected real-world choices and discourse. Intel’s then-CEO Andrew Grove claimed inspiration from the disruption story to push Intel’s launch of a low-end Celeron chip for low-end netbooks—and he repeatedly invoked it to justify the launch.⁴⁶

Christensen’s work has profoundly influenced the language used to characterize innovation. Disruption is everywhere. What might once have been called “revolutionary” or “transformational” is now disruptive. Christensen’s stories and rhetoric have also influenced collective attitudes. Frequent, radical change is inevitable and good. Embrace it and help make it happen. The responses of the naturally skeptical to entrepreneurial proposals have thus been nudged from “This can’t work” toward a “fear of missing out.”

Few other recent business stories have had such influence. Most tell of specific entrepreneurs and advances rather than a story about a general class of innovations. Yet, taken as a whole, the impact of business stories on entrepreneurial actions and discourse—through sensemaking, linguistic, and attitudinal spillovers—has been profound. As indicated (chapter 19), entrepreneurs use metaphors (“We are the Uber of X”) and figurative labels (“platform technologies” or “sharing economy”) to communicate the premise of their business models—and evoke the possibilities of a large payoff—to potential

financiers. The metaphors and labels make sense because of some well-known story, for example, of Uber ride sharing, Amazon's online platform, or Airbnb's apartment rentals.

Seemingly mundane descriptive categories also get their meaning from the spillovers of a story rather than from technical specifications. As in the legal understanding of "adultery" mentioned by Bruner, "Software as a Service," "Minimal Viable Product," "Lean Startup," "customer journeys," and "agile programming" all take their meaning from prototypical cases that evolved through a struggle against some prior arrangements.

Memoirs and biographies that do not advance general propositions like disruption theory often suggest possibilities about specific problems and domains. Every chapter in Coulombe's *Becoming Trader Joe* tells engaging stories with a coda or moral about specialty food and wine retailing.⁴⁷ Although Coulombe makes few claims about business in general, his codas also invite readers to imagine extensions beyond retailing.

Memoirs can also stimulate big-picture thinking in unrelated domains. Bill Gates, for example, credits Alfred Sloan's *My Years with General Motors* for shaping his vision for Microsoft; he calls Sloan's memoir "probably the best book to read if you want to read only one book about business."⁴⁸

Sloan's book—472 pages long with financial tables and organization charts—is not an easy read. Other memoirs are shorter, seemingly fluffier, and yet also influence hard-nosed entrepreneurs. For example, Sam Walton's folksy *Made in America* "clearly resonated" with Jeff Bezos. Like Gates, Bezos is a voracious reader who sometimes gave copies of Walton's book to colleagues with passages underlined (which we could consider a subtle form of discourse). One underlined passage described Walton borrowing the ideas of his competitors, implying to Bezos that successful retailers stood on the shoulders of earlier giants. So, therefore, should Amazon. Bezos also "wove the Walmart founder's credo about frugality and a 'bias for action' into the cultural fabric of Amazon."⁴⁹

Sensemaking spillovers from memoirs and other stories affect audiences beyond high-profile founder-CEOs like Gates and Bezos. Stories about recovering from setbacks make similar recoveries in other ventures seem more plausible to audiences. And people with optimistic Micawber-like outlooks might conflate what's plausible with what's likely, given that there is no basis for calculating objective odds. Conversely, negative stories promote pessimistic expectations.⁵⁰

3. Dynamism of Stories and Specialization

Why Stories Keep Changing Popular business stories don't have the longevity of literary or legal stories and do not become canonical to the same degree. There

is no mechanism to select, preserve, and study canonical works in business schools, as exists in literature, classics, and other humanities departments. Nor are audiences' loyalties to genres and stock stories as strong in business as they are in literature.

In contrast to the law, there is no *stare decisis* reverence for precedent or an established *corpus juris* of accepted rules based on canonical results. Quite the opposite. Many in the business community take Henry Ford's view that "History is bunk" and constantly demand new Big Ideas. Business gurus and their enabling publications eagerly attempt to satisfy the demand by creating new buzz phrases, illustrated with real or made-up stories, instead of actual New Ideas. Sometimes, even the new buzz phrases are variants of old buzz phrases—"non-disruptive creation" instead of "non-destructive creation."⁵¹

Technological and business innovations—routinely demanded and supplied in modern economies—can also spur new stories, metaphors, and spillovers. The internet created opportunities for Amazon, whose success story produced the "platform" metaphor. New 3G wireless networks and smartphones with mapping capabilities created an opportunity for Uber's ride-hailing app—and made its model a metaphor, along with the "sharing economy." As mentioned, other startups used these metaphors to get the attention of financiers and the public.

