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Entrepreneur-investor rivalry over new venture control: The battle for Balcones Distilling

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ABSTRACT

Entrepreneurs and investors sometimes battle for control of new ventures when their relationships deteriorate, a phenomenon that we describe as entrepreneur-investor rivalry. Theoretical accounts of entrepreneurs' and investors relationships preclude the potential for true rivalry, battles where either side can emerge with venture control, yet such rivalry can and does happen. To address the disconnect between theory and practice, we develop an initial theory of entrepreneur-investor rivalry from the in-depth, qualitative analysis of a battle to control a renowned craft distillery. Our theory elaborates why entrepreneur-investor rivalry can occur, how it can unfold, and how it can conclude, attending to contextual factors and interaction dynamics that shape the outcomes of three sequential stages and the overall rivalry process. In conceptualizing the features of entrepreneur-investor rivalry, we improve extant theory's capacity to explain such rivalry, provide practical prescriptions to mitigate or avoid it, and till fertile ground on which to invigorate its study. Most importantly, we provide a theoretical foundation to invigorate research on entrepreneur-investor rivalry and other relational dynamics of importance to venture resource mobilization, moving beyond assumptions that we "know all there is to know" about these relationships.

Entrepreneurs and investors sometimes battle for control of new ventures when their relationships deteriorate, a phenomenon that we describe as entrepreneur-investor rivalry. As examples, Justin Zhu (Iterable), Deb and Dan Carey (New Glarus Brewing Co), Adam Neumann (WeWork), and Steve Jobs (Apple), among many other entrepreneurs, have found themselves in such struggles with investors. Reflected in the unique situations, dynamics, and outcomes of these and other instances of rivalry for venture control is a prevalent phenomenon of consequence to the rivals, their organizations, and their stakeholders. Yet, how well do we truly understand why entrepreneur-investor rivalry occurs, how it manifests, and how it ends? For true rivalry to exist, either party must be able to emerge victorious, but what does it take for the ostensibly infrequent outcome of entrepreneurial control to occur?

Faced with normative pressure to scale their ventures (Markman and Waldron, 2014), entrepreneurs often mobilize resources from

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investors to facilitate longer-term venture growth (Clough et al., 2019). Some scholars suggest that entrepreneurs and investors collaborate to develop positive, mutually beneficial relationships (Huang and Knight, 2017), underscoring the absence of negativities needed for battles over venture control to begin and intensify. Other scholars suggest that entrepreneurs grant investors with unilateral venture control to obtain resources needed for longer-term venture development (Wasserman, 2008), suggesting that battles between the two sides will inevitably end in the investors' favor. From these theoretical perspectives, true rivalry—where either party could emerge with venture control—should not happen. Because extant theory and research do not account for the possibility of entrepreneur-investor rivalry, we know little about the processual conditions and dynamics through which such battles for control can arise, unfold, and resolve.

Our objective is to address this theory-practice disconnect by exploring and elaborating why and how entrepreneur-investor rivalry can unfold over time, as well as who can emerge with venture control. We perform a qualitative analysis of the battle for Balcones Distilling, a renowned craft whiskey distillery, between its founder and lead investor. This setting not only exemplifies the phenomenon we aim to explain, but also offers rich data that typically evade researchers due to the implications for the parties involved. Drawing from competitive dynamics theory's subjective perspective, we presuppose that rivalry entails the interplay of perceived tensions and actions between actors as they pursue control of the same things (Chen and Miller, 2012). These dynamics evolve over time, a product of the conditions that enable them to occur and the consequences of their occurrence. Our analysis holistically explores the precipitating events, tension-action dynamics, and other constructs that shaped the battle to control Balcones Distilling. Through this analysis, we show and conceptualize how entrepreneur and investor efforts to build positive relationships lay the groundwork for battles that can eventually destroy their relationships, providing an unintentional breeding ground for tensions to form and rivalry to escalate.

Our study thus produces an empirically grounded theory that elaborates entrepreneur-investor rivalry's constitutive dynamics, proposing constructs and relationships that matter to the rivalry process and its potential outcomes. Our theory primarily informs entrepreneurship research on entrepreneur-investor relationships, answering calls for richer understanding of how these relationships evolve (Clough et al., 2019). It also informs competitive dynamics theory by attending to a novel form of rivalry that involves different actors, events, tensions, actions, and outcomes than traditionally considered. We join recent efforts to move competitive dynamics theory beyond its emphasis on inter-organizational rivalry (Chen and Miller, 2015). These contributions come with an array of opportunities for future research based on applications, translations, and extensions of our theory and findings. Perhaps our greatest contribution is to pour the foundation for an invigorated body of research on entrepreneur-investor rivalry and other dynamics, which are key to the resource mobilization efforts that fuel venture development.

1. Theoretical foundations

1.1. Research on entrepreneur-investor relationships

Entrepreneurs who breathe life into successful ventures face immense normative pressure to scale their ventures quickly and soundly (Markman and Waldron, 2014). Those who take this path must mobilize the resources needed for venture development and longer-term performance by searching for, accessing, and transferring critical forms of capital (Clough et al., 2019; Wasserman, 2017). After identifying potential stakeholders, entrepreneurs appeal for access to their resources. But, before entrepreneurs can navigate the intricacies of transferring stakeholders' resources to their ventures (Bolton and Dewatripont, 2005), they must develop relationships with stakeholders.

Relationships between entrepreneurs and investors have received extensive attention due to the criticality of the investors' resources to venture development (Huang and Knight, 2017; Wasserman, 2008). The literature offers two perspectives on the development of entrepreneur-investor relationships leading up to focal capital transfers, with each perspective informing different assumptions about the post-transfer enactment of these relationships (Clough et al., 2019). Some scholars have depicted the development of entrepreneur-investor relationships as collaborative, productive, and positive endeavors. According to Huang and Knight (2017), relationships strengthen and contribute to venture development as entrepreneurs and investors exchange resources bidirectionally and look to satisfy each other's expectations. They describe the process as an ongoing "virtuous cycle where entrepreneurs and investors receive reciprocal value from resource exchange, leading to stronger affective and instrumental bonds over time" (Huang and Knight, 2017: p. 94) Although individual relationships vary in accomplishing this outcome, the takeaway is that entrepreneur-investor relationships predicate on the cultivation of mutual value, trust, and commitment, resulting in expectations that are agreeable and beneficial to both sides (Shepherd and Zacharakis, 2001).

Other scholars have depicted the construction of entrepreneur-investor relationships as one-sided. Although entrepreneur resources—like reputation and knowledge—are often useful to venture operations, most research posits that investor resources are key to longer-term venture development and performance (Wasserman, 2017). The implication is that entrepreneurs rely on investors more than the inverse. Beyond cash, investors provide advice (Zahra and Filatotchev, 2004; Zhang et al., 2011), guide strategizing (Fried et al., 1998), complement top management expertise (Knockaert et al., 2015; Zahra et al., 2009), and increase venture prestige (Chen et al., 2008; Stuart et al., 1999). Investors also develop alliances (Beckman et al., 2014), solicit additional investments (Hallen and Eisenhardt, 2012), and make personnel decisions while facilitating product commercialization (Boeker and Wiltbank, 2005; Fiet et al., 1997; Hellmann and Puri, 2000).

Extant research acknowledges that entrepreneurs pay a high price to obtain investor resources, often granting investors with controlling interests in their ventures (Brophy and Shulman, 1992; Kaplan et al., 2009; Wasserman, 2008, 2017; Gomez-Mejia et al., 1990). Such arrangements afford investors with majority equity stakes, board chairs, and directorships—sources of ownership power that organizationally and normatively imbue them with the capacity to dictate venture activities (Cable and Shane, 1997; Zacharakis et al., 2010). Although entrepreneurs sometimes retain ownership power and the control it affords when accepting investment (Somerville, 2021), the importance ascribed to investor resources has led scholars to view giving up such control as the cost of securing investment (Wasserman, 2006).[1] From this perspective, entrepreneurs who do not cash out at this point accept subordinate positions and serve at the pleasure of investor-directors. Sometimes entrepreneurs remain as CEOs, but they can also move into other executive positions or limit their involvement to board membership (Rosenstein, 1988; Wasserman, 2006, 2008). To obtain growth-enabling resources, then, entrepreneurs cede control of their creations to investors (Wasserman, 2008).

Taking on investors, particularly those who receive controlling ownership interests for their support, can mean various things for entrepreneurs' longer-term involvement with their ventures. Most entrepreneurs exit their ventures before they go public or achieve other desired outcomes, whether voluntarily (e.g., cashing out) or involuntarily (e.g., being fired, resigning, or accepting buyouts under pressure) (Wasserman, 2008). These outcomes sometimes result from battles between entrepreneurs and investors for venture control, which, according to prevailing beliefs about the power dynamic in these relationships, end in the investors' favor (Rosenstein, 1988; Wasserman, 2006, 2008). Scholars have recognized increased oversight of entrepreneurs' work, emotional attachments to (and even psychological ownership of) their ventures, and strong beliefs that they determine venture success as reasons for futile attempts to retake venture control (Collewaert, 2012; Ehrlich et al., 1994; Higashide and Birley, 2002; Sapienza and Gupta, 1994; Wasserman, 2006; Zacharakis et al., 2010).

Extant accounts of entrepreneur-investor relationships fundamentally depict these actors' battles over venture control as inconsequential conflicts with predetermined outcomes. From the perspective that entrepreneurs grant investors with ownership power, true rivalry where either side can emerge with venture control—the focus of our study—should neither occur nor persist. Investors so empowered can terminate entrepreneurs at will or apply pressure to encourage more graceful exit (e.g., resigning or accepting buyouts). If investors can unilaterally remove entrepreneurs from ventures, efforts by entrepreneurs to retake control—for whatever reason—should largely be futile. If entrepreneurs believe that trying to retake venture control is indeed pointless, they should be unlikely to instigate or escalate such fights, perhaps except when emotion governs their actions (Wasserman, 2006). In practice, however, entrepreneur-investor relationships do not always adhere to assumptions of investor dominance, entrepreneur subservience, and fated outcomes.

The occurrence of true rivalry is likewise at odds with the premise that investment deals result from good-faith collaboration and mutual value creation. If these relationships are indeed built on positive foundations, they should lack the negative qualities needed for battles over venture control to manifest and worsen. This includes deals that afford investors with venture control: Entrepreneurs, who often make investment deals under legal counsel, have presumably found the terms to be agreeable and beneficial. When rivalry does occur in relationships built on strong positive foundations, the very efforts to build these positive foundations may unexpectedly set the stage for battles that eventually destroy them. It is possible that rivalry rests on actions resulting as much from misinterpretations, misunderstandings, and miscommunications, etc. as from any negative qualities and intentions of the actors involved—a common assumption in research and practice (Cable and Shane, 1997; Shepherd and Zacharakis, 2001). Whatever the reasons, theory and research remain silent on how efforts to collaborate can set the stage for consequential combat in entrepreneur-investor relationships.

Our intention is to explore the constitutive dynamics of entrepreneur-investor rivalry for venture control. We are particularly interested in what allows such battles to occur, why and how they intensify, and who assumes control—the focal outcome of rivalry in this context. Developing initial theoretical understanding of this distinct form of rivalry answers entrepreneurship scholars' calls for greater scrutiny of relational processes that have largely been overlooked in the literature (Clough et al., 2019; Huang and Knight, 2017)—including those marked by discord (Forbes et al., 2010). The answer may bring, as well as inspire subsequent research that evokes, some unexpected insights. For instance, while we assume that investors dominate battles for control, certain factors and dynamics may allow for alternative outcomes. Additionally, understanding the origins and evolution of battles for control equips entrepreneurs, investors, and other venture stakeholders to avoid unwanted and unproductive combat. Staying out of these fights is desirable given their potential disruptiveness to venture performance, personal reputations, careers, investments, etc. (Collewaert, 2012; Higashide and Birley, 2002).

1.2. *Competitive dynamics theory as an orienting lens*

We adopt a competitive dynamics lens to pursue our research objective. Competitive dynamics theory has offered objective and subjective perspectives to explain rivalry between firms. Scholars adopting the objective perspective have studied the interplay of rival firms' competitive actions as they pursue the same sources of market advantage (Chen and Miller, 2012), both in product markets for consumers and factor markets for resources (Capron and Chatain, 2008; Chen, 1996; Markman et al., 2009). Actions constitute "specific and detectable market moves initiated by a firm, such as introducing a new product or entering a new market…to erode a rival's market share or reduce its anticipated returns" (Chen and Miller, 2012: 141–142).

Such work, which assumes that economic rationality underpins competitive behavior, has recognized that firm and action attributes influence interactions between rival firms as they pursue advantages in product and factor markets (Chen, 1996; Chen and Miller, 2012;). During product-market rivalry, for instance, larger firms take more visible actions than smaller firms to "signal their commitment in the hope of intimidating competitors and deterring response" and to "meet their obligations to a wide variety of

[1] Emerging practical evidence suggests that entrepreneurs can retain venture control despite taking on investors. Such cases can arise when the investors seek income from—not involvement in—venture activities and/or when they rely on entrepreneur resources to sustain these activities.

stakeholders" (Chen and Hambrick, 1995: p. 460). According to the objective perspective, then, rivalry consists of competing firms' actions to control the same markets and can be understood by examining correlations between firm and action attributes.

Scholars adopting the subjective perspective of rivalry consider the impact of managers' cognitions and emotions on their firms' competitive actions (Tsai et al., 2011). This perspective depicts the tensions that managers perceive to exist with rival firms as drivers of their actions against rivals, suggesting tensions both shape and are shaped by actions (Chen et al., 2007). Tension "refers to the [perceived] strain between a focal firm and a given rival that is likely to result in the firm taking action against the rival" (Chen et al., 2007: 102). Tension is experienced individually by each rival rather than socially constructed and understood among rivals (Chen et al., 2007).

According to the subjective perspective, rivalry occurs when tensions build, encounter breaking points, and manifest in competitive actions (Chen et al., 2007). Breaking points provide conditions critical to the emergence of rivalry, constituting discrete events that trigger the conversion of competitive tensions into actions and that shake up the relational equilibrium between competitors. Such actions aim to (re)gain advantages by protecting one's own or attacking their rival's markets and thus to reduce perceived tension with that rival. Yet, taking these steps can undesirably and unintentionally "pull a static interfirm relationship into a dynamic behavioral interplay" (Chen et al., 2007: 107). Notable here is that rival firms' managers perceive tensions asymmetrically, such that each side can experience different levels of tension (Chen, 1996). Moreover, the tensions that manager perceive reflect both their own and stakeholder evaluations of the seriousness of competitive threats from rivals (Chen et al., 2007).

