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The Rise and Demise of a Supply Chain

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Abstract

This article investigates the global 'retail revolution' through the path chosen by key people in the Norwegian trade network called Technical Supplies Partner (TSP). The story is told from the perspective of a single entrepreneur working closely together with an A-team of fiercely independent shop-owners who helped transform TSP from a voluntary association into a market-leading Scandinavian retail chain. The trade network then became a global supply chain, before finally nearly going bankrupt. Three main points are made. The first is that the 'retail revolution' occurred as the result of new technology and market liberalization, but only as these were mediated through people's efforts at new venture creation. The second point is that entrepreneurship itself changes the conditions for entrepreneurship, and the third that ethnography is a good method for investigating how entrepreneurship changes the conditions for entrepreneurship.

Keywords

Retail revolution, entrepreneurship, anthropology, ethnography

The emergence of global supply chains in trade has been termed a 'retail revolution' (Lichtenstein 2009). The 'revolution' transformed loosely-connected regional and local trade networks into incorporated global channels for flows of goods from producers to consumers, and also affected geo-political and industrial relations (Meyer-Ohle 2006). It has contributed to a global reorganization of relations of production, the architecture of towns, and shoppers' identity formation; hence it may be said to have had considerable societal impact. But how did the emergence of global supply chains come about? New technology played a part, of course – as did globalization and market liberalization – but neither explains the actual *processes* of transformation. The claim in this article is that new technology or political ideas make a difference only when they are mediated by changes in everyday routines, in 'the way we do things here': in other words, in local culture.

The empirical material that informs this conclusion is from a Norwegian trading house, Technical Supplies Partner (TSP), during intense years of change at the turn of the millennium. TSP went through three metamorphoses. The first was from a regional voluntary purchase association to a national retail chain. Both economic states allowed small shop owners to carry on their business at their own risk and reward. The second metamorphosis was from a retail chain to a stock-listed, hierarchical, Scandinavian supply chain. This represented an industrialization of operations, with centralization and concentration of resources and powers. Its third transformation was from supply chain to near bankruptcy. A new owner, a family concern, then unlisted it and set about reforming its operations, but that is another story.

The article starts with a review of the literature on culture in entrepreneurship research, and of entrepreneurship in anthropology. Entrepreneurship hasn't been a big issue in anthropology itself, while, until recently, culture hasn't attracted much attention in other research on entrepreneurship. From the literature review two conclusions can be drawn. The first finding is that there is not much analytical help from classical approaches in either field. The second is that there is a lack of knowledge of how informants' own rationalities and concepts shape the entrepreneurial process. In order to make sense of TSP's transformation, I have therefore turned to ethnography as a guideline about how to read and present the empirical material. The 'hows' of the TSP metamorphoses is the theme of the second part of this article.

Entrepreneurship research on culture

Entrepreneurship research constitutes what Foucault would call a discursive formation. It generates the object of study, as much as the rules and procedures for how proper research should be conducted. The lack of a unifying, rigorous theory is often mentioned as a problem, and there are many slightly different definitions of entrepreneurship (Casson et al. 2008), but there is agreement at least on some basic tenets. The term entrepreneur was first used in the early 1700s to refer to people who at their own risk 'undertook' to advance capital goods to producers who could pay them back (or not) only after the end of the production cycle (Cantillon 2009). Since then, tenets of risk-taking, profit and economic growth have been elements in definitions of entrepreneurship. Much later, the Austrian economist and founding father of modern entrepreneurship research, Joseph Schumpeter (1982, 2000, 2007), equated entrepreneurship with innovation: recognizing market opportunities and using innovative approaches to establish businesses. Entrepreneurship is also most often equated with new venture creation (Fayolle 2008).

Entrepreneurship research on culture can be divided into three types. In the first type, the aim is to find out how culture produces entrepreneurship; in the second how entrepreneurship produces culture. The third category is comprised of studies aiming to develop new (culture) theory in order to expand the theoretical horizon. Below, I present examples from each type of approach.