Entrepreneurial stories can fall as quickly as they rise—sometimes because the opportunity has run its course or merely because stale stories don't sell. And as prevailing stories change, so do the kinds of opportunities they support. Who wants to write about, fund, or start ventures in the once-hot category of fast casual restaurants?

Changes in Specialization Compared to business stories—and even literary genres and foundational legal doctrines—the evolution of entrepreneurial forms (examined in chapters 13 to 17) has been slow. Two of the four primary forms we examined precede industrialization: The self- or informally financed startups and angel-funded initiatives have existed whenever and wherever there has been commerce. Only two new forms with distinctive routines for evaluating and managing entrepreneurial initiatives emerged in the twentieth century, and even their development was gradual. The large, professionally managed corporation became Schumpeter's "powerful engine[s] of progress" in the first half of the twentieth century. VC-backed businesses became prominent players in the second half.

A few variants of these forms have subsequently evolved, such as organized networks of angel investors, VCs specializing in later-stage investing, and the in-house VC operations of large public corporations. These do not entail any radical changes in the evaluation and planning routines that, in my framework,

are defining features of entrepreneurial specialization. During and after the mid-2010s, some financiers invested vast sums in private “unicorns.” Unlike traditional VCs, these financiers did not have or establish serious evaluation or oversight routines. Like some others,⁵² I believe this kind of hands-off investing was an unfortunate, transient consequence of an unprecedented “free-money” bubble. Time will tell.

However, form-shifting by entrepreneurial ventures is an inherent feature of the modern ecosystem. Besides the ambitions of founders like Gates and Bezos, new and fledgling businesses are subject to intense pressures to expand from financiers, employees, and even customers who avoid stagnating enterprises. The grow-or-die imperative requires companies like Amazon to change their funding sources, establish more rigorous routines, and specialize in larger, less uncertain, and more complex initiatives⁵³ (see Figure 21.1).

Nexus Changes in discourse accompany changes in specialization. Initially, discourse is limited to discussions among the founders (which in solo ventures may be internal monologues) or customer sales pitches. High uncertainty limits the content of this discourse—often, the entrepreneurs proceed on “a wing and a prayer.” Informal funding, if any, is secured through a brief pitch to friends and family. With simple products, there is not much that founders can tell potential buyers either. Moreover, not much needs to be said when the stakes are low. Buying a lottery ticket from the corner shop requires no discourse or estimation of the numerical odds.

At the other end of the specialization diagonal, discourse is more elaborate. Proposals and plans about large complex projects include extensive detail. In

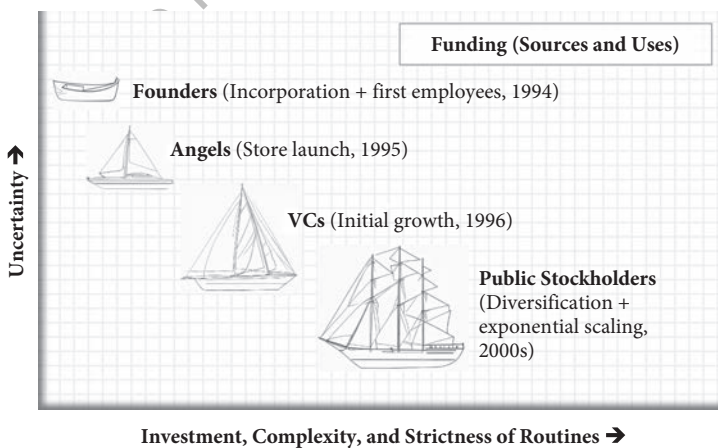


Figure 21.1 Changes in Amazon’s Funding, Routines, and Initiatives

Aristotelean terms, evaluations embody a preference for *logos* over *pathos*, with the *ethos* coming from the credentials of the promoters. But corporate discourse is no more just about spreadsheet numbers than Christopher Columbus's conversations were about latitudes and longitudes. As mentioned, the numerical detail includes imagined assumptions that can be challenged. And it is not a bloodless discourse. Unlike Max Weber's idealized bureaucracy, the corporate technocracy reflects the feelings and subjective interpretations of its discourses. External discourse with users is also a many splendored thing. Conversations with customers, which can include visual metaphors on user interfaces, reflect the complexity and stakes of the offerings. But while pitches about complex products include more technical facts, they too seek to summon feelings and include imagined details to evoke imagined futures.

Like ancient sagas crafted by many bards or modern TV shows hammered out in writers' rooms, proposals and plans emerge after extensive multi-party discourse. They look much further ahead than the snap judgments and opportunistic adaptations (chapter 14) of bootstrapped entrepreneurs. And the collectively crafted "plot," as it were, is thick. It includes who will do what and when—but without the dramatic reversals and villains of a proper story.