Tensions emanate not only from interpretations of economically threatening rival attributes (e.g., scale; attack volume), but also from interpretations of rival encroachments on psychologically meaningful turf (Chen and Miller, 2012). According to Livengood and Reger (2010), managers socially construct, maintain, and operate according to cognitive representations of their firms' competitive turf, drawing from consensual understanding of what their firms do that defines and distinguishes them from competitors. Efforts to hone and defend these identity domains, which consist of shared managerial beliefs about the central, enduring, and distinctive value that firms create for their markets, explain "why firms act and react the way they do above and beyond behavior predicted by traditional economic theory" (Livengood and Reger, 2010: 49). Given strong emotional attachments to their identity domains, perceived competitor encroachment on these domains creates powerful tensions, eventually triggering "fierce and forceful retaliation that may seem irrational to outsiders" (Chen and Miller, 2012: 154).

Looking at rivalry subjectively indicates that tensions, especially those rooted in emotions, can contribute to economically inexplicable escalations of rivalry. For instance, rivals who have engaged in prior competitive interactions desire to compete more intensely in each successive competitive interaction—even when such behavior holds no obvious economic value (Kilduff et al., 2010). As their histories become intertwined, tensions mount as each side more myopically defines the other as a rival, becomes more psychologically involved in their battles, and increases the perceived stakes of rivalry. When embedded in such relationships, rivals may senselessly fight to emerge victorious, highlighting attempts to win simply for the sake of winning (Ku et al., 2005).

The subjective perspective conceptualizes rivalry as a relational, perceptual, and socially constructed phenomenon, making this perspective ideal to structure our examination of rivalry between entrepreneurs and investors. Although the subjective perspective was originally applied to explain rivalry between firms for market advantages, it can usefully apply to our study of rivalry between entrepreneurs and investors for venture control. The fundamental essence of rivalry entails two sides battling to control the same thing. Like organizational rivalry where two combatants battle to control markets, entrepreneur-investor rivalry entails battles between two combatants to control ventures.

We employ the subjective perspective's core constructs and tenets to orient our exploration of entrepreneur-investor rivalry. Our study explores the breaking-point events and tension-action dynamics that shape the process and outcome of such rivalry while considering the role of sociocognitive domains and stakeholder evaluations during this process. Contextual differences between rivalry to control ventures and markets, such as the actors involved and outcomes sought, underscore the need for new theory on the distinct processual conditions and dynamics that characterize battles for venture control. New theory on these battles may also enrich emergent understanding of rival behavior that is more emotionally than economically motivated.

2. Methodology

We grounded the exploration and development of theory on entrepreneur-investor rivalry in the inductive qualitative analysis of the battle for Balcones between Chip Tate and Greg Allen. This research setting was one where entrepreneur and investor engaged in rivalry, yet the underlying dynamics were underserved by current theory (Santos and Eisenhardt, 2009). We sought to make sense of the process and outcome of rivalry between these actors by studying an exemplary instance of it (Navis and Glynn, 2010; Suddaby and Greenwood, 2005). We adapted Hampel et al.'s (2020) methodology, who built on Langley's (1999) work on process theorizing, to fit our research setting and question.

2.1. Research setting

Balcones Distilling is a craft whiskey distillery founded by Chip Tate in 2008 in Waco, Texas. To establish the first whiskey distillery in Texas since the U.S. Prohibition (1920–1933), Tate secured an old warehouse under a bridge and built his company by hand. Not only did Tate design and weld his own distillation equipment, but he also innovated ingredients, product recipes, distillation techniques, and aging processes that challenged longstanding notions of how whiskey is produced. Balcones released its first whiskey—Rumble—in May 2009. Over the next four years, Tate and Balcones received rave reviews, built a cult following, and won international competitions where Balcones' products unexpectedly bested offerings from renowned distilleries with centuries of tradition and experience. Some in the media even dubbed Tate as the "Steve Jobs of Craft Whiskey" (Thomas, 2014). This success corresponded to growth in demand that Balcones could not accommodate with its current resources.

Motivated to share his craft with potential patrons, Tate sought an investor who shared his passion for craft whiskey and his vision for the distillery, spurning buyout offers from major distilleries and distributors. After a long search, Tate and Greg Allen of PE Investors, a group based in Oklahoma City, Oklahoma, closed a deal in June 2013. Among other considerations, Tate and Allen decided to work collaboratively in pursuit of Balcones' future. Allen became the board chair and assumed responsibility for venture finance and business oversight/advisory roles. Tate, who remained CEO and head distiller, was to run the business, innovate process and product, and guide an expansion project.

This working arrangement started smoothly, but the honeymoon rapidly turned to heartache as a promising relationship disintegrated into a battle over control of Balcones. By December 2014, a mere 18 months after his partnership with Allen began, Tate decided to leave Balcones—the outcome of rivalry in this case. Why and how this battle initiated and intensified between the partners, culminating in one side taking complete control of the venture, is the subject of our investigation. Table 1 conveys noteworthy milestones in Balcones' history, including Tate and Allen's rivalry.

The Balcones case provides an ideal setting to develop conceptual understanding of entrepreneur-investor rivalry over venture control. Tate's and Allen's early relationship exhibits the features proposed by extant theory. Not only did Allen obtain a dominant ownership interest, but the two sides also developed a very positive, collaborative, work arrangement. Under these circumstances, true rivalry to control Balcones should not have occurred, yet did. Moreover, access to rich, multifaceted data offers a valuable opportunity to explore what happened at Balcones, supporting the development of theory on entrepreneur-investor rivalry. Balcones had developed a cult following, which yielded extensive attention to and information about the venture, its happenings, and the eventual battle for control.

Table 1
Timeline of notable events in the battle for Balcones Distilling.

Stage	Date	Event
Pre-rivalry	May 2008	Chip Tate incorporates Balcones
	Sep 2009	Balcones offers its first products, becoming the first legal distiller of whiskey in Texas since U.S. Prohibition
	Dec 2011	Balcones wins Whisky Magazine's Icons of Whisky award for craft distilling, among the first of many domestic and international awards and accolades for the company and its products
Welcome to Paradise	Mar 2013	Greg Allen visits Balcones while evaluating an unrelated investment opportunity at a Virginia distillery Tate and Allen begin to discuss the latter funding the Balcones expansion project
	Apr-May 2013	Conversations about Balcones ownership structure unfold — Allen and his group would buy out Steven Germer and half of Michael Rockafellow's shares; negotiate terms of the revised operating agreement (OA) for the LLC
	Jun 2013	Finalize deal for PE Investors to fund the expansion of Balcones in exchange for 58% stake in Balcones, the Board chair, and 3 (of 5) board seats; Tate retains operational responsibilities and ultimate approval on all board decisions
Boulevard of Broken Dreams	Jul 2013	Balcones "breaks ground" on new 65,000 sq. ft. distillery, which entails a remodel of the old Waco Fireproof Storage Building
	Dec 2013	Tate first indicates to Balcones Board at their December meeting that the distillery expansion may cost more than initially reported; Board expresses dissatisfaction with quality of initial plan and budget; Board suggests Tate underqualified to handle expansion
	Jan-Apr 2014	Board hires a process engineering firm to assist Tate in the planning process; Tate accepts arrangement Allen delivers a negative performance review of Tate Tate presents revised plan to Allen and the Balcones board at their April meeting; budget continues to grow beyond initial estimate
	May-Jun 2014	Conversations emerge about a fundraise to bridge the gap between initial investment and polished expansion budget; fundraise would dilute Tate's ownership stake At a June board meeting, Allen and his allies formalize plans for the fundraise and propose that Tate step down from CEO duties, instead working to focusing on head distiller duties and serving as the brand ambassador for Balcones; Keith Bellinger made COO and Pat Donehue made CFO; Tate contests fundraising plan
	Jul 2014	Tate refuses to attend board meetings, using OA terms to prevent votes on his roles and the fundraise; Allen encourages Tate to show up for the good of Balcones
	Aug 2014	Allen disrupts Tate's meeting with corn supplier and requests that Tate take a leave of absence (LOA); Tate agrees Balcones board officially suspends Chip Tate for alleged violations of his LOA terms Balcones board obtains a temporary restraining order (TRO) against Tate citing violations of suspension terms and threats of violence
Good Riddance	Sep 2014	Chip Tate files his response with the court to the Board's petition and request for injunctive relief
	Oct 2014	Judge rules Tate in contempt of court for violating TRO terms Both sides agree to summary judgment on terms of OA Tate seeks damages and injunctive relief from board action; various petitions and denials from both sides continue Tate begins to tell his story in the media; Allen and the board "speak" through the legal filings
	Nov 2014	Court makes summary judgment in Tate's favor and invalidates board actions that violate OA terms; Allen defines this outcome as a temporary setback; Tate claims ultimate victory Both sides agree to drop all lawsuits; The two parties enter mediation
	Dec 2014	With Tate's court-ordered return to his duties at Balcones looming, Allen and allies buyout Tate's equity stake in the venture

2.2. Data

We collected three types of qualitative data—legal petitions, interviews, and media accounts—from 2012 to 2016, which captured information prior to, during, and after the rivalry between Tate and Allen. Our focal sample frame began with Tate's and Allen's initial conversations in March 2013 and ended with Tate's decision to leave Balcones in December 2014. Although we collected more extensive data during the sample frame, the following description focuses on data germane to our research question.

2.2.1. Legal petitions

The first source of data consisted of 57 legal petitions (1032 pages of text) that comprised the court battle between the Balcones board and Tate, spanning from August to November 2014. In making claims and counterclaims about a set of issues, the petitions chronicled the history of the relationship and rivalry between Allen and Tate from their own perspectives, including what happened, why and when it happened, and what it meant to them. Additionally, from the exhibits attached to the petitions, we obtained documents like Balcones' revised operating agreement, private emails and letters, social media posts, and board meeting minutes and resolutions. The petitions informed core understanding of relationship-building and rivalry instigating events, tensions, actions, as well as the interplay of these and other potentially relevant factors in shaping the rivalry outcome.

2.2.2. Interviews

The second source of data consisted of nine interviews, six of Chip Tate, two of Greg Allen, and one of a national spirit distributor's Vice President of Sales (131 pages of transcribed text). The interviews helped to validate and enrich insights from the legal petitions. These documents captured Tate's, Allen's, and an industry expert's distinct interpretations of the rivals' relationship and eventual battle, delving into what they did, why they might have done it, and what the consequences were. Five interviews with Tate were conducted by third-party experts (e.g., respected industry podcasters), a fortuitous byproduct of widespread interest in the case, as the battle for Balcones became public between August and November 2014. Another interview with Tate was conducted by the research team in a five-hour session during March 2016, well after his voluntary departure from Balcones. Two interviews with Allen were conducted—one by a third-party expert in December 2014 and another by the research team during a three-hour session in September 2021. The final interview, of an industry executive who had distributed Balcones product, was conducted by the research team during a two-hour session in September 2021 and used solely for triangulation purposes.

2.2.3. Media accounts

The third source of data consisted of 27 media accounts of the rivalry event, all of which were published during the court battle and recounted the history of Tate's and Allen's relationship. The media accounts took the form of periodical articles (e.g., *Waco Tribute Herald* and *The New York Times*) and industry blogs (e.g., *Whiskey Cast* and *Spirits Business*), as well as trade journals and press releases. These accounts validated the timeline of events and ensured that external stories of the rivalry event aligned with each other and with

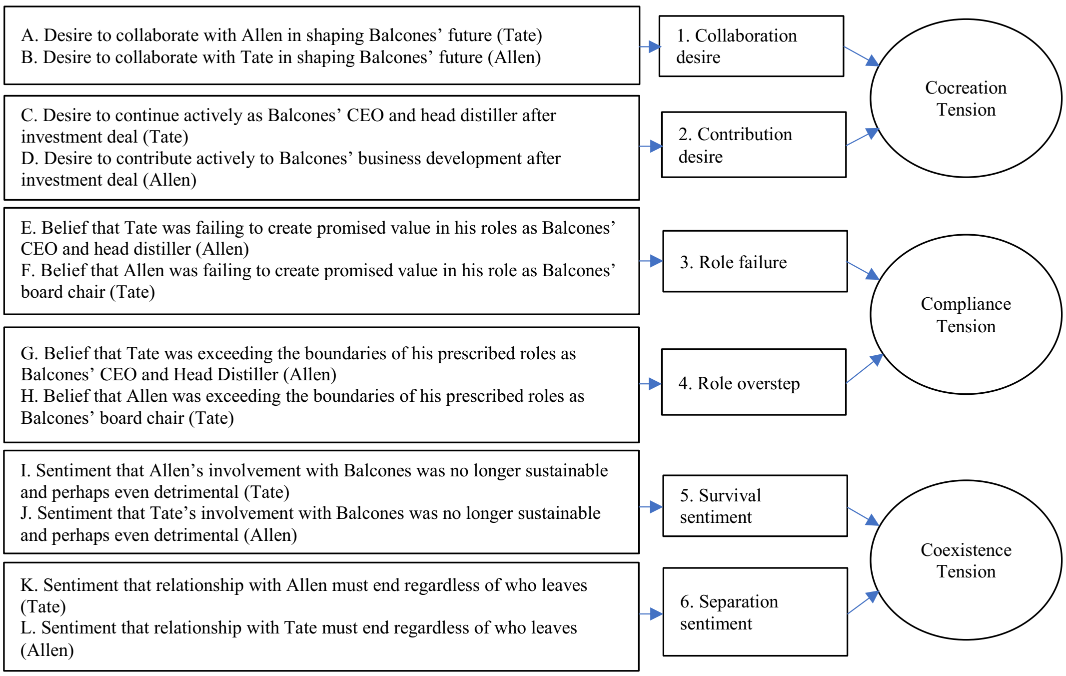

Fig. 1. Data structure—tensions.

those offered by the actors involved—namely, Tate and Allen. Triangulation and alignment across the data sources, along with a dearth of additional insights, signaled the attainment of theoretical saturation and the adequacy of our dataset (Glaser and Strauss, 1967). It also enabled us to socially construct a story of what happened between Tate and the investor-directors. Although not central to our inquiry, we also collected 40 periodical articles on the craft distilling industry—published over the decade leading to the Balcones case's conclusion (2005–2014)—to bolster understanding of the broader industry context.