How culture produces entrepreneurship

The first type of studies treats culture as an input factor, and aims to find out its impact on the production of entrepreneurship. A recent review of literature on entrepreneurship and culture finds that the literature addresses three main types of problems: individual decision-making; regionalization; and cross-cultural differences in the level of entrepreneurship (Freytag and Turic 2009). The studies referred to, as well as the meta-analysis of their content, deals with culture as something that is already there, much in the same manner as the earlier anthropologists studied the 'culture' of their people. However, unlike anthropologists who wanted to understand people as they saw themselves, entrepreneurship researchers want to understand entrepreneurs in light of theoretically pre-conceived formal concepts.

The most systematic and internally coherent body of works draws on the work of Dutch management scholar Geert Hofstede (who also claims to be an anthropologist). Hofstede (1984, 2001) aimed to explain differences between organizational cultures and located the source of differences in five key dimensions of national cultures. Hofstede-inspired entrepreneurship studies aim to uncover how cultural differences between nations determine levels and forms of entrepreneurship. They confirm that there are indeed differences between countries (Ardichvili and Gasparishvili 2003; Antonic and Hisrich 2011), corporations (Kemelgor 2002), and individuals (Garcia-Cabrera and Garcia-Soto 2008), but only in terms of the very abstract notion of 'cultural traits' that fits with the Hofstedian schema. This makes for very narrow understandings of both entrepreneurship and culture.

There is also another fairly consistent body of work on culture that draws on notions of embeddedness, and explores how entrepreneurship is culturally embedded – indeed, doubly so among immigrant entrepreneurs (Kloosterman et al. 1999, Kloosterman 2010; Ram, Marlow and Patton 2001). This perspective has also influenced research on social entrepreneurship (Kistruck and Beamish 2010). Culture also appears as an input factor in the production of entrepreneurship in other guises: as a set of descriptive norms (Stephan and Uhlaner 2010), network values (Kalantaridis 1996; Zhang, Soh and Wong 2011), ethnicity (Frederking 2004), and according to national, corporate or professional type (Brown and Uljin 2004). These studies are to some extent open to local knowledge, and hence are closer to anthropological understandings than the more Hofstedian-accounts, but they still treat culture as a given resource.

How entrepreneurial cultures are made

The key issue in the second type of entrepreneurship research is how entrepreneurship is an input-factor in the production of cultural traits that are economically productive. This line of inquiry includes the study of family businesses (Hall, Melin and Nordqvist 2001; Chirico and Nordqvist 2010), different organizational types (Hult, Snow and Kandemir 2003), and political economy at many societal levels (Casson 1995). The aim of such research is to identify the characteristics of entrepreneurship as a resource and to discuss how these can best be applied to achieve instrumental, planned cultural change – like succession in family companies, or economic growth of companies and countries.

There is also a body of works that asks how to grow entrepreneurial cultures. In this line of study, entrepreneurship is regarded as a scarce resource in need of cultivation. The research question then is to find out how to increase and qualify the supply of 'entrepreneurship' in order to ensure the existence of entrepreneurial cultures, in countries as well as in companies. Answers range from education (Evangelista and Morvillo 2011; Levenburg and Schwartz 2008; Venkatachalam and Waqif 2005), to increased management capacity (Wang and Rafiq 2009; Fayolle, Basso and Bouchard 2011), by way of regional clustering (Ferldman 2001), and national policies (Low 2011; Henrekson 2005).

