Chapter I

FON: A Social Collaborative Technological Entrepreneurship

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Abstract

FON is a revolution, or at least is defined as such on its Web page (http://en.fon.com) and the multiple posts that inundate the blogosphere. Its objective is to create a universal and unified Wi-Fi network that allows the members of its community to share not only bandwidth, but also experiences and ideals. FON is a virtual community of Wi-Fi users worldwide making use of spare bandwidth from customers’ broadband connections. This enormous Wi-Fi network, practically free of charge, is the new project of Martin Varsavsky, an entrepreneur who in the past 20 years has created seven innovative businesses, nearly all in the high tech sector. The generalization of broadband connections and the development of Wi-Fi and WiMax wireless technologies will change the competitive landscape of the telecommunications sector, which will lead businesses to retool their business models, both with
relation to Internet and mobile telephones. With its visionary nature, FON is trying to position itself in this new context and for this purpose has the financial and strategic support of top companies such as Google, eBay, and Skype.

Background

In this chapter we present the new technological project of Martin Varsavsky, a natural-born and expert entrepreneur with previous national and international successful initiatives. He is an enthusiastic entrepreneur who loves to bet on innovating projects about which others only dare to think, accepting the risks derived from innovating and proactive behaviors (Covin & Slevin, 1989; Lumpkin & Dess, 1996, 1997).

The creation of a firm is usually associated both with the detection of market opportunities or with the entrepreneur’s survival needs. This case meets both motivations, although in a special way. As regards market opportunities, they are not only detected but creatively constructed. As for the entrepreneur’s survival needs, the theme is not about economic satisfaction, but a vital need for a person who defines himself as an entrepreneur and is able to project all his abilities towards being successful (McClelland, 1961) in each initiative he carries out.

As Drucker (1998) indicates, innovation is based on both creativity and ability to associate a solution with a need and Martin declares that he creates innovative companies to meet his personal needs. Varsavsky symbolizes the entrepreneur who Schumpeter’s (1911) early work established conceptually as innovator. According to the literature, innovation becomes an important factor that characterizes entrepreneurial behavior (Covin & Slevin, 1989; Karagozoglu & Brown, 1988; Miller, 1983; Miller & Friesen, 1982; Zahra & Covin, 1995). Entrepreneurship contributes to economic performance by introducing innovations, creating change (Audretsch, 1995), creating competition, and enhancing rivalry (Wong, Ho, & Autio, 2005). That is what Varsavsky naturally does in his every day life.

Literature on entrepreneurship habitually differentiates between nascent and novice entrepreneurs and habitual ones (Carter, 1999; Davidsson, Low, & Wright, 2001; Westhead & Wright, 1999). The habitual entrepreneur sets up a series of businesses, either in parallel (portfolio entrepreneurs) or in sequence (serial entrepreneurs); therefore, we can talk about novice, serial, and portfolio entrepreneurs.

Varsavsky is a habitual entrepreneur, mainly a serial entrepreneur since his great business projects have been sequentially made. Previous experience in the development of technological projects plays a prominent role in successful business opportunities recognition (Ardichivili, Cardonzo, & Sourav, 2003; Shane, 2000) in the same field (Cooper, 1985; Roberts, 1972). However, empirical evidence confirms that portfolio entrepreneurs have more diverse experiences and more resources.
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