2.3. Analysis

2.3.1. Grounding: Narrative construction and open coding

The first step was to develop a historical narrative that chronicled the evolution of Tate's and Allen's relationship from inception to conclusion, including their rivalry and its outcome—Tate's decision to exit and cede control to the investor-directors. To develop the narrative, we developed a chronologically ordered list of key activities from the data sources, including breaking-point events that appeared to shift the nature of interactions between entrepreneur and investor (Langley, 1999). Crafting a story of what happened at

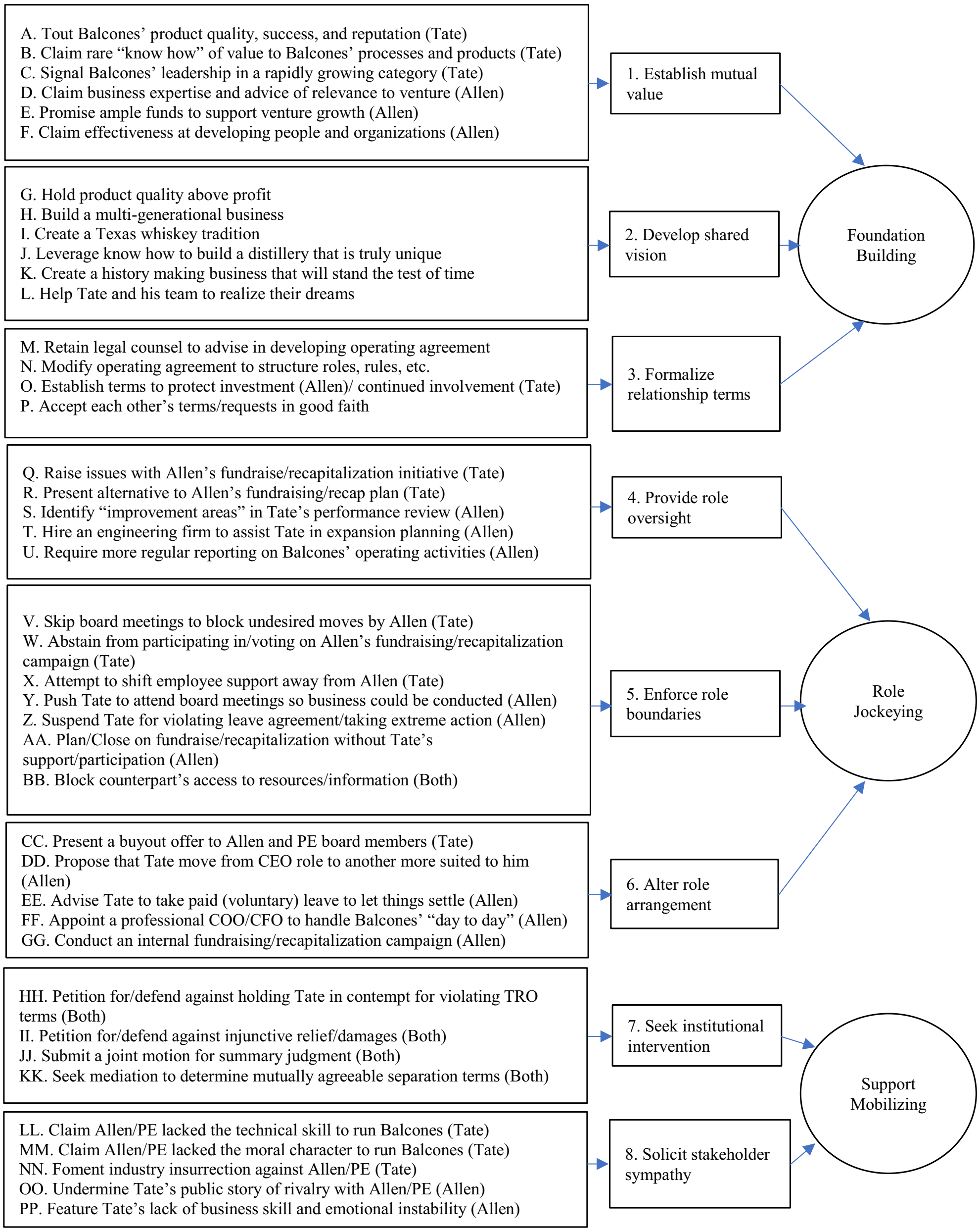

Fig. 2. Data structure—actions.

Balcones provided context within which to make sense of the data and to position the resulting insights about the advent, evolution, and outcome of entrepreneur-investor rivalry.

The second step was to make sense of the key dynamics of the rivalry process at Balcones. We identified the types of tensions and actions that occurred between Tate and Allen by coding why and how they battled for control of Balcones (Berg, 2004; Strauss and Corbin, 1990). Our coding captured the nature and determinants of each side's unmet expectations (tensions), as well as subsequent efforts based on these disconnects (actions). In terms of what was coded, this step focused on blocks of raw text, ranging from sentences to paragraphs, that described tensions and actions between Tate and Allen. When applicable, we were also attentive to the actions constituted by the data sources themselves, such as the type of legal action captured in a particular filing.

This step identified 54 first-order codes: 12 tensions and 42 actions. Examples of first-order tension codes include the desire to collaborate in shaping Balcones' future and the desire to contribute actively to that future. Examples of first-order action codes include establishing terms to protect continued involvement and modifying operating agreement to structure roles, rules, etc. Figs. 1 and 2 provide an overview of the first-order codes in the context of the overall coding structure. Tables 2 and 3 exemplify each first-order code's grounding in raw data.

2.3.2. Organizing: Second-order themes and aggregate theoretical dimensions

The second analytical step was to organize the initial set of empirical insights that we gleaned from the data into theoretically meaningful constructs (Langley, 1999). We began by looking for relationships or connections between the first-order codes to uncover broader conceptual themes (Berg, 2004; Strauss and Corbin, 1990), continuing this process until we uncovered theoretically oriented, overarching dimensions that would facilitate the presentation of the data (Corley and Gioia, 2004; Nag et al., 2007).

From the 12 first-order tension codes, we identified six second-order themes that were reflective of three theoretical types of tensions represented in the data. For instance, cocreation tensions (theoretical tension type) entailed the underlying friction between each side's simultaneous desire to collaborate jointly and to contribute uniquely to Balcones' development (second-order themes). To exemplify the grounding of the second-order themes, collaboration desire (second order) entailed each side's desire to collaborate in

Table 2
Theoretical tension types, second-order themes, sample first-order codes/raw data.

Theoretical tension type: cocreation	Sample data segment
1. Collaboration desire	
B. Desire to collaborate with Tate in shaping Balcones' future (Allen)	1B. Chip was enthusiastic, and interesting, and confident…The stills under the bridge were, as everybody knows, made for a lot less than maybe it would have cost to buy them. And so put all, packaged all that together, we were pretty comfortable that it was a safe bet to take the leap with Chip…(INT, Dec. 8, p. 8)
2. Contribution desire	
C. Desire to continue actively as Balcones' CEO and head distiller after investment deal (Tate)	2C. I remember when Chip was setting up the deal with the investors. We had a couple of phone conversations. Chip talked personally with me about trying to find the "right group" of investors who wouldn't try to take over the company or push him into doing things in a way that he didn't think was best. Chip intensely valued his independence and ability to operate Balcones his way. (MED, Sep. 5, p. 5)
Theoretical tension type: compliance	
3. Role failure	
E. Belief that Tate was failing to create promised value in his roles as Balcones' CEO and head distiller (Allen)	3E. What happen over time as he [Tate]– he just was not successful in the business side of Balcones [as promised]. He had trouble with budgeting. He had trouble with organization. He had trouble frankly with culture. Of course, the big problem was, as you mentioned, the expansion, just not getting any real legs in terms of a credible timeframe. When we finally get a timeframe and we finally did get some answers that the four million dollar estimated budget turned in to be a request for $12.6 million. That was just not something that was going to work out. (INT, Dec. 8, p. 7)
4. Role overstep	
H. Belief that Allen was exceeding the boundaries of his prescribed roles as Balcones' board chair (Tate)	4H. I [Tate] feel like one of the hazards that can happen is that people who run the company tend to be business-oriented types. There's nothing wrong with that per se if they also are artistic types in terms of, [for example], if you're in an art business you need to understand the art business. If you have the artist being run by the business people, then the art suffers…whenever they [Allen/PE] would try to have too much of a role I would just say… 'I really appreciate your input on that and that's a valuable contribution, and I will take it all under consideration and make a decision.' (INT, Nov. 12, p. 5)
Theoretical tension type: coexistence	
5. Survival sentiment	
J. Sentiment that Tate's involvement with Balcones was no longer sustainable and perhaps even detrimental (Allen)	5 J. We never saw anything that was credible enough to make us think we were going to get bought out. To answer your question, it looked like it was headed this way. It looked like it was headed this way unless Chip was going to be willing to work with us going forward, which obviously that didn't turn out to be the case. (INT, Dec. 8, p. 6)
6. Separation sentiment	
K. Sentiment that relationship with Allen must end regardless of who leaves (Tate)	6 K. My hope is the same as it has always been over the past few months which is that one of us must leave. This isn't a great marriage anymore and we need to decide who gets to keep the house. If they are hell bent on keeping Balcones then they need to pay me my part and give me my freedom. (MED, Oct. 22, p. 2)

Table 3
Theoretical action types, second-order themes, sample first-order codes/raw data.

Overarching dimension: foundation building			
1.	Establish mutual value		Sample data segments
	A.	Tout Balcones' product quality, success, and reputation (Tate)	1A. An important point about the new distillery is that Chip designed these stills. They are a completely new and innovative design…Once the new stills are built and the distillery constructed, Chip is the only person who has any idea on how it is supposed to operate. (LEG, Oct. 28, pg. 252)
	E.	Promise ample funds to support venture growth (Allen)	1E. Our role—meaning Mike Rockafellow's, the other owner and my role, my people that we brought to the table—our role was to help with financial resources and help in organizational development and help the process of growing a company. (INT, Dec. 8, pg. 1)
2.	Develop shared vision		
	G.	Hold the craft/product quality above all else	2G. So we always say we're not just trying to make whiskey in Texas, we're trying to make Texas whiskey. We're trying to create unique styles of whiskey that will in time become associated with Texas and really add something new to the offerings that are out there (MED, Jun; 2013, p. 32)
	L.	Help Tate and his team to realize their dream	2 L. My experience has been in building companies, supporting entrepreneurs, supporting people in nonprofits. It's gratifying to help people achieve success…I'm excited to help the people of Balcones be successful. (INT, Dec. 8, p. 13)
3.	Formalize relationship terms		
	O.	Establish terms to protect investment (Allen)/ continued involvement (Tate)	3O. Both the PE group and I built in controls and mechanisms and rules to the operating agreement, to recognize that they couldn't do certain things without my permission, and I couldn't do certain things without theirs (INT, Oct. 20, pg. 2–3).
	P.	Accept each other's terms/requests in good faith	3P. Chip had, and he should have had, all kinds of latitude in the beginning. (INT, Dec. 8, p. 6)
Overarching dimension: role jockeying			
4.	Provide role oversight		
	R.	Present alternative to Allen's fundraising/recap plan (Tate)	4R. [Option proposed in letter to Board Chair] Loan of $ [redacted] at prime interest rate and a royalty of $ [redacted] are sold beginning January 2017 and ending once the royalty payments in the aggregate equal the total amount drawn on the credit facility. No warrants. (LEG, Oct. 28, pg. 323)
	U.	Require more regular reporting on Balcones' operating activities (Allen)	4 U. They started just insisting on daily reports for this and that…new travel and expense policy and the list goes on and on. You're like, "Okay, wait a second. Are you all concerned about the travel that we've done?" (INT, Oct. 20, p. 3)
5.	Enforce role boundaries		
	W.	Abstain from participating in/voting on Allen's recapitalization/restructuring campaign (Tate)	5 W. Chip did not grant prior written consent to this "recapitalization, reorganization, and/or extraordinary transaction," an express requirement of the company agreement in Section 10.14. (LEG, Oct. 28, page 259)
	AA.	Close on fundraise/recapitalization without Tate's support/participation (Allen)	5AA. Mr. Tate declined to purchase any of the convertible debt instruments, PE Investors purchased all $15 million of convertible debt. (LEG, Oct. 23, pg. 557)
6.	Alter role arrangement		
	CC.	Present a buyout offer to Allen/PE board members (Tate)	6CC. [Describing buyout offer] One of us needs to leave. You [Allen/PE] all are clearly unhappy. I would really like to stay since this is the company I built and founded and so forth. (INT, Nov. 12, pg. 3)
	EE.	Advise Tate to take a paid leave to let things settle (Allen)	6EE. I don't spend much time in Waco, so I went to Waco to see Chip…asked him to take a leave of absence. (INT, Dec. 8, p. 12)
Overarching dimension: support mobilizing			
7.	Seek institutional intervention		
	HH.	Petition for/defend against holding Tate in contempt for violating TRO (Both)	7HH. Balcones…brings this…motion for sanctions to enforce the TRO, hold Tate in contempt for his violations of that Order, and sanction for his conduct in destroying and concealing evidence in violation of Texas law. (LEG, Sep. 29, pg. 831)
	II.	Petition for/defend again injunctive relief/damages (Both)	7II. [In response to the original TRO petition] Chip asserts a general denial…and respectfully requests that Plaintiff be required to prove its charges and allegations against Chip (LEG; Sep. 12, pg. 956)
8.	Solicit stakeholder sympathy		
	MM.	Claim Allen/PE lacked the moral character to run Balcones (Tate)	8MM. After they tried some pretty scuzzy stuff and it didn't work…they realized they've got some issues…When I say that these guys haven't been forthright—it's a bit of an understatement. (INT, Nov. 12, pg. 7–8)
	NN.	Foment industry insurrection against Allen/PE (Tate)	8NN. [Twitter Conversation] Chip Tate: Stay tuned as the facts unfold in the filings and make your own judgment. I can't really comment, but I would encourage everyone to follow their conscience on the boycott. (LEG, Sep. 30, pg. 849–50)

shaping Balcones' future (first-order). Tate and Allen experienced the same types of tensions in nuanced ways. During this coding step, we learned that desire to protect a specific type of sociocognitive domain, defined by the counterparts' distinct roles in shaping Balcones' development, contributed to the tensions that we identified.

From the 41 first-order action codes, we identified eight second-order themes that were reflective of three theoretical types of actions represented in the data. For instance, foundation building (theoretical action type) entailed establishing complementary value, developing shared visions, and formalizing relationship terms/roles (second-order themes). To exemplify the grounding of the second-order themes, formalizing relationship terms (second-order) entailed behaviors like retaining legal counsel to advise in revising the operating agreement and accepting each other's terms and requests in good faith (first-order). Tate and Allen engaged in the same types of actions, albeit in nuanced ways. During this coding step, we learned that rivalry intensified as the counterparts acted to protect their individual role domains.

2.3.3. Replicating: Process model development

The final analytical step was to capture the temporal trajectory and mutual shaping of the theoretical constructs and associated second-order themes over time (Langley, 1999). We returned to the historical narrative and bracketed it into three stages, assigning labels to these stages based on the general tenor of the rivals' interactions. For instance, the first stage was characterized by positive interactions and outcomes during the formative, pre-rivalry days of Tate's and Allen's relationship, so we labeled this stage "Welcome to Paradise." The stages reflected a "certain continuity in the activities within each period and there are certain discontinuities at its frontiers" (Langley, 1999: 703; citing Langley and Truax, 1994).