Ground-breaking efforts at theory development

The third type of studies is hard to classify, but they have more in common than merely being 'the rest', or not a part of mainstream entrepreneurship research. These publications have in common a concern with the dominant positive (or positivist) horizon in the field, and search for alternatives. Suggestions include shifting attention to process, to 'entrepreneuring' (Steyaert 2007), to 'disclosive spaces' where new ways of being-in-the world emerge (Spinosa, Flores and Dreyfus 1997), and to entrepreneurship as a 'sublime object' that allows researchers to grasp aspects of the otherwise intangible 'Real' (Campbell and Spicer 2005, Sköld and Rehn 2007). Others suggest making use of the potential in reflexive research to study entrepreneurship (Pilegaard, Moroz and Neergaard 2010), or of the dynamics created by the different ways of knowing (Gartner 2001; Landstrøm and Johannison 2001; Hjort and Johannisson 2008; Borch, Fayolle and Kyro 2011). Postmodernists identify the entrepreneurship discourse as a site for ideological control (Ogbor 2000), for including or excluding subaltern discourses (Steyaert and Katz 2004), for creative processes and conceptual experimentation (Steyaert 2011), and for entrepreneurship and 'ontological politics' (Steyaert 2011:83). More hermeneutic and phenomenological studies see entrepreneurship as processes of sense-making (Cornelissen and Clarke 2010), enactment (Johannisson 2011), and community change-making (Borch and Førde 2011). One productive line of inquiry follows the notion of entrepreneurship as 'effectuation' (Sarasvathy 2004; Sarasvathy, Dew, Read and Wiltbank 2008), of setting things in motion step by step. The more empirical research is concerned with entrepreneurship as lived experience, rather than as a condition for economic growth, and includes studies of immigrants (Urbano, Toledano and Ribeiro-Soriano 2011), the poor (Cahn 2008), emergencies (Johanisson and Olaison 2007), and cultural politics (Yue 2009).

The issue of culture has sparked interest in all kinds of entrepreneurship research, where it has been adapted to fit with a positivist leaning in the field, or in critique of it. There is a great abundance of aggregate data on the number and characteristics of new ventures, as well as biographies of successful entrepreneurs. Entrepreneurial individuals, businesses, or countries are regarded as quantitatively measurable material entities, their traits and values counted and correlated. The key concern in the field is to model the function of entrepreneurship in the economy, especially its role for economic growth.[1] This body of publications provides glimpses of entrepreneurship as specific, singular and deeply meaningful processes, but mainly as after-the-fact accounts: that is, research on everything but actual entrepreneurship itself. However, meaning is impossible to assess since research and arguments are based on *a priori* theoretical constructs that determine which inferences and connections informants are allowed to make, and on mathematically sound calculations of findings (Zafirovski 1999). The field is short on systematic, longitudinal analyses showing

[1] Schumpeter was also interested in economic slumps, but that topic has attracted rather less attention.

how the meaning and order of activities and relations are irrevocably altered as the result of new venture creation.

Anthropological studies of entrepreneurship

If culture studies in entrepreneurship research are poorly developed, the situation for entrepreneurship studies in anthropology is not much better. The most apparent reason for this is that business has not really caught on in anthropology as a legitimate object of study (Arnould E.J. et al. 2012). Another is that the epistemological differences between economics (of which entrepreneurship research is a part) and anthropology make them almost mutually unintelligible (Hann and Hart 2011; Gudeman 2012).

Anthropological accounts provide what statistically-inclined scholars call 'anecdotal evidence' about entrepreneurial practice, and anthropologists have been invited to make more use of formal economic principles (Casson 1996). A reply to this is that data based on these principles do not allow for analyses of social causality, which is not determined by objective natural laws, but by the limits of the culturally legitimate and possible; by rules of behavior; and by ideas of where and how to conduct one's affairs in a proper manner, and with what resources. Anthropology has produced a small number of quite exquisite works on entrepreneurship. One early work focused on how business exchanges affect and transform power relations (Blau 1964), and another provided a study of economic development through entrepreneurship, defined as innovative economic leadership (Geertz 1963).

Probably, the most famous account, however, is of the 'tomato man', an entrepreneur who changed the relations of production in a part of the then-fertile area of Darfur in the Sudan (Barth 1967). Barth also edited a tiny volume of articles that systematically documented and analysed how the self-subsistence agrarian economy in Northern Norway was transformed into an industrial market economy. This happened through the recombination of local resources, and as a result of the efforts at risk-taking by local farmers and shop owners interested in making a profit or a career (Barth 1972; Brox 1972; Rudie 1972). I find this volume to be one of the very few that make use of entrepreneurship as a theoretical construct to trace patterns of economic change as they are understood and practiced in local communities. What these classical analyses lack is attention to discursive changes and hermeneutics.

Such attention, on the other hand, is incorporated in more recent studies. A discourse analysis of an entrepreneur's autobiography, shows that for an entrepreneur much more is at stake than just economic profit (Carrier 1997). An analysis of a retail trader in Venezuela, 'Freddy, the Strawberry man', demonstrates how he is caught up in networks of meaning that pull him into unspoken, economically irrational, social obligations of various kinds (Montoya 2000). Monica Lindh Montoya's tale resonates with the approach of another economic anthropologist who speaks of economic analyses as world-wide, long-term 'conversations' in which local and academic theories mix and merge (Gudeman and Rivera 1990). This research approach opens up for accounts of change processes as they unfold, as actual consequence of actions and interactions are documented. They fill a gap in the understanding of culture in entrepreneurship research, and a gap in anthropology in the understanding of the material absolutes of economic processes.

Research design

My research in TSP was carried out in a series of organizational development projects over a period of eight years, from 1999 to 2007. The data were generated by two researchers who worked closely with two representatives from the chain. The research strategy of the project was anchored in two complementary traditions: one consisting of mainstream empirical-analytical social science research methods (best defined by Habermas 1971); the other of a Scandinavian active research tradition known as 'democratic dialogue' (Gustavsen 1992; Pålshaugen 1998, 2006). The first part of the research was carried out through series of interviews, and the aim was to identify gaps in the series of exchanges within the chain as a whole, as well as with key stakeholders outside the chain. Interviews were conducted more or less every two years, with smaller ad hoc surveys in-between in order to investigate particular problems. Findings from the surveys and interviews were combined with statistical data on sales and other financial figures in order to check on the economic outcome of this or that routine or initiative. The action research was done in the form of dialogue sessions, some involving a few key stakeholders, others including all managers. The project was funded by the Norwegian Research Council, with contributions in kind from the chain (mainly work time from the chain's employees and cost of events).

Over the years, and through engagement with the same people in different situations, by consistently taking notes and reflecting on my findings with my co-researcher, as well as with informants in the chain, I found myself drawn into an unintended, longitudinal ethnographic fieldwork as one project followed another. In ethnographic fieldwork, social realities are 'the sort of piled-up structures of inference and implication through which an ethnographer is continually trying to pick his way' (Geertz, 1973:5). Knowledge of the experiential aspects of the local processes is gained through total immersion and reflexive practice (Lassiter, 2005; Evans and Handelman, 2006; Moeran, 2007). This was how an understanding of the transformations of the chain grew, both for the people involved and for myself – piecemeal and as consequences became clear – and generated new conditions for knowing. Nevertheless, I have not positioned myself within the text, but instead aim to give a view from afar.

Given that the material is too rich to allow for a full presentation in this article, I have tried to follow Malinowski's (984: 15ff) requirement that research provide data on institutions and routines; significant events; and people's interpretations and sentiments relating to institutions and actions. Although not as radically interpretive and reflexive as post-modern ethnography (see for example Denzin 1997), this is an approach quite similar to an organizational ethnography that aims to represent the everyday (Ybema, Yanow, Wels and Kamsteeg 2009; van Maanen 2011).

The key people in the story that follows are Nick and his associates. Nick started work in the chain in the 1980s, became part of top management in the 1990s, and was one of the largest individual shareholders when the chain was listed on the stock market in 1999. His career then took a rapid downturn, and he ended up as a project manager without any budget or employees. His associates and critics were the A-team, an informal group comprising twelve to fifteen locally successful shop-owners, a number of headquarter employees, and the managers of some chain-owned stores.