We then identified interplays between theoretical types of tensions and actions over time (Langley, 1999). This step determined the dynamics between Tate and Allen during each stage, as well as the impact of dynamics in each stage on the subsequent one and the eventual rivalry outcome—the act of replicating in Langley's process theorizing terminology. We linked the theoretical constructs to empirical instances of the tensions and actions detailed in the narrative, as well as explained how the interplay of these constructs initiated, worsened, and ended the battle with Tate leaving and the investor-directors assuming control of Balcones. We established the meaning of and assigned labels to three breaking-point events that uniquely altered tension-action dynamics at each stage of the rivalry process. For instance, we defined a June 2013 board meeting as a homeostasis-disrupting event, because a disagreement at that meeting disrupted the delicate relational equilibrium between Tate and Allen and fueled compliance tensions that instigated their battle for control. During this inferential step, we considered the potential impact of stakeholder evaluations on the rivalry process. For example, employee support for Allen and his contributions to Balcones' development appeared to grow as the battle unfolded, which may help to explain the consensual agreement for him to stay at and Tate to leave Balcones.

As the replicating step unfolded and the process model coalesced, we developed theoretical proposals about how, at each stage, key constructs might shape the rivalry process and outcome. To illustrate, we posit that as entrepreneurs and investors more evenly share venture control, an outcome of relationship-building dynamics during the "Welcome of Paradise" stage, they become more prone to engage in eventual rivalry over control. When applicable, abductively engaging the competitive dynamics and entrepreneurship literatures informed and linked our theory development effort to extant work.

3. Developing a processual model of entrepreneur-investor rivalry

Our inductive qualitative analysis culminated in an empirically grounded theory of entrepreneur-investor rivalry, which elaborates why such rivalry can occur, how it can unfold, and how it can conclude. We identified a rivalry process that unfolds across three sequential stages—"Welcome to Paradise," "Boulevard of Broken Dreams," and "Good Riddance." For each stage, we provide empirical grounding for our theory development by telling the story of what happened between Tate and Allen and then building theoretical propositions based on our observations. After all, a single-case research design is not meant to test hypotheses but instead to inspire new theory from the systematic analysis of robust data. As depicted visually in Fig. 3, our theory of entrepreneur-investor rivalry conceptualizes key conditions, dynamics, and other factors that shape the outcome of each stage and the overall rivalry process.

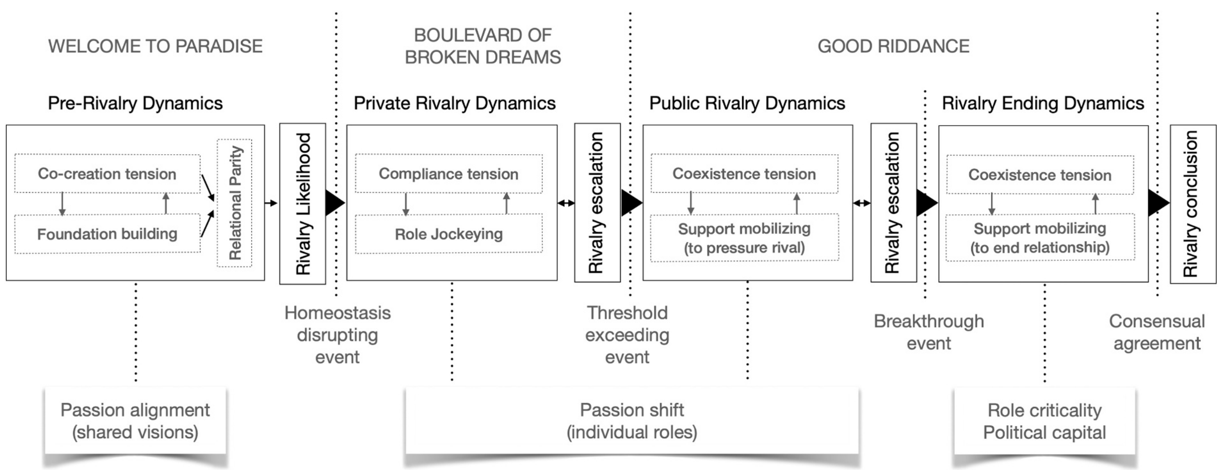

Fig. 3. A processual model of entrepreneur-investor rivalry.

3.1. Welcome to paradise: the first stage of entrepreneur-investor rivalry

3.1.1. Empirical grounding

The first stage of Tate and Allen's relationship did not involve rivalry at all. Rather, it entailed good-faith efforts to build a positive working relationship that created the conditions for rivalry to occur. This stage began in March 2013 when Tate and Allen began conversations and concluded in June 2013 when they closed the investment deal.

By the start of 2013, demand for Balcones' product outstripped supply. Balcones faced a lag between distilling and selling whiskey due to maturation time. Moreover, Balcones' original facility lacked the capacity to produce and store the inventory needed to compensate for this lag and to meet demand. As Tate lamented, "It's a great problem to have, but it is a real problem." (MED, Apr. 14, p. 3).

Cash flow was insufficient to support organic expansion, placing Balcones in a difficult position. As with many ventures in capital-intensive industries, Balcones needed a sizable cash infusion to grow. After becoming acquainted when Allen toured Balcones, Tate and Allen broached the possibility of the latter investing in Balcones during a March 2013 phone call.

At the dawn of their relationship, Tate and Allen individually experienced ***cocreation tension***. Both sought a counterpart who aimed to collaborate in growing Balcones while playing a substantial role in shaping its future. Simultaneous desire to collaborate and contribute constituted an underlying, perhaps even unconscious, source of friction for each counterpart, contributing to actions and arrangements that laid the groundwork for rivalry's eventual occurrence. Unlike deals where entrepreneurs give up wholesale control to access investor capital, Tate and Allen aimed to work together meaningfully in shaping Balcones' future. As Tate put it, "we've held out for partners that share our commitment to quality over quick return and who are interested in growing a business that we can pass on to our children" (MED, Dec. 27, pg. 2). He even noted that "many investors see that approach as old-fashioned, but we've taken time to find a group we're proud to call partners" (MED, Jul. 7, p. 1). Allen shared a similar sentiment, expressing a desire to share his money and expertise to support Tate, Balcones' employees, and other stakeholders in building the business (INT, Sep. 22). In Allen's words, "I'm thrilled to help people at the company be successful" (INT, Dec. 8, p. 8).

Motivated by underlying friction between collaboration and control, the counterparts engaged in ***foundation building*** over three subsequent months of interaction, which entailed collaborations to construct a fair, balanced, working relationship that would persist after the investment deal. The intention of the foundation-building efforts was to ensure that the counterparts shared control of Balcones' activities despite the customary exchange of investor resources for venture ownership that typically fuels investor dominance. To build an equitable relationship, Tate and Allen ***established mutual value***, ***developed a shared vision***, and ***formalized relationship structure***.

Establishing mutual value entailed defining the complementary roles and associated contributions that Tate and Allen brought to the relationship. From the entrepreneur side, Tate promised to bring strong industry connections and propriety knowledge of Balcones' workings to the table. He told the story of how he became versed in craft whiskey distilling and how he innovated Balcones' proprietary processes, a story he honed over the preceding five years.

For instance, Tate traced his expertise to prior experience as a brewer and to an internship with Bruichladdich, a reputed Scottish distillery. During his internship, Tate "watched and listened and did whatever was asked," participating in "every stage of production" and burying himself in the process (LEG, Oct. 28, pg. 235–6). It was at Bruichladdich that Tate learned "the science of the process, the outcomes of different stages, and the effects of different approaches to fermentation, distillation, and maturation" (LEG, Oct. 28, pg. 235–6).

As another example, Tate linked Balcones innovations to his experimentation. In Tate's words, "A lot of what we do is riffing on old traditions in new ways…'It's like fusion cooking'" (MED, Jan. 6, pg. 2). These experiments dealt with an array of variables, including temperature, pace, cut points, barrel composition, and blending—all with an eye toward cultivating "instinctual feelings as to whether something worked or not" (LEG, Oct. 28, pg. 239). The result was several manufacturing innovations, such as a distillation process that was more than double the industry average duration, a maturation process that harnessed much smaller-than-normal barrels, and custom stills designed to accentuate hallmark qualities of Balcones' products. Becoming versed in the science and art of craft distilling yielded critical insight. Tate found that "good technique and good fortune has resulted in whiskey that some people thought couldn't be created" (MED, May 29, p. 1). Through this emphasis on "good technique," Tate signaled that his rare expertise in the art and science of craft whiskey distilling was critical to Balcones' success and impending expansion project.

From the investor side, Allen offered money and advice of value to Balcones' expansion project. During their pre-deal interactions, Allen conveyed that "PE had access to hundreds of millions in funds and that it was willing to use this money to help Balcones with its business expansion" and "would fully fund the growth of the distillery" (LEG, Oct. 28, pg. 242). Moreover, Allen reported that "PE had food factory manufacturing and construction expertise and that PE would be invaluable in evaluation of the construction costs of a new distillery" (LEG, Oct. 28, pg. 242). One of Allen's points of pride, what he saw as his primary value to Balcones, was his adeptness in building effective organizations, a skill honed through experience growing his family's business and helping successful startups mature (INT, Sep. 22).

Developing a shared vision entailed establishing objectives for the relationship, to which each side would meaningfully contribute. Tate and Allen were passionate about building a legacy and advancing the craft of making high-end whiskey. Tate selected Allen as an investment partner because the two shared a visceral "commitment to quality" and to building something that could be "passed on to our children" (MED, Dec. 27, pg. 2). It was evident, in pre-deal interactions with Allen and from Balcones' inception, that Tate saw Balcones as instrumental in building the craft whiskey industry—in Texas and beyond. He wanted "to have an independent distillery that is locally owned and operated and truly Texas…that's part of the journey, getting that dream and the investors together" (MED, Dec. 18, pg.2).

Although Allen certainly intended to generate a tidy return on investment, he mirrored Tate's desire for broader, longer-lasting involvement and impact. Balcones was an attractive investment opportunity for Allen, as he articulated in an interview with us (INT, Sep. 22). The craft whiskey category was taking off, consumers were fascinated by the nuances of product aging, and Balcones was a first mover with an established brand and unique liquid. Allen believed he could help Balcones to take advantage of this opportunity, given his long history of developing facilities and organizations in the food and beverage space. He saw this as a chance to build a great distillery with Tate—one of the first in Texas since Prohibition, one that would serve as a pillar of the Waco community, and one that would leave a "hundred-year" legacy. As Allen put it, "I got excited about the romantic concept of helping these people build their dream" (MED, Dec. 27, p. 5).

Formalizing relationship terms entailed codifying the investment features, as well as the roles, rules, etc. that would characterize the parties' post-deal work arrangement. To accomplish this, Tate and Allen revised Balcones' operating agreement, which most U.S. states—including Texas—require to organize as an LLC. Through this action, Tate and Allen formalized common understanding of how they would create complementary value in pursuit of their shared vision.

As expected, the entrepreneur paid a high price to secure the investor's growth-enabling capital. PE Investors funded the expansion project in exchange for a 58% equity stake and three (of five) board seats, with Allen becoming Balcones' board chair. Tate's equity stake was reduced from 31% to 27% while retaining his "Founder Manager" board seat along with the CEO and head distiller positions ("President" in Balcones' terms). These roles mirrored the contributions that each side promised to make as their relationship developed. The change in ownership structure also affected Balcones two original investors, who had largely remained silent in the venture's daily operations. Steve Germer sold his equity stake to PE, while Michael Rockafellow gave up half of his stake to PE and retained his board seat.

Allen made some good-faith concessions, signaling his intention to collaborate with Tate in their impending working relationship. As the deal coalesced, PE hired attorneys Michael Holley and Terry Vanderpool to amend the operating agreement with Tate's input, who also retained counsel to guide his negotiations. Indicative that cocreation tension was present, particularly for the entrepreneur, Tate "specifically…required his presence be an integral part of any board decisions" (LEG, Oct. 23, pg. 491). In emails with Holley and Vanderpool, Tate requested revisions to the operating agreement that would establish his presence as necessary for board action to occur with or without a meeting, as well as his consent for major transactions (e.g., recapitalization). One example entailed calling for language that allowed for such transactions to be "withheld or delayed in the sole discretion of PE Investors and/or Founding Manager" (LEG, Oct. 28, pg. 274).

Neither attorneys nor clients objected to the inclusion of Tate's wish to be party to board decisions. Allen viewed the request to be reasonable and fair to his counterpart, having been on the entrepreneurs' side of the table on multiple occasions (INT, Sep. 22). Three months of building an equitable relationship, specifically by establishing complementary value, rallying around a shared vision, and agreeing on work arrangement, resulted in a deal that closed during June 2013. Allen and PE were now formally part of Balcones Distilling, and entrepreneur and investor had formed expectations of each others' roles.

Tate and Allen had succeeded in developing a positive, balanced relationship, reconciling their desires to collaborate and to control Balcones—at least for the moment. Although ownership power fell to Allen and PE, Tate retained veto power over investor-director action. Tate and Allen also split control of Balcones into complementary roles: Allen handled matters of finance and oversight, while Tate handled matters pertaining to operations—including the expansion project. Under these conditions, neither side could nor would entirely dominate the other at will.

Unfortunately, the "paradise" that Tate and Allen created would not last long. The new partners would adhere to their prescribed roles for the next six months, but their agreement would neither guarantee nor enforce adherence to planned relationship terms once problems arose.

3.1.2. Theory development

Efforts to build positive working relationships, a hallmark of the "Welcome to Paradise" stage, unexpectedly lay the foundation for rivalry between entrepreneurs and investors. The negative features that one would expect of relationships headed for rivalry—doubt, distrust, etc.—are conspicuously absent at this stage. However, the advent of parity in venture control provides the conditions needed for eventual battles over control to initiate and intensify. By dividing venture control into complementary roles, which each side expects the other to perform, neither can readily break eventual impasses or disagreements. Such balanced arrangements establish a tenuous relational "paradise" where even the most minor disagreements can disrupt and trigger seemingly unresolvable battles for venture control.

Proposition 1. ***As entrepreneurs and investors more evenly share venture control, they become more likely to engage in eventual rivalry over that control; that is, parity may breed rivalry in these relationships.***

We propose two intertwined mechanisms contribute to shared venture control. First, our findings point to unique conceptual dynamics, the interplay of specific tensions and actions, that lead to the emergence of such arrangements. Relational parity results from *foundation building,* actions motivated by *cocreation tensions*, as entrepreneurs and investors move toward a deal. When these parties experience friction between collaborating on and controlling venture development, they sometimes strive to build a fair and balanced work arrangement—one where both parties can add value in post-deal life. Building such relationships requires the parties to coalesce around shared visions, establish their respective contributions to said visions, and memorialize their post-deal roles—formalizing expectations of each other. This process carves out distinctive ***role domains*** controlled by entrepreneur and investor, much like rival organizations carve out domains based on distinctive value propositions (Livengood and Reger, 2010). Ultimately, as foundation building becomes more successful, entrepreneurs and investors become more likely to share post-deal control, setting the stage for eventual rivalry.