The Origins of TSP

Technical Supplies Partner started out as a voluntary purchase association, set-up by a group of artisans in the central part of Norway in the1950s. The aim of the association was to coordinate the purchases of tools and equipment in order to gain better prices from wholesalers. Eventually some of the artisans started to sell on to other users and slowly became retailers rather than buyers of implements for their own use.

In the early 1960s, the voluntary association established a small company, located close to the capital. It formed a contract with an international trading house which allowed its members use of a well-known trade mark, access to a wide range of products, and reliable supplies. The TSP-company also initiated national marketing activities. However, most marketing was done locally, and purchases were made according to the preferences of individual artisans. There were no penalties if they chose to make use of other suppliers or their own company name. The relations between the TSP-company and the individual artisans were based on formal, individual contracts, but maintained by face-to-face relations and a large degree of personal trust and social control.

The first metamorphosis: from voluntary association to retail chain

In the 1980s, TSP had begun to streamline and intensify its national marketing services and expand its range of products, and many ambitious local entrepreneurs decided to join the association. One of them was Peter, a foreigner who had successfully set up a store in a small town in the middle of the country. In order to be included in local society, he engaged actively in the festivals and celebrations of the town that he had decided to make his own. Another entrepreneur was Ole, who, together with his brother and sister, had established a small shop that was located in a physically isolated place, but close to a highway that fed several small towns. The shop attracted customers from all of these towns, and after five years Ole's shop was the market leader. His competitors had gone out of business, he said, because of his excellent service. He said of TSP that 'they get the customer to my door, and I take over from there'. Hans, an artisan turned business owner, established his shop in the main street of a small town to the far south of the country. His reason for joining was to get access to the chain's inventory. He could be big and small at the same time, he said – big by offering customers access to a wide range of products; small in terms of personal relationships. Each of the many shop-owners who decided to join TSP had a different story to tell about their business, and why they wanted to join TSP. However, their common thread was that they all gradually transformed from artisans into professional retailers.

Slowly the association turned into what people called a 'chain', comprising a central office and more than one hundred small, independently-owned shops all over the country. The shop-owners still called themselves 'members', an inheritance from the time when TSP had been a voluntary association. Members paid an annual fee to the office for national marketing campaigns and access to products, but their relations with the office were ad hoc and at their own discretion. They made their product purchases by phone or fax, and got information about products from the various catalogues and lists produced by the office. As the need for coordination increased with the rapidly increasing number of new members, a national sales coordinator was hired to maintain contact between members and the office. This was Nick, who quickly hired two other coordinators. In the course of a few years he and his two assistants had visited all the stores in the country and had developed an extensive network among members.

However, members were still more enmeshed in their local networks than in TSP affairs. Each had an extensive knowledge of the needs and the rhythm of the social life of their local community. For example, shops in the far north of Norway, where winter lasts many weeks longer than in the south, stocked a quite different range of products from that found in shops in the south. Members also had detailed knowledge about upcoming local events that affected demand, and they also knew well about their customers' ability and willingness to pay for their purchases.

This local knowledge was exchanged at regular members' meetings organized by the office. These meetings had the semblance of trade fairs, as product were exhibited, and customers were invited, but most of all they served as hubs for internal communication and learning. Knowledge was exchanged in the form of public lectures and presentations by office employees, suppliers, and keynote speakers. More important for the members was the back stage exchange of 'war stories' (Orr 1996) and gossip. Such meetings created a sense of being part of a larger social community (Moeran and Strandgaard (2011), and they certainly gave the fiercely independent shop-owners the social support and acknowledgement to go on operating their isolated, small shops for another year.

Everyday business continued more or less as before – until the appearance of information and communication technology (ICT) in the late 1980s. Nick realised that this created opportunities to improve communication lines between the shops and the office, and so lessen his and his assistants' need to travel. The members, however, were not particularly interested in learning or investing in new technology and were absolutely not interested in the office's attempts at keeping track of their sales and profit rates. It was at this juncture that Nick started to shine. Based on the trust he had developed among members, he managed to mobilize people by setting up total quality circles in different parts of the country. This total quality management approach (TQM) was originally developed as means to increase product quality in Japanese manufacturing plants, but through Nick's innovative re-interpretation it was also found to be useful in retailing. Given that collaboration and cooperation are central tenets of the TQM-philosophy, it initially came as somewhat of a culture shock for the fiercely independent, competitive members of the chain. However, Nick maintained that it would be all for the better to implement the new technology. After having convinced many reluctant shop-owners to participate in the quality circles, he next managed to persuade a few members to adopt the new technology, and also insisted on development of ICT-competence and routines at the office. As members' understanding increased, more and more of them saw that the new technology allowed for improved profit margins through new routines that automated operations. They also began to make use of the chain's offers of training and other assistance in making use of the new technology. In a few years, Nick became the chief technology officer, and member of the top management group. He had a number of subordinates, an ample budget and a large office at TSP headquarters.

Peter, Ole, Hans, and ten to fifteen others got to know each other through the quality circles and their relations with Nick, and eventually became known as the 'A-team'. A-team-members were entrepreneurs in the classical sense. Each had established a new venture. Then they engaged in further entrepreneurial activities to jointly establish another type of venture, a chain, which they thought would support their local business. The members' annual meeting provided them with an arena in which to develop strategies and policies for the coming year, in the form of an emergent consensus. They were committed, resourceful, and gained both economically and socially from their efforts. The TSP-chain grew steadily in terms of shops. It made good profits that were promptly reinvested in new technology and member activities.

The second metamorphosis: from chain to stock-listed hierarchical supply chain

In the 1990s, TSP bought a number of smaller regional retail companies in order to establish a truly national presence. The office people convinced the many independent members to develop relations with the shops organized by these newly-acquired companies. Due to the increased flow of goods and problems with predictability of international supplies, it was decided to build a new central warehouse. International relations were strengthened as TSP agreed to a strategic alliance with a wholesaler supplying tools, equipment and machines for artisans. The contract with the original international wholesaler was renewed, but it was limited to consumer goods.

During this decade, the office people tested two new business models: chain-owned shops, and e-commerce. The latter was Nick's responsibility. Neither of the endeavours was particularly successful. The e-commerce site was designed to be fully automated, but customers wanted someone human to aid them, and the site was closed to work out a better solution. In order to establish chain-owned shops, TSP went into the property market and started buying plots of land and buildings which were redesigned to fit with the centrally determined 'space management' matrix. Then managers and employees were hired. The chain-owned shops were given a separate, somewhat different brand name, TP, to distinguish them from the well-established TSP brand of the member-owned shops. However, since neither employees in the shops nor their customers understood the difference between TP and TSP, the result was confusion and complaints. Nevertheless, the two different brands were continued as part of the overall strategy to develop an administered chain.

In 1999, the TSP holding company went public. It owned 50 shops, and had contracts with 250 independently-owned ones. About 30 people worked in the office, and the chain in total employed about 3000 people. It was a large and unruly system, and the board soon decided to ask the old CEO to leave the company and to hire a new CEO to streamline the chain's operations. It also decided to concentrate on consumer goods and terminated the contract with the wholesaler of goods to artisans.

The office was renamed 'the Headquarters' and divided into three divisions, consisting of wholesale, retail and marketing units. New managers were brought in from the outside and a top management group was established. The marketing manager redesigned the brand to attract younger customers – a move which failed dismally as sales plummeted, and he was soon out of a job. The marketing unit was then reorganized under the wholesale manager who began a process to develop a private label and set up chain-owned production lines in Eastern Europe and Asia. He also redeveloped the e-commerce brand, this time with great success. Meanwhile, the retail unit manager was the top manager of the chain-owned stores and he initiated a sales-spree, buying national chains in other Nordic countries. New routines were developed, and introduced through the new electronic workflow systems that the chain had invested in. Penalties were high for not making use of chain routines in every part of the shop operations.