Proposition 2. ***As cocreation tensions drive foundation building actions, entrepreneurs and investors become more likely to share venture control, thereby creating the relational parity needed for rivalry to occur.***

Second, shared visions constitute powerful sources of passion capable of driving counterparts to share control and blinding them to the consequences of doing so. They become even more driven to collaborate as each side embraces the unique value that the other can create in pursuit of their shared visions. This tendency can cause entrepreneurs and investors to overlook eventual problems associated with their distinctive role domains. For instance, "like most business deals, the paperwork for Balcones' expansion was inked with enthusiasm" (MED, Dec. 30, p. 2). Anticipation of Balcones' future generated passion that initially led Tate and Allen to view differences in their roles as an opportunity to cocreate value rather than as a predictor of eventual problems (Cardon et al., 2009). As Allen put it, "We certainly had expectations that Chip was going to be right…We took a leap with him, and it was easy to, because it's fun. The whiskey business is a fun business." (INT, Dec. 8, p. 8). Whereas Tate primarily defined himself as the "inventor" of Balcones' craft processes and products, Allen primarily defined himself as a "business developer" who could take Balcones to the next level. However, these role differences eventually became the basis for misunderstandings of each other's actions, contributing to escalating cycles of tension and action.

Proposition 3. ***As entrepreneurs and investors become more passionate about shared visions than individual roles, they become more likely to share venture control, thereby establishing the relational parity needed for rivalry to occur.***

3.2. Boulevard of broken dreams: the second stage of rivalry

3.2.1. Empirical grounding

The second stage of Tate and Allen's relationship marked the emergence of rivalry to control Balcones. Fueled by the balanced design of their working arrangement, conflict that began as minor disagreements and misunderstandings escalated into private warfare as neither side could unilaterally dominate the other. This stage spanned from June 2013, when actual work on Balcones' expansion began, to August 2014, when Tate was suspended by Allen and the board.

The honeymoon between Tate and Allen continued for six months—June to December 2013. During this time, Allen rarely visited the Balcones facility in Waco and refrained from actively applying his relevant industry expertise, allowing Tate the discretion and independence he desired in planning Balcones expansion (INT, Sep. 22). This hands-off approach demonstrates that both sides followed through on their agreement to share venture control, at least until problems arose.

The honeymoon period saw Tate work to budget the cost of moving into a new facility—a historic building in need of substantial renovations closer to downtown Waco. Tate met with contractors, engineers, and other relevant parties. He traveled with Noell Michaels—one of the Balcones' directors appointed by PE Investors—to Scotland to obtain advice from a renowned Scottish distillery's leadership. There, Tate and Michaels learned that "a large, complex and very expensive cooling system would be needed for cooling purposes at a distillery in the Texas heat" (LEG, Oct. 28, pg. 250), since Waco lacked the cold water that Scottish distilleries utilized for natural cooling.

The board faced a decision: "Use a massive and expensive cooling system, or…run the stills for six months out of the year when ambient temperatures would assist dramatically in the cooling process" (LEG, Oct 28, pg. 250). According to Tate, even though "the distillery would cost very close to the budgeted amount without the expensive cooling system," the board was "against this option, and expressed repeatedly the long-term value of the year-round distillery" (LEG, Oct. 28, pg. 250). A clear problem emerged as the board was forced to choose from suboptimal alternatives: Skip the expense and limit production capacity or take on the expense to maximize production capacity. Ultimately, the decision was made to incorporate the expensive cooling system, a decision that contributed to initial tension between Tate and the board.

Tate presented the expansion plan and budget, including the cooling system, to Allen and the board at the December 2013 board meeting. He "reported that the price of the new distillery might be much higher—$8 million, or nearly double his original estimate" (MED, Dec. 27, pg. 6). Indeed, Tate's estimate upon closing the deal with Allen was in "the range of $4,500,000.00" (LEG, Oct. 28, pg. 251), an estimate that was [his] "best guess at the time based upon limited experience, tools, and resources" (LEG, Oct. 28., pg. 251). Despite having advocated for the cooling system to maximize production, Allen viewed the increase in expansion costs as "an extraordinary miss," and raised questions about Tate's "management skills" (MED, Dec. 27, pg. 6). The sentiment was Tate should have known that year-round, large-scale distillation in Waco would require an expensive cooling system when setting the initial investment amount. Neither knew it at the time, but this event signified the initial descension of their relationship into rivalry. As Keith Bellinger—Balcones' COO at the time—put it, "Those first months were great…and then it all deteriorated" (MED, Dec. 27, pp. 5–6).

The December 2013 board meeting constituted a ***homeostasis-disrupting event***. The meeting disrupted the delicate relational equilibrium, or homeostasis, between two interdependent individuals, much like disease can disrupt the delicate physiological equilibrium between interdependent systems in the human body. The event caused Allen to experience ***compliance tension***—a source of strain that took various forms and evolved as this stage unfolded. Compliance tension arises when one counterpart does not meet the other's expectations. Surprisingly high expansion costs, approximately double his initial investment, fueled Allen's belief that Tate had failed to deliver expected value as venture CEO and the expansion project maestro. Allen's belief was strengthened by reports from contractors, engineers, etc. who alleged that Tate could not manage critical planning details (INT, Sep. 22).

Tate saw things differently. He believed "Allen blamed [him] for the increase in costs and became disenchanted…despite the fact that it was members of his own team…that pushed for the more expensive plant" (LEG, Oct. 28, pg. 251). This initial disagreement marked the rise of oppositional individual perspectives on what was transpiring in the relationship, a tendency that continued and worsened as the counterparts drifted away from collective perspectives on what they could achieve together. However, Tate did not appear to experience any serious tension over this initial disagreement.

To help Tate fulfill his obligations as Balcones' CEO, Allen began to engage in ***role jockeying***, a set of actions taken to shape how Tate performed problematic roles, ensuring he fulfilled Allen's expectations. As this stage unfolded, both sides deployed role jockeying actions, which ultimately worsened and diversified the compliance tensions that triggered these actions, dynamics that underpinned the rise and escalation of rivalry. Now beginning to leverage his relevant industry expertise, Allen initially ***provided oversight*** of Tate's expansion-planning efforts, which entailed creating opportunities for Tate to address his purported deficiencies in this role. As an example, Allen hired Industrial Control Concepts (ICC), an engineering firm, to "work with Mr. Tate on preparing a plan for the expansion" (LEG, Oct. 23, pg. 251), thereby shoring up a perceived deficiency in Tate's management skills.

Allen also identified key improvement areas for Tate in a performance review during this period while instituting formal daily reporting requirements. Allen described the performance review as "less than glowing" (INT, Sep. 22). Tate echoed this sentiment, recounting "accusations of poor performance" (LEG, Oct. 28, pg. 232). In terms of reporting, Allen required "reports on daily things and busy work" and sought "multiple signatures on checks" while instituting "new policies on travel" (INT, Oct. 19, pg. 2). Despite not favoring such treatment, Tate appeared to understand the impetus for Allen's oversight and thus worked collaboratively with ICC and Allen from January to April 2014. He noted such interventions were "perturbing at times, but it wasn't highly problematic" (INT, Nov. 12, p. 5).

Things soon took another turn for the worse. The April 2014 board meeting saw Tate and ICC present the revised expansion budget. By this point, "it had become clear that the new distillery was going to cost…more than $12 million" (MED, Dec. 27, pg. 7)—a figure including "cushion factors to ensure plenty of extra funds" (LEG, Oct. 28, pg. 251). Although Tate believed that "the actual cost of construction would be 20–30% under the estimated cost" (LEG, Oct. 28, pg. 251), the heightened cost of the new distillery intensified Allen's belief that Tate was not capable of meeting expectations as CEO—at least not in a business development capacity. Allen experienced substantial pressure at this juncture to save Balcones and his investment (INT, Sep. 22).

At board meetings in May and June 2014, Allen attempted three actions to ***alter the arrangement*** with Tate, with the hope of positioning Tate in roles better suited to his strengths. First, Allen installed a professional COO (Keith Bellinger) and CFO (Pat Donehue) to handle more of Balcones' daily operations and to execute the expansion plan (INT, Sep. 22). Second, he proposed that Tate step down as CEO to focus on being Balcones' head distiller and brand ambassador, thereby harnessing Tate's expertise as a craft distiller and storyteller (INT, Sep. 22). As Tate put it, the plan was for him "to resign his Presidential powers in favor of allowing Keith Bellinger (the new COO), along with Allen, to run the company" (LEG, Oct. 28, pg. 253). Third, Allen introduced a plan for an internal financing round that would raise the additional cash needed for the expansion project to proceed. The owners held the right to participate at the level of their current equity stakes, preserving the existing organizational structure.

Four considerations might have led Allen and the other investors to remain involved with Balcones, despite increasing costs. First, an investment of more than four million dollars was a substantial sum to forfeit with no return after one year—even for this set of investors. Second, although the expansion cost debate triggered rivalry between Tate and Allen, their working relationship was still relatively nascent and not yet damaged beyond repair. The fire of their rivalry over Balcones had only just begun to burn. Third, Allen desired to help Tate and his team realize their shared vision for Balcones and believed he possessed the relational skills needed to bring about this outcome. In this regard, the shared vision at the heart of their relationship provided some disincentive for Allen to depart. Fourth, Allen believed that the board held requisite expertise and options to ensure that the expansion costs were accurately forecasted and fully covered. The takeaway is that the investor-directors wanted to stay involved and believed they could make the situation work for all stakeholders.

Allen's attempts to alter the arrangement led Tate to experience his own form of compliance tension. Tate believed that Allen had overstepped his prescribed roles and begun to encroach on those Tate performed, violating Tate's expectations of who was supposed to do what. Rather than recognize Allen was acting to fulfill expectations that Tate had not met, Tate saw such behavior as an "erosion of…authority, and potentially ownership interest, with a non-too-subtle push toward the door" (LEG, Oct. 28, pg. 253). From this perspective, Tate began to view the proposed arrangement changes and oversight activities as "draconian control" (INT, Oct. 19, pg. 2) and refused to "step down as president or to give up my role or rights as president" (LEG, Oct. 28, pg. 323). He also saw the fundraising effort as a move to reduce his stake from "27% ownership to less than 10%" (LEG, Sep. 12, pg. 955), covertly clearing the way for Allen and PE "to take over Balcones" without impediment (LEG, Sept. 12, pg. 259).

Increasing compliance tension may have led Tate to misunderstand the spirit and intent of Allen's actions. Allen preferred that Tate remain involved in some capacity: "We had fixes. We had workarounds. We bent over backwards to try to accommodate the situation…" (INT, Dec. 8, p. 8). Allen's sentiment may not have been evident to Tate, who insisted that Allen wanted to facilitate his departure from Balcones. For instance, Tate's interpretation of the fundraising effort as a move to dilute his ownership stake overlooked that he could have purchased the additional shares required to preserve his stake. Even with such concerns, Tate also wanted the relationship to endure: "I even said, 'Why don't we talk about this?'…Figure out what the concerns are and figure out a good solution for you guys and for the business…" (INT, Oct. 20, p. 3).

Motivated by this tension, Tate performed his own role jockeying actions between June and August 2014, all to block Allen's attempt to "purloin the plump ripe peach that is Balcones" (LEG, Sep. 12, p. 950). Through two forms of role jockeying, Tate resisted the perceived, wholesale takeover of his venture by the investor-directors. Tate ***provided oversight*** of Allen's moves, such as by problematizing and offering alternatives to the fundraising proposal. For instance, Tate informed Allen that the fundraising proposal was "not in the best interests of the company or its owners" and advocated for "an equity investment of $[redacted]…a 16% increase in the pre-money valuation of the company of your proposed valuation" (LEG, Oct. 28, pg. 323).

Tate also sought to ***enforce the boundaries*** of Allen's prescribed roles, such as by skipping board meetings and blocking progress on the fundraising plan. For instance, by skipping board meetings, Tate enacted the operating agreement terms that required his presence for the board to act generally and his approval to recapitalize Balcones specifically. His absence was predicated on the claim that "these frequent meetings are not productive and are quite likely to end up being counter to the business' interests" (LEG, Nov. 13, pg. 109). Through such actions, Tate attempted to pressure Allen's adherence to roles established through foundation building actions. However, these attempts would not have the effect that Tate desired, at least not as rivalry escalated in the shorter term.

Instead of seeing Tate's actions as efforts to satisfy his expectations of each side's roles, Allen experienced even more compliance tension. Earlier tension over Tate's inability to perform prescribed roles escalated into tension over Allen's inability to perform his own roles, such as raising the additional expansion funds. Tate's obstruction of board meetings and actions was particularly troubling. Per Allen, "Mike [Rockafellow] and I had a lot of money exposed…Chip had a lot of authority and was not doing the fundamental things in terms of communications that were appropriate in an organization" (MED, Dec. 27, p. 6). In a letter to Tate, Allen questioned his behavior: "I cannot begin to explain what you are trying to accomplish by refusing to participate in meeting after meeting" (LEG, Aug. 22, p. 1088). Allen attempted to solve the problem by reciprocally enforcing boundaries on Tate's roles, such as by pressing Tate to attend board meetings and forging ahead with the fundraising initiative.

In holding with prior interactions, Allen's actions succeeded only in instigating a worsening cycle of misunderstandings, escalating compliance tensions, and instigating ineffective role jockeying. The counterparts covertly attempted to enforce role boundaries (e.g., withholding work-critical resources). For instance, Tate claimed that "Bellinger, at Allen's request, changed control over the Balcones' Facebook and Twitter accounts" (LEG, Oct. 28, pg. 255). They also overtly attempted to alter role arrangements, such as Tate's unsuccessful attempt to buy out the investors—an action that that would have eliminated the investors' roles at Balcones. The investor-directors declined Tate's offer. As Allen put it, "we just didn't think they [the buyout offer] were fair and appropriate" (INT, Dec. 8, p. 6),

The consequence was that pressure mounted unchecked between Tate and Allen, a situation complicated by the fact that neither side could nor would unilaterally end the relationship. In August 2014, Allen recommended that Tate take a paid leave of absence to let things settle and to identify a potential resolution. Tate agreed and attributed his separation from Balcones to the "retaking of the social media accounts," among other moves (LEG, Oct. 28, pg. 255). However, this arrangement lasted only a few days before Allen and the board suspended Tate, which prevented Tate from entering Balcones' facilities, contacting its stakeholders, communicating with public audiences, and using company resources, among other restrictions (LEG, Aug. 22).