The members of the chain were renamed 'traders', while the newly-hired managers of the chain-owned shops were to be called 'managers'. The new CEO did not want anything to do with the traders directly, and insisted on dealing with them through the chain of command and electronic workflow systems. The problem was that, as 'traders' were independent and only linked to the chain through their individual contracts, the Headquarters could not instruct them in how to act. Also, most of the traders used the TSP-workflow systems for purchases, but had their own accounting systems, and routines for sales and personnel management. Many of them still resisted implementation of new ICT-systems, but were gradually forced to comply as the relations with the chain were automated. They could no longer call or fax their orders because there was no one to answer the phone.

In other ways, too, the traders were systematically shut-off from participating in TSP affairs. The annual members' meeting was discontinued after the stock listing, as the general assembly of shareholders from then on became the legal public decision-making body. Headquarters did arrange quarterly meeting for managers, but traders were not invited. Eventually, the only way traders could maintain relations with Headquarters was for them to ask for a meeting and travel to the capital, or make a phone call to Nick or somebody else they knew.

Following the process of automation, the traders' leeway for choosing products from other suppliers became more and more limited. Penalties for buying from other suppliers than those with whom the chain had contracted got higher, and in the end the traders had no choice other than to buy from the chain. Then marketing fees increased and credit lines were reduced. Chain-owned shops were offered considerably better terms than the traders, but it took some time before this information started to travel along the TSP grapevine. Traders' only advantage was that they continued making money, whereas the chain-owned shops were operating with a loss.

At first, Nick, his assistants, and the A-team regarded the stock listing as a great success. Nick became one of the largest individual shareholders and, assured of his ability to promote change, he was happy about the streamlining of the organization. He expected TSP to become an even stronger and more powerful player who could set the agenda and spearhead innovative moves of its own, and he was convinced that he could use the experiences he had gained from the organization's earlier phase to the benefit of this new organization.

Nick's new ambition was to develop the chain's innovation management capacity. He also wanted to institutionalize a 'service innovation production line' through which ideas for improvements, pure inventions, or even wild suggestions could be brought forth, tested and, if feasible, become part of operational routines. He began to mobilize support for this project, both by getting external funds for an R&D project, and internally by mobilizing a group of traders and managers, as well as a number of headquarter employees. When Headquarters was reorganized, however, he found himself demoted, since there was no longer the position of a chief technology officer. A host of consultants were brought in to implement new and more comprehensive work-flow systems in the chain, and Nick's own role in the chain's technological development became less prominent. He wasn't initially concerned with this, as he said that the ICT-functions had become part of the chain's routine operations anyway. He had become manager of special projects and saw this as a good position from which to develop the chain's capacity for innovation.

However, instead of making headway, he found that his scope for action gradually decreased. Every single suggestion he made was deemed not to fit with the new business strategy. He was demoted and demoted again. A corps of loyal and militant managers was hired to shape up the chain, and to work as managers in the chain-owned shops. Employee training was discontinued, as was the sales coordination function of the kind Nick had had when he first started working for the TSP chain. After a few years, he found himself simply grounded: forbidden to visit any trader, but required to sit in the project workroom and manage projects. His two assistants were given new tasks that kept them occupied away from him. Finally he told traders not to contact him, as this might possibly create trouble for them with the new managers and consultants. Meanwhile, the chain continued to grow in terms of shops, employees, and sales figures, but not in terms of profit.

The third metamorphosis: creative destruction

As mentioned earlier, Schumpeter was concerned with economic slumps as much as with economic growth. He found that economic change occurred as the result of 'creative destruction', meaning that entrepreneurs created new business that outperformed established companies, and hence were deemed to be 'creative'. The less competitive established companies were 'destroyed' in the sense that they went out of business. Schumpeterian logic dictates that where there is entrepreneurship there is change and growth; where there is no entrepreneurship there is no added value beyond what is created at the present shape of the economy. According to the Schumpeterian way of understanding entrepreneurship, therefore, it is either productive or altogether absent.

However, in the case of Nick and his associates, neither of these alternatives fitted the case. There was entrepreneurship, but it was not productive in the sense of sustaining economic growth. Schumpeter derived his model from Karl Marx's original conception of the creatively destructive aspects of economic change. The original conceptions concerned how one economic order used up every resource and destroyed itself in the process, but also created the conditions for a new order. This understanding of creative destruction has been used in more recent studies of self-destructive tendencies in the capitalist system of production in general (Berman 2010; Harvey 2006). The TSP case could be said to be an example of this kind of creative destruction. The creation of the early entrepreneurs – the stock-listed hierarchical supply chain – destroyed the possibility for further entrepreneurship in the form it had taken place during the first metamorphosis. Hence entrepreneurship was not productive, even though it was entrepreneurship nevertheless.

The chain's demise began in 2007. By then Nick had patiently worked from his desk in a corner of the project room, with no subordinates, budget or shares. Each of the A-team-traders was in conflict with the new CEO over new contract formats, location, marketing activities, and whatever else was on their individual agendas. Ole was concerned with the chains' plan to force him to change location and turn his customer-friendly store into a self-service supermarket, and with succession as his son was due to take over in a few years' time. Peter was concerned with maintaining his store's dominance in the small town where he lived, as two competitors had set up stores not far from him. Hans, who had no heirs, was concerned with the economy of retirement and securing the future for his employees. As the conditions for staying with the chain did not seem to further their individual life concerns, or make possible a decent livelihood, the A-team banded together and threatened to leave the chain *en bloc*. This threat was taken seriously because the A-team formed the most consolidated and influential group among the traders and, if they broke away, others were likely to follow. Moreover, the traders' stores (unlike the chain stores) were the profitable ones.

The turning point came, it was said, when Hans managed to get to meet the CEO face-to-face, in a secret meeting at Headquarters. The two men agreed to continue to meet and, eventually, other traders were included in deliberations and things started to change. Some new routines, arenas, and means of communications between Headquarters and the traders were established. Nick and his assistants, who had remained in spite of their negative treatment, were eventually allowed to travel and coordinate relations on a few limited projects. However, the economic situation of the chain continued to deteriorate, and in the end the owners decided to sell out. The chain was acquired by a family business, and immediately unlisted. It has since continued to underperform economically and has scaled back its operations considerably.

Conclusion

In this article I have investigated the global 'retail revolution' through the path chosen by key people in a Norwegian trade network called the Technical Supplies Partner (TSP). The story is told from the perspective of the entrepreneurs, 'Nick' and an 'A-team' of fiercely independent shop-owners. TSP was transformed first from a voluntary association into a market-leading Scandinavian retail chain, and then into a global supply chain. In the end it nearly went bankrupt.

I have made three main points in the article. The first is that the 'retail revolution' occurred as the result of new technology and market liberalization, but only as these were mediated through peoples' efforts at new venture creation. The TSP story is about the reshaping of everyday concepts, routines and relations, or of first-order changes.

The second point is that entrepreneurship changes conditions for entrepreneurship. During TSP's transformative years, its shops, products, the markets were unchanged, but the ways the organization worked were radically different. When Nick and his associates had realized their objective, a national retail chain, they found that they were not positioned to continue the creative work within the confines of the new organization. Their example is a reminder that entrepreneurship can be a destructive force. It can destroy the possibilities for further entrepreneurship. Hence, entrepreneurship is not only about creating new ventures or new products, but as much about generating conditions for its own realization, or second-order changes.

The third and last point is that ethnography is a good method for investigating how entrepreneurship changes the conditions for entrepreneurship. Ethnographic research occurs through long term immersion in and reflection on everyday affairs in an organization, and makes space for local theories and explanations in the ensuing analyses. This approach allows us to understand second-order changes that occur as a result of first-order changes. Statistical analyses do not. Entrepreneurship is an unpredictable business, but the solution is not to make it predictable, since it would then no longer be entrepreneurship.

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