Tate attributed the suspension to his unwillingness to accept the leave agreement terms (MED, Dec. 27), whereas Allen identified multiple factors. These factors included spreading false information about Balcones' prospects and location, violating confidentiality agreements, retaking control of electronic accounts, and most memorably, threatening violence against Balcones' employees and property (LEG, Aug. 22). Allen recounted the threats of violence quite vividly, which Tate dismissed as misinterpretations of benign comments:

> He [Tate] has somebody somewhere asking if they want Chip to put a hit on some of the management team. Chip says the word, "Please." He talks about putting two bullets in somebody else's face, in one of the affidavits. The fourth affidavit talks about him getting a word with a two-by-four and saying he wants to jamb [sic] this in Noell Michaels like—I don't know, I can't remember exactly what he said. None of those things have ever been out (INT, Dec. 8, p. 11).

The demise of the relationship, one so collaboratively and carefully crafted, occurred within 14 months. The decision to share control of Balcones impeded Tate or Allen from unilaterally resolving problems that continued to grow and fester between them, until Allen and the board took the drastic step of suspending their CEO and head distiller. In this social environment, compliance tensions incited and were intensified by the counterparts' role jockeying, hastening the disintegration of the relationship. As their relationship worsened, Tate and Allen shifted from collaboration in pursuit of shared visions to conflict in preservation of individual interests.

Sadly, the path from the "paradise" of Tate and Allen's courtship to the reality of their working relationship ended up being the "boulevard of broken dreams."

3.2.2. Theory development

Ineffective efforts to maintain positive working arrangements, a hallmark of the "Boulevard of Broken Dreams" stage, instigate and intensify rivalry between entrepreneurs and investors. Homeostasis-disrupting events that introduce the faintest hint of discord—such as an unmet expectation of counterpart role performance—can shatter the delicate equilibrium that exists between entrepreneurs and investors who share venture control and trigger unexpected battles over this control. Neither entrepreneurs nor investors can decisively end these battles due to organizational and normative constraints on the extent of their influence. For instance, Tate and Allen were, at least in concept, limited to roles codified in the operating agreement (organizational). Allen also believed that he should do everything possible to salvage his relationship with Tate and keep him involved in Balcones (normative) (INT, Sep. 22). In these contexts, actions incited by tensions beget more extreme, new, and/or different tensions, interactions that intensify until one side ignores role constraints and takes extreme action to break the cycle.

Proposition 4. ***In contexts of relational parity, homeostasis-disrupting events can trigger rivalry between entrepreneurs and investors for venture control.***

Two mechanisms underpin the escalation of rivalry, once triggered by homeostatic disruptions. First, rivalry worsens with *role jockeying*, actions motivated by *compliance tensions*, as entrepreneurs and investors begin the actual work of venture development. Attempts by both sides to ensure that the other adequately performs or carefully adheres to prescribed roles often fail to have the desired effect and are instead misunderstood by the affected counterpart. Providing guidance on role enactment, forcing adherence to role boundaries, and proposing role changes begin as good-faith efforts to repair perceived defects in once-positive relationships and the capacity of these relationships to realize shared visions. Yet, those affected may misinterpret the intent of their counterpart's actions as threats to their own role(s) in venture development. As these dynamics unfold, the counterparts more aggressively encroach on each other's role domains in attempting to defend their own, pushing each other farther apart. Absent a "release valve," tension builds until extreme moves of desperation break cycles of combat.

Proposition 5. ***After homeostatic disruptions occur, the interplay of compliance tensions and role jockeying actions can escalate entrepreneur-investor rivalry for venture control.***

Second, even without a "release valve," one or both counterparts would presumably act to stem the growing contentiousness between them, particularly given the positive foundations of their relationship. However, a fundamental shift in the source of their passions might explain why entrepreneurs and investors neither recognize nor take effective steps to diffuse rivalry as it escalates. As tensions arise unexpectedly and escalate unchecked, passion for realizing shared visions transform into passion for preserving individual contributions—those associated with entrepreneurs' and investors' own venture roles. That is, instead of coming together in pursuit of the future they envisioned for their ventures, entrepreneurs and investors drift apart as each side fixates on protecting their personal impact on that future. Each side becomes more motivated to protect their role domain(s) from incursion, subordination, or elimination (cf., Livengood and Reger, 2010), fueling misunderstandings of the other's intentions and behaviors.

At Balcones, a shift in passion from collective to individual interests made it difficult for either Tate or Allen to make sense of each other's perspectives and behaviors. Allen, for instance, did not understand Tate's willful absence from board meetings: "I cannot begin to explain why you are behaving in a way that harms the business—a business in which you too are an investor" (LEG, Aug. 22, p. 1088). Likewise, Tate did not understand why Allen sought to become more involved in the nuances of running the distillery: "It would be like me being in the operating room with fast-paced surgery going on, telling a doctor what to do" (MED, Dec. 27, p. 6). Ultimately, their inability to consider, understand, and empathize with each other's perspective—tendencies fueled by passion for their own roles—allowed their battle to escalate unimpeded.

Fixation on preserving individual roles may cause rivalry between entrepreneurs and investors to escalate as much unintentionally as intentionally. The actions that worsen rivalry may result less from a visceral desire to seize unilateral venture control for themselves and more from an overwhelming drive to preserve the integrity of their role domains. For example, neither Tate nor Allen desired to fight over controlling Balcones yet neither could bring himself to stop the fight. Through their interactions, Tate and Allen ended up battling for control of Balcones without, it seems, fully appreciating what they were doing and what was happening between them. By the time this realization dawned, Tate and Allen had been fighting for months and irreparably damaged their relationship. They consequently had little choice but to commit to finishing the fight, especially as emotions (e.g., frustration and perhaps spite) periodically flared and triggered actions that worsened the situation.

Proposition 6. ***After homeostatic disruptions occur, entrepreneurs and investors can escalate rivalry as they become more passionate about individual roles than shared visions.***

3.3. Good riddance: the final stage of rivalry

3.3.1. Empirical grounding

The third and final stage of Tate and Allen's relationship marked the crescendo and conclusion of their rivalry to control Balcones. Fueled by intensifying battles behind closed doors, an escalating commitment to finish the fight, and an inability (or unwillingness) to mandate an outcome, their rivalry spilled into the public domain. This stage lasted from late August 2014, when the board obtained a temporary injunction against Tate, to early December 2014, when Tate voluntarily left Balcones.

Tate's suspension marked the rise of ***coexistence tension*** for two partners who once aspired to build an unprecedented whiskey tradition and legacy. Coexistence tension arises when one party begins to believe that the other may never fulfill expectations for their roles and may harm venture development in the process. Coexistence tension potentially marks the demise of entrepreneur-investor relationships characterized by shared control because each side views working with the other as unsustainable yet lacks the means to resolve the problem. The impact of this form of tension was evident in Tate's words: "They [Allen and PE] realize that I'm not going to fold. I'm not going to run, I'm not going to hide…I want to get back to making whiskey, so either they need to go their separate way, or I want to get started." (INT, Nov. 12, p. 8).

Tate's suspension lasted two weeks before Allen and the other Balcones directors began to engage in ***support mobilizing***, a series of actions designed to build external support for their bid to assume unilateral venture control. Initially, Allen and his allies ***sought institutional intervention***. They petitioned the Waco district court for injunctive relief from Tate's alleged transgressions. Months of rivalry had reached a peak, as coexistence tensions incited, and were thus intensified, by both sides' ongoing efforts to mobilize support. As Allen put it, "The important thing…is to remove the obstacles [Tate] for this company's development and its growth (INT, Dec. 8, p. 10).

The gist of Allen and the board's allegations was that, by violating his suspension terms, Tate threatened to "injure Balcones' business operations and reputation," "negatively impact morale and employee good will," and cause investors to "back out because of the disruption" to the fundraising initiative (LEG, Aug. 22, pg. 1063–4). Tate's alleged behavior entailed coming to the Balcones facility without prior notice, failing to forward emails from third parties to Balcones, initiating contact with competing distilleries about Balcones, and using Balcones' credit card for personal expenses (LEG, Aug. 22). These transgressions constituted a ***threshold-exceeding***

event—in this case, actions that exceeded the boundaries (or limits) of the board's desire and capacity to continue the working relationship.

The district court judge imposed a temporary restraining order (TRO) against Tate, causing him to experience *coexistence tension* and instigating a series of "tit for tat" exchanges in the Waco courts as both sides increasingly *sought institutional intervention*. Upon Tate's denial of the allegations made to obtain the TRO, Allen and allies sought to obtain a permanent injunction and to hold Tate in contempt for violating the TRO. They claimed that Tate "had erased all of the data, files, and information" on devices to be returned to Balcones (LEG, Sep. 30, pg. 831), and that Tate had continued to communicate with stakeholders in ways "potentially damaging to Balcones' business" (LEG, Sep. 30, pg. 831). Tate denied that he had engaged "in conduct harmful to Balcones" (LEG, Sep. 12, pg. 957), before countersuing for injunctive relief and damages from Allen and his allies' board actions and legal attacks (LEG, Oct. 23).

As the legal battle unfolded, Tate and Allen ***solicited stakeholder sympathy*** for their respective positions. Aware that the media would access the legal petitions, both sides used the petitions to disseminate claims about each other and to shape external narratives about the battle for Balcones (INT, Sep. 22). As Allen put it, it was "a matter of making sure that the record is set straight" (INT, Dec. 8, p. 11). For Tate, "What's going to be coming out [through the legal petitions] …is what this is really about" (INT, Nov. 12, p. 8). These tactics worked as local and national media picked up and told stories of entrepreneur-investor rivalry. Such coverage may have shaped the sociopolitical environment in Waco, where the legal proceedings were unfolding.

As their rivalry went public, evidence that both sides were tiring of conflict quietly emerged in September 2014. Then, Tate and Allen agreed to a summary judgment by the district court judge. The intent was for the judge to decide whether Allen and the board had violated the operating agreement terms that required Tate's presence and consent for board action, which included his suspension, the fundraising initiative, and the legal petitions against him. The judge ruled in Tate's favor in mid-November 2014, stating that "the Board of Managers cannot act…without…Tate's participation" (LEG, Nov.13, pg. 36–7). The summary judgment constituted a ***breakthrough event***—in this case, the court's intervention broke through the stalemate that pressed Tate and Allen into escalating rivalry.

Of course, the counterparts disagreed over the meaning of the court ruling in Tate's favor. Tate claimed absolute victory in the legal battle: "My rights to come back and be president and head distiller had been vindicated fully" (INT, Dec. 8, p. 2). Allen, a Harvard-educated attorney, viewed this to be nothing more than a minor procedural setback that would have been overcome through longer-term legal maneuvering (INT, Sep. 22). To him, the summary judgment was "the first step in what would have been unfortunately, about nine more months of process. I don't believe it would have ended up the way it did on November 6." (INT, Dec. 8, p. 9). However, as he also noted, "we never can find out [what would have happened] though, because we settled it" (INT, Dec. 8, p. 9).

Indeed, with Tate scheduled to return to work in December 2014, both sides had grown weary of their battle, dropped their lawsuits, and agreed to mediate who would stay and who would go. The nature of coexistence tension shifted from the feeling that their counterpart was bad for Balcones business and must go to the feeling that their relationship needed to end—regardless of who left. For instance, Tate said, "either I need to leave, or they need to leave. If they leave, they need to get paid, and if I leave, I need to get paid. Right?" (INT, Nov. 12, p. 6*)*. Allen echoed this sentiment, saying "in any situation like this, enough things come together, and it becomes time" (INT, Dec. 8, p. 5).

Tate agreed to a buyout and to refrain from whiskey making for 16 months. According to Tate, "I ended up saying, "Okay, fine. I'll go my way and you go yours. I'm going to go and do my own thing and that is exciting." (INT, Dec. 8, p. 1). The reduction in perceived tension was evident in their post-settlement commentary. Allen conveyed as much: "I think everybody is relieved that we can move on. It's great for our company to be in a position to move on. I think it's great for Chip to move on." (INT, Dec. 8, p. 5). Tate was likewise "glad to be in a liberated state…free to focus on more positive things and I'm ready to get back to actually making stuff." (INT, Dec. 8, p. 3). As we elaborate in the theory development section for this stage, Allen might have stayed and Tate might have left for somewhat underappreciated reasons. Given the balanced design of their relationship, it was likely not because Allen held the financial upper hand, as is often assumed to be the case.

The impact of the battle on Balcones' performance is more difficult to assess. As a private company, Balcones did not have publicly accessible financial statements or other internal documents available to review. However, we know that, once the rivalry went public, consumers and other external stakeholders exhibited divided loyalties. More supported Tate, going so far as to establish a GoFundMe account to defray his legal expenses and start a "No Chip No Balcones" movement on social media. Despite acknowledging the impossibility of knowing how Balcones would have performed had the battle with Tate not occurred, Allen maintained that the company's performance met his expectations during and since the battle (INT, Sep. 22). After the settlement with Tate, Allen claimed: "The reality is October [2014] was the biggest sales month we've ever had…We continue to get new people in new markets begging us, pleading us, to send them product and open new markets" (INT, Dec. 8, p. 13).

A relationship on life-support reached an unceremonious end, bringing a year of intensifying rivalry to a close. Lacking the means or motives to resolve their problems, Tate and Allen reached out to the courts, consumers, and other stakeholders to support their respective bids to control Balcones. Each party's desire to see their opponent leave Balcones transformed into a desire to end their relationship—whether that meant making or accepting a buyout offer. Ultimately, mediation led Tate to exit his venture voluntarily. Having reached the end of the "Boulevard of Broken Dreams," Tate and Allen bid each other "Good Riddance."

3.3.2. Theory/proposition development

Efforts to bring rivalries and relationships to an end, a hallmark of the "Good Riddance" stage, can move battles into public forums and draw in external audiences until both sides agree to part ways. Fear of being trapped in a disintegrating relationship that neither side could or would end of their own accord triggers irreversibly harmful actions, such as Allen's move to secure injunctive relief against Tate. Seeking support or intervention from institutional agents (courts, markets, media, etc.) is likely to result from *threshold-*

exceeding events, which occur when one side's behavior becomes intolerable, unmanageable, and even unsafe to the other—making the prospect of working together unbearable. Threshold-exceeding events and the dynamics they inspire make rivalry for venture control more explicit, intentional, and irreconcilable, foretelling the imminent death of a promising shared vision and a relationship once full of life. Such dynamics unfolded at Balcones, triggered by Allen's decision to secure a restraining order ostensibly based on beliefs that Tate might harm the venture's employees and property.

Proposition 7. ***In contexts of relational parity, threshold-exceeding events can trigger the expansion of entrepreneur-investor rivalry to include institutional agents.***

As rivalry transitions into public forums and incorporates external audiences, three mechanisms inform escalation to its peak and transition to its conclusion. First, once *coexistence tensions* emerge, rivalry moves toward peak intensity as entrepreneurs and investors *mobilize support* for their respective claims on venture control. Unable to resolve their differences privately or decisively, both parties attempt to cultivate sympathy for their causes among external audiences (including institutional agents) and call for these audiences to press for their counterpart's exit, further escalating rivalry and degrading relationships. However, such efforts often do not deliver the immediate resolutions that entrepreneurs and investors seek, which intensifies the desire to see each other depart.

Proposition 8. ***After thresholds are exceeded, the interplay of coexistence tensions and support mobilizing actions intensifies entrepreneur-investor rivalry through institutional agents.***

Second, the transition of rivalry into public forums continues until a powerful actor intervenes on one side's behalf, breaking the stalemate that allows entrepreneur-investor rivalry to worsen over time. We describe such interventions as breakthrough events. Breakthrough events, regardless of how much control they afford and how durable their impact, may do little more than restore order to the relationship. In contexts of relational parity, normative and organizational constraints that ensured the counterparts would share venture control diminish the likelihood that external interventions will award outright venture control to either entrepreneur or investor. Instead, breakthrough events make initial frustration and eventual apathy from enduring rivalry more salient, marking a shift in coexistence tension. Initial beliefs that their rival's involvement in the relationship is unsustainable give way to beliefs that the relationship is unsustainable, meaning someone must go. Both parties mutually accept institutional intervention—such as mediation—to determine who stays and who goes, ending rivalry and relationship alike. The counterparts could reach a private resolution at this point, although the scars each has accrued from their battle and the stalemate created by their shared control make this outcome unlikely.

Proposition 9. ***After thresholds are exceeded, breakthrough events can trigger institutional resolutions to entrepreneur-investor rivalry.***

Third, internal stakeholder evaluations of rival role criticality and political capital may have mattered to the outcome of the rivalry between Tate and Allen. Allen, who took control of Balcones, benefited from greater role criticality and stronger political advantages among insiders than Tate. Employees increasingly looked to Allen for information, stability, and support as the battle with Tate worsened and affected their working lives, with some backing Allen in the court battle. Allegations emerged that, in addition to threats of physical violence, Tate verbally abused employees and attempted to destroy their morale (e.g., predicting mass layoffs if Allen and PE moved the distillery from Waco or sold it). As Allen stated, "the environment Chip had created in July was such that I got a phone call from the management team and said, you know, "Something's going to happen. Somebody's got to come and do something." (INT, Dec. 8, pp. 11–12). Simultaneously, Allen remained energized about his continued contributions to Balcones' growth as board chair and internal business advisor:

> Balcones had to deal with a really, really tough situation in the month of July. That carried over in August with the…well, since it was a really tough work environment and we removed the obstacle, we're ready to go. We were going to build a great distillery. I can't wait to see what a great company this group of people, this great team ends up building. (INT, Dec. 8, p. 10)

Tate denied these allegations, but it appeared that some employees may have turned against him, undercutting the capacity to perform his duties. Tate recognized the shift in employee sentiment and implied "payback" against employees who sided with Allen upon returning to duty at Balcones. He said, "At the distillery, there are certain people that were a very much part of making the investors' actions possible and that will be dealt with appropriately" (INT, Nov. 26, p. 1). Complicating matters was that Tate's contributions as head distiller—perhaps his greatest source of passion—were no longer indispensable to Balcones. Upon Tate's suspension, Jared Himstedt became head distiller (and has since held that role), which Tate described as a "straining frustration" (INT, Nov. 26, p. 3). As his standing declined among Balcones employees, Tate believed that his standing was strengthening among consumers and industry experts—perhaps reflective of his efforts to solicit stakeholder sympathy by depicting himself as the victim of a hostile takeover. For Tate, having external advocates was "not only helpful in…negotiations [mediation] but everything else. It's mostly just kept me going to know that there's always the feeling [of support] in down moments [during the battle]" (INT, Dec. 8, pp. 4–5).

The details of the mediation sessions and the negotiations therein are privileged, but the actors painted a telling picture of why rivalry ended with Allen assuming control of Balcones. The interactive effect of role misfit and political disadvantages among insiders help to explain why, in a context of relational parity, Tate voluntarily left when he did not have to do so. The district court preserved his roles and rights as CEO and head distiller and required Allen and his allies to adhere to their originally prescribed roles. However, Tate may not have been what Balcones needed or wanted at that point, while the opposite may have held for Allen. Tate's behavior during the battle not only weakened his influence among employees but also created a window to devalue his most cherished role at Balcones—all while his myth grew among outsiders. Also notable is that working with new investors to buy out those with whom Tate was finishing a year-long battle was no longer an attractive option. In this social environment, Tate faced a decision between sharing control without the power to exercise it versus pouring his passions into other opportunities. The choice might have been an obvious one for him.

Proposition 10. ***After breakthroughs occur, the rival—entrepreneur or investor—who benefits from greater role criticality and political advantage among insider stakeholders may be more likely to assume venture control consensually from the other.***

4. Discussion

In this study, we developed an empirically grounded theory of entrepreneur-investor rivalry over venture control. Our theory elaborates why and how entrepreneur-investor rivalry can manifest, as well as how it can end. Based on our analysis, rivalry consists of three sequential, interconnected stages. Unique breaking-point events and interaction dynamics characterize and shape the outcome of each stage and the overall rivalry process. We posit that entrepreneur-investor relationships based on shared control may be more prone than other types of arrangements to descend into true rivalry, consequential struggles where either side can feasibly emerge with venture control. Sharing control, although well-intentioned, may create conditions favorable to the occurrence and intensification of rivalry that destroys otherwise healthy entrepreneur-investor relationships.

This study encompasses three general insights about rivalry over venture control. First, parity in entrepreneur and investor relationships constitutes a precipitating condition under which rivalry could eventually occur. More evenly sharing control can increase the likelihood of entrepreneur-investor battles, particularly when certain events and dynamics manifest. Second, in contexts of relational parity, rivalry for venture control may initiate and intensify as much unintentionally as intentionally. Entrepreneurs and investors misunderstand each other's actions to fulfill unmet expectations as threats to their own roles in venture development, fueling skirmishes that neither side can decisively end. Finally, in contexts of relational parity, consensus may matter more than coercion in determining the outcome of rivalry. Mutual openness to receiving or ceding control, rather than force, marks the end of battles for venture control. Once the futility of their situation becomes evident, the factors that determine who will assume control can favor entrepreneurs or investors—not solely the latter. In time, the role distinctions that bring entrepreneurs and investors together and eventually push them apart become less consequential than internal stakeholder evaluations of role criticality and political capital in determining rivalry outcomes. That employees were as, if not more, influential than powerful institutional actors in shaping the Balcones rivalry outcome was a fascinating revelation.

4.1. *Theoretical implications*

4.1.1. *Entrepreneurship research*

Our process model enriches theory in the entrepreneurship domain by helping entrepreneurship scholars to understand a phenomenon that extant theory has overlooked and misjudged. Entrepreneur-investor relationships are a critical aspect of resource mobilization in new venture settings (Clough et al., 2019). Yet, extant theory does not account for the existence of true rivalry between these actors, much less the possibility of entrepreneurs emerging from rivalry with venture control. The dearth of adequate theoretical explanations for and understandings of this phenomenon may rest on mistaken beliefs and assumptions about entrepreneur-investor relationships. Indeed, our findings challenge two assumptions that currently characterize the entrepreneurship literature and thus answer scholarly calls to explore entrepreneur-investor relational processes (Shepherd and Zacharakis, 2001; Wasserman, 2017; Zacharakis et al., 2010).

First, our process model suggests that the positive foundations on which entrepreneur-investor relationships are built can set the stage for rivalry to begin and intensify, which does not fit the predictions of extant theory and research. Indeed, our findings stand in stark contrast to the hypothetico-deductive depictions of these relationships as mutually collaborative, beneficial exchanges (Huang and Knight, 2017). Thus, by revealing how "paradise found" can become "paradise lost," we offer a much-needed probe into the negative qualities typically associated with the emergence of rivalry.

Second, our model suggests that entrepreneurs and investors can interact on balanced terms—arrangements that may make rivalry more likely to escalate more intensely, irreversibly, and consequentially. Again, our findings contradict an implicit assumption in the entrepreneurship literature; namely that investors dominate relationships with entrepreneurs. In social contexts like those exemplified by Balcones, even investors with a majority ownership stake may not necessarily possess or exercise venture control. Instead, we find that investors sometimes depend on entrepreneurs and cannot always dismiss them at will (Wasserman, 2008).

4.1.2. *Competitive dynamics research*

By examining a form of rivalry that is insufficiently explored and understood, our theory of entrepreneur-investor rivalry for venture control also broadens competitive dynamics theory beyond its traditional focus on organizational battles for market control (Chen, 1996; Markman et al., 2009). We join others seeking to extend the boundaries of competitive dynamics theory. Examples include Waldron et al. (2019) theory of rivalry between activists and firms for control of industry practices and values domains and Hersel's (2020) focus on battles between firms and media for control of issue narratives. The basis for this conceptual expansion rests on the premise that rivalry unfolds through evolving breaking-point events and interplays of tensions and actions, regardless of the specific actors, dynamics, and outcomes involved. Consequently, our research answers explicit calls to examine rivalry in entrepreneurial organizations and upper echelons, to conceptualize rivalry as a process comprised of rivals' evolving tensions and actions, and to study this process through qualitative methods (Chen and Miller, 2012, 2015).

Our enrichment of competitive dynamics theory rests on three general contributions. First, in designating entrepreneurs and investors as rivals, we broaden conceptions of who constitutes a rival and what rivals seek to accomplish, expanding beyond the predominant focus on organizations aiming to control markets (Waldron et al., 2019). Broadening notions of "who or what rivals can be" to include entrepreneurs and investors promises to invigorate theory development in this research space, which has already applied the rival label to activists, non-governmental organizations, and the media, (Hersel, 2020; Markman et al., 2016; Waldron et al., 2019). Broadening notions of "what rivals seek to control" to include organizations like new ventures also expands the conceptual scope of competitive dynamics theory, which has already considered the control of commercial markets (Chen, 1996), values domains (Waldron et al., 2019), and public opinion (Hersel, 2020).

Second, in establishing the types and interplays of breaking-point events, tension-action dynamics, and stakeholder evaluations that matter during entrepreneur-investor rivalry, we broaden conceptions of why rivalry occurs, how it unfolds, and how it concludes—expanding beyond attention to organizational rivalry (Chen and Miller, 2015). Establishing three breaking points that alter tension-action dynamics during rivalry marks an initial step toward elucidating specific types and timings of events that matter to rivalry processes (Chen et al., 2007). Establishing three tension-action dynamics that distinguish each rivalry stage similarly begins to address limited understanding of the specific types and interplays of tensions and actions that constitute rivalry (Waldron et al., 2019). Additionally, recognizing that individual role domains contribute to rivalry inciting and intensifying tensions expands conceptions of the organizational identity domains that matter to inter-firm rivalry (Livengood and Reger, 2010). Finally, by proposing that internal stakeholder evaluations of rival role criticality and political capital matter to the outcomes of battles for venture control, we enrich nascent understanding of stakeholder impact on rivalry processes (Chen et al., 2007).

Third, adopting a qualitative processual lens provides a template to move the field beyond a historical emphasis on correlations among rivals' organizational, behavioral, and performance attributes (Chen and Miller, 2012). Despite acknowledging rivalry as a process that unfolds over time, competitive dynamics research lacks in-depth, longitudinal, qualitative studies of what rivalry processes entail, how they unfold, and why they end as they do. Scholars have recognized that tension-inspired actions can pull static relationships into dynamic battles (Chen et al., 2007), yet our study might be the first to elucidate a holistic set of breaking-point events, tension-action dynamics, and stakeholder evaluations that shape a rivalry process from inception to conclusion. Such work can help to understand the finality of rivalry processes, which have been assumed to unfold, fester, and/or intensify indefinitely (Derfus et al., 2008). Our study also demonstrates the capacity of qualitative process research to weave social context into theoretical accounts of rivalry, setting the stage for competitive dynamics scholars to explore another appreciated—yet undertheorized—factor in rivalry (Chen and Miller, 2015).

4.2. Practical implications

Our theory provides practical insights for entrepreneurs and investors looking to avoid the sort of rivalry process and outcome that occurred at Balcones. Most fundamentally, designing relationships based on parity may not create the lasting paradise that entrepreneurs and investors intend. For instance, Tate's and Allen's mutual decision to divide control evenly into complementary roles, although seemingly noble, may have created favorable conditions for true rivalry to arise, worsen, and conclude as it did. Making such arrangements work might require precise elaboration of each party's expectations of the other's contributions to venture development. However, adopting a critical lens in these situations is difficult, given the emotional nature of building shared visions and collaborative work arrangements. Allen made this point explicitly when asked what he learned from the battle for Balcones:

> I really think that the lesson is that [role] expectations need to be made crystal clear… Maybe we should have made that expectation more clear [for Tate's role as CEO]…On the other hand, if Chip felt that he had a blank checkbook, then maybe he should have made that expectation clear because what he did was tell us that he needed X amount of money and he asked us to provide that money in exchange for keeping him at 27% (INT, Dec. 8, p. 13).

Formalizing parity in legal documents, such as venture operating agreements, does not guarantee the persistence of this arrangement. Through their attorneys, Tate and Allen amicably, carefully, and thoughtfully revised Balcones' operating agreement to codify their desired roles and rights. One clause in the operating agreement empowered Tate to veto major board actions. An instinctive, but inaccurate, conclusion is that the veto clause made Tate impervious to board action and should explain what happened between him and Allen. Our findings advise against jumping to this conclusion.

The veto clause cultivated conditions amenable to rivalry's eventual occurrence, but this clause did not fully explain why and how rivalry initiated, worsened, and ended as it did. Having veto power neither required Tate to fight for control of Balcones nor entirely explained his actions during the rivalry process, including after rivalry went public. Tate's veto power also did not shield him from the shorter-term adverse effects of board decisions that he did not approve, such as being suspended or slapped with an injunction. As examples of these effects, he was forcibly removed from work, as well as required to hire legal counsel, build a case, endure negative publicity, etc. A summary judgment eventually reversed all board decisions made without Tate's input, including the suspension and injunction, and legally reaffirmed his veto power. Nonetheless, Tate left Balcones soon after the judgment, and continuation of the legal battle could very well have ended in the investors' favor. Tate's veto power thus remained in doubt even after the court validated that power.[2]

The events at Balcones caution against placing too much faith in legal documents to ensure that relationships progress as planned. Operating agreements define relationship terms but cannot guarantee subsequent adherence to or enforcement of those terms. For instance, designing agreements where entrepreneurs and investors share venture control does not guarantee they will ultimately do so. Preventing relational parity from descending into rivalry, or mitigating rivalry that occurs, consequently requires more than a good contract. The parties involved must continually honor their agreements and work to avoid the relational pitfalls that fuel battles for control.

The saying that "cooler heads prevail" is thus instructive once rivalry begins. Becoming more passionate about individual role preservation than shared vision realization fuels the mutual misunderstandings and overreactions that allow rivalry to worsen. Fighting the urge to fixate on individual interests as conflicts arise, keeping shared visions in view, showing empathy for counterpart perspectives, and communicating openly and honestly may prevent battles from escalating. Allen noted these measures might have helped at Balcones: "Maybe if we would've had a real, real good conversation about those potential outcomes [roles and visions], then this [rivalry] could have been avoided." (INT, Dec. 8, p. 13). Accomplishing this is challenging, however. Hubris, narcissism, and other personality factors that contribute to business success may also impede entrepreneurs' and investors' desire and capacity to see things from their counterpart's perspective (e.g., Navis and Ozbek, 2016).

Finally, the premise that every action incites an equal and opposite reaction becomes more notable as rivalry escalates and concludes. During rivalry, the impact of entrepreneurs' and investors' respective actions on venture stakeholders shapes their reactions to the rivals' bids for control. Being mindful of how actions taken during battles for control affect venture stakeholders, protecting them from collateral damage, and actively building relationships with them may help to cultivate the role criticality and political advantages needed to emerge from rivalry with venture control. Emphasizing collective over individual interests could also help in this regard. At Balcones, it was the investor, not the entrepreneur, who won the minds and hearts of venture employees, leading them to support Allen's bid to control Balcones. Had Tate done the same, he very well could have regained control of Balcones and watched Allen depart for greener pastures. In contexts of relational parity, control may not be taken by force as much as granted by those who will be "governed." This observation suggests that rivals should curry favor not only with external audiences, but also with venture insiders.

4.3. An agenda for future research on entrepreneur-investor rivalry

The greatest contribution of our study is to lay a theoretical foundation that will invigorate research on entrepreneur-investor dynamics, which rest at the heart of venture resource mobilization processes (Clough et al., 2019). This invigoration constitutes a critical step in moving beyond assumptions that we know everything about rivalry and other relational dynamics to cultivate better understanding of them. The most obvious, direct, next step is to test our theory in empirical contexts akin to the one in which it was developed. To this end, we offered a rich set of propositions that are ripe for further study. However, the most meaningful opportunities for further theory development may involve the four conditions that bound the scope and applicability of our theory, all emanating from our research setting's empirical features.

4.3.1. Ownership model

First, our theory most directly applies to rivalry that occurs in pre-IPO venture contexts. True rivalry for venture control may be more likely to occur in this context than others, a premise that questions overwhelming academic and practical attention to rivalry in post-IPO contexts. Exploring other pre-IPO cases may unearth context-driven insights that enrich our proposals. When ventures go public, they adopt formal governance arrangements, wherein entrepreneurs who remain are all but certain to become employees subject to board rule (Garg, 2020). Rivalry in post-IPO contexts arguably becomes much less consequential, given that entrepreneurs can be voted out by their boards. Such was the case for some of the entrepreneurs mentioned in this paper's opening. Justin Zhu's (Iterable) and Steve Jobs' (Apple) efforts to reassume control of their organizations amounted to "tilting at windmills." We wonder whether, what parts, and in what contexts our theory might apply to entrepreneur-investor rivalry for control in post-IPO organizations. For instance, given the unfavorable power dynamic, how might Justin Zhu have preserved his relationship with investors and continued to lead Iterable?

4.3.2. Category type

Second, our theory most directly applies to rivalry that occurs in newer, faster-growing categories and that involves more craft-oriented offerings (e.g., craft beer). Such contexts are fruitful places to study battles for venture control because entrepreneurs and investors want to remain involved in venture development. Specifically, entrepreneurs and investors want to contribute *actively* to building long-lasting, history-making organizations, energized by the allure of developing craft identities and reputations. They may be seduced by the allure of becoming known as scientists and artists who create something by hand, from scratch, etc. (Solomon and Mathias, 2020). Our process model may need adaptation to explain rivalry in non-craft-oriented categories (e.g., retail, pharmaceuticals, and medical devices), including those where parties are less involved and passionate about the work of venture development. We thus see opportunities to extend our theory into more established and/or static categories defined by craft and non-craft offerings.

[2] Although these points focus on the implications for Tate to illustrate the limits of what operating agreements can do, the Balcones operating agreement similarly did not protect Allen and the investor directors from the shorter-terms consequences of Tate's actions or the unexpected court support for Tate's roles.

Relationships characterized by alternative levels of entrepreneur-investor participation in venture development also would benefit from further scrutiny.

4.3.3. Sociocognitive domain

In craft-oriented categories and ventures, our theory applies to rivalry between entrepreneurs and investors that favor certain types of roles. Tate was passionate about playing an inventor role (Cardon et al., 2009). Such entrepreneurs define themselves as scientists, craftspeople, and/or artisans who are inextricably woven into the fabric of their ventures' identities and offerings. Their venture roles, contributions, and achievements are foundational aspects of who they are and what they do. Although most investors are passionate about playing a business development role (cf., Cardon et al., 2009), they can adopt different models to perform this role. Allen adopted an angel investor model (INT, Sept. 22), which describes "wealthy individuals or groups of wealthy individuals who provide their own financial capital" (Huang and Knight, 2017: p. 85). Our propositions about the breaking-point events, tension-action dynamics, and stakeholder evaluations that can trigger, escalate, and finalize rivalry were based on the relationship between an inventor entrepreneur and an angel investor.

Distinctions in what inventor entrepreneurs and angel investors are passionate about doing made them attractive initial subjects for studying rivalry for venture control, as did the prevalence of this type of entrepreneur-investor combination in new venture settings (Würmseher, 2017). When focused on other entrepreneur-investor combinations, extensions of our theory might help to explain whether battles for control arise, how they can unfold, and what can happen. It would be enlightening to learn the entrepreneur-investor combinations in which rivalry is most and least likely to occur or to escalate as it did at Balcones. The impact of contextual factors like category and offering type would certainly matter here. As an example, Deb and Dan Carey—the founders of New Glarus Brewing Co. (a craft brewery)—were sued by "friends and family" investors over the decision to make the brewery an employee-owned organization. The investors claimed the Careys introduced an employee ownership program to dilute stock value, retain control, and siphon profits, allegations the Careys staunchly denied. We wonder what more the battle over New Glarus Brewing could tell us about entrepreneur-investor rivalry.

4.3.4. Process model features

Third, the features of the rivalry process we conceptualized may primarily apply to ventures that adhere to the boundary conditions of the Balcones case. These features include relational parity, number and sequence of stages, and outcomes for rivals and ventures alike. We found that relational parity between Tate and Allen mattered to the rivalry process that unfolded at Balcones. Entrepreneur-investor pairs may vary in the extent to which they design work arrangements based on parity. Opportunities abound to explore variance in relational parity, as well as the impact of different arrangements on whether and how these actors engage in rivalry.

The rivalry process at Balcones consisted of three stages that entailed distinct dynamics and unfolded in a particular order. Other rivalry processes may vary in stage features, numbers, and sequences. For instance, scholars could study rivalry that does not become public—the "Good Riddance" stage in our theory. We wonder which of our propositions would translate to such contexts and which would not. Allen noted that, in his experience, disagreements with entrepreneurs can be resolved privately, hinting at rivalry processes that conclude with the "Boulevard of Broken Dreams" stage. At Balcones, pursuing a TRO against Tate marked the escalation of rivalry through institutional agents, a decision Allen deemed to be necessary yet lamented for its impact on the relationship (INT, Sep. 22).

We also see opportunities to explore what rivalry outcomes—in terms of who emerges with venture control—mean to various stakeholders involved in or affected by rivalry processes. For instance, Tate viewed accepting a buyout and using the funds to start a new venture as a "win" despite defining his voluntary departure from Balcones as a "loss" (INT, Dec. 8). Allen viewed Tate's departure as a "win" in terms of stabilizing Balcones' development process, as well as a "loss" in terms of ending a promising relationship (INT, Sep. 22). The holistic stakeholder impact of rivalry outcomes also requires consideration. We suspect Balcones' employees who viewed Tate's leadership unfavorably saw control falling to the board as a "win" for the venture's prospects and their careers. We also wonder what the rivalry outcome at Balcones meant for the Waco community—was it a "win," a "loss," neither, or both? What did this outcome mean for the craft whiskey category? Understanding different interpretations and meanings of rivalry outcomes thus constitutes a valuable research opportunity.

As scholars consider rivalry outcome meanings, they might explore differences in how rivalry processes shape venture—and perhaps even individual—outcomes. Despite the conflict between Tate and Allen, the distillery's performance appeared to remain stable during and after the battle. Going beyond the instinctive inference that entrepreneur-investor rivalry affects rivals more than their organizations, we wonder if Tate and Allen achieved as much separately as they would have collectively, assuming rivalry had not occurred or they had reconciled. Balcones has done well, but how much better could things have been? Tate's new distillery, "Tate & Co. Distillery," has advanced since 2015, but will it become a cult favorite like Balcones was in its heyday? We suggest studying the various consequences of battling to the bitter end, reconciling before that point, or even preventing rivalry entirely.

4.3.5. Equity allocation

Fourth and finally, our theory directly applies to rivalry that emerges in contexts where entrepreneurs obtain venture-growing resources by ceding controlling ownership interests to investors. This type of exchange occurs in many entrepreneur-investor relationships and thus dominates conversations in research and practice. Yet, recent evidence speaks to the emergence of alternative exchanges where entrepreneurs—not investors—maintain ownership power (cf., Somerville, 2021).

We see opportunities to explore the applicability of our theory in these inverted ownership contexts—where entrepreneurs and investors are majority and minority owners, respectively. For instance, the Carey family (New Glarus Brewing) and Adam Neumann (WeWork) remained majority owners of their ventures after taking on investors. Yet, both found themselves in battles with minority owners to control the futures of their companies. Whereas the Careys have become embroiled in a legal battle with "friends and family" investors, Neuman was pressed to step down as WeWork's CEO and reduced to a minority ownership stake despite remaining board chair.

More fundamentally, what happened at New Glarus, WeWork, and Balcones questions the presumption that ownership, a key form of economic capital, constitutes the sole determinant of venture control. In these cases, actors who lacked the economic capital supposedly required to dictate venture affairs did precisely that, indicating other forms of capital mattered (Ocasio et al., 2020). Studying cases where minority owners—entrepreneur or investor—bend majority owners to their will thus promises to elucidate the role of diverse capital forms in entrepreneur-investor rivalry.

4.3.6. Methodological advice

Having charted a research agenda based on our theory of entrepreneur-investor rivalry, we offer some methodological suggestions to guide foundational study of this phenomenon. Scholars may initially favor qualitative over quantitative methods. Qualitative methods excel at developing new or elaborating existing theory (Bluhm et al., 2011), which would help to enrich theoretical understanding of entrepreneur-investor rivalry for eventual testing. Additionally, the sensitive, private nature of entrepreneur-investor rivalry means that samples will likely be small and primary data access will likely be difficult, at least until researchers cultivate access to larger samples and datasets. Although not their intent or strength, some qualitative methods can facilitate basic tests of extant theoretical proposals (Creswell, 2007), which might prove to be useful when sample sizes are insufficient for quantitative analysis. Finally, qualitative methods shine when deployed to make sense of processes, such as entrepreneur-investor rivalry, and thus align with calls to conceptualize and study entrepreneurship as journey that unfolds over time (McMullen and Dimov, 2013). The richer the understanding of what rivalry processes entail, the richer the opportunities to test specific construct relationship embedded in these processes.

Qualitative methods take many forms, but case research is perhaps the most common and accessible in entrepreneurship scholarship. Single-case qualitative research designs are particularly useful for cultivating rich processual accounts (Dyer and Wilkins, 1991). Our study of how rivalry unfolds over time exemplifies this design and provides a template to analyze cases of entrepreneur-investor rivalry that occurred in other settings (non-craft venture, post-IPO stage, etc.). Adopting this approach may unearth additional, novel, contextually driven features of the rivalry process. Multiple-case qualitative research designs also consider processes but abstract case details into nomothetic propositions that feature construct relationships of importance to those processes (Eisenhardt, 1989). In terms of entrepreneur-investor rivalry, multi-case research studies could generate proposals about specific action-outcome effects. An example would be comparing a set of ventures where rivalry occurred to elaborate how role jockeying affects rivalry intensity. Because multiple-case studies leverage cross-case comparisons to explain variation in focal outcomes (Eisenhardt, 1989), this research design could also be deployed to conduct basic tests of existing propositions, using smaller samples than required for quantitative research.

Those motivated enough to secure larger samples and datasets could more immediately deploy quantitative methods to test many of our propositions and enact proposed research directions. For instance, researchers might test the relationship between support mobilization actions and breakthrough event likelihood during the Good Riddance stage of rivalry. Support mobilization actions could be operationalized according to type, diversity, or intensity. Breakthrough events could take the form of court rulings (e.g., Balcones), prominent third-party endorsements, high-profile media pieces, or consumer boycotts that facilitate rivals' mutual openness to ending rivalry. Researchers could also employ experimental designs to determine, for instance, whether cocreation tensions trigger foundation building or whether homeostasis-disrupting events trigger the compliance tensions that undergird rivalry. Homeostasis-disrupting events might include meetings (e.g., Balcones), conversations, debates, or other interactions that lead one side to believe that the other cannot adequately perform expected roles. As a final example, researchers could study the likelihood of rivalry occurring in different entrepreneur-investor pairs (e.g., inventor entrepreneurs and angel investors).

Given the nascent state of research on entrepreneur-investor rivalry and the nature of the phenomenon, obtaining samples and data to study constitutes a challenge, one that qualitative researchers tackle regularly. Clearly defined samples (e.g., Fortune 500) and widely accepted databases (e.g., Compustat) of direct relevance to this phenomenon do not yet exist. Creative applications of theoretical sampling protocols could help to uncover relevant cases, observations, and data (Eisenhardt and Graebner, 2007; Glaser and Strauss, 1967). Starting points for theoretical sampling include personal networks, university incubators, tech-transfer offices, media reports, podcasts, professional organizations, and educational foundations (e.g., Kauffman). Other possible starting points include legal databases, court archives, corporate law experts, SBDC branches, chambers of commerce, and many others. Embracing convenience samples and archival data promise to increase research opportunities. These suggestions are not exhaustive, but they provide some ideas to begin researching this interesting phenomenon.

5. Conclusion

Despite its prevalence and importance, entrepreneur-investor rivalry for venture control remains underappreciated, understudied, and insufficiently understood—a product of flawed assumptions that we "know all there is to know" about this phenomenon. We sought to address this problem by developing an initial, empirically grounded theory of why entrepreneur-investor rivalry can occur, as well as how it can unfold and conclude. Our theory addresses shortcomings in extant theory's capacity to explain this unique form of rivalry, provides practical prescriptions to mitigate or avoid it, and offers fertile ground on which to invigorate its study. We hope others will join us in using our processual model to learn more about rivalry and other relational dynamics between entrepreneurs and investors.

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