

DRIVERS, CHALLENGES AND SUPPORT NEEDS OF A START-UP COMPANY



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ABSTRACT

This research is commissioned by the City of Salo. Recently, the City of Salo has been in the headlines due to the Microsoft's personnel reductions which have had a massive impact on the Salo region. Along with Microsoft closing its site the amount of unemployed people has risen in Salo and therefore the City of Salo has been considering different alternatives to improve the economy in the area. For Salo, one solution may lay in entrepreneurship that creates new jobs in the area. City of Salo has in fact been very supportive in encouraging entrepreneurship with its initiatives, and Microsoft has also done its share in helping former Microsoft employees find options to unemployment via its initiative called Polku Program and, furthermore, Polku Program's branch called Kipinä start-up center.

The purpose of this study is to find out what kind of drivers and challenges entrepreneurs have and what kind of support could be the most valuable for start-up entrepreneurs and entrepreneurs in general. City of Salo wants to develop its supportive initiative the Innovation and Talent Park and build a solid support offering for local SME and start-up companies and therefore this study also brings value to the City of Salo.

This research is conducted by studying Kipinä start-up center's entrepreneurs closer with a web survey and with interviews to acquire knowledge of authentic entrepreneurs' situations and thoughts. The research also includes different theories related to entrepreneurship presented in literature and in previous researches to back up the web survey and in-depth interview research results with facts.

The research results presented in this study have been handed over to City of Salo representatives, and it seems this study has been successful, as it has provided important input about the needs of local entrepreneurs. City of Salo is now going to utilise the results of this study when planning and starting supporting activities. This thesis can also be a valuable read for new start-up entrepreneurs, as familiarizing to other entrepreneurs' situations can bring a benefit of understanding the start-up business better.

Keywords

Start-up, entrepreneurship drivers and challenges, support scene for start-ups

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Appendix 1 Online questionnaire for start-up entrepreneurs – Questions and answer options

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1 INTRODUCTION

Establishing a new company can truly be regarded as a roller coaster ride, as the path of start-up entrepreneurs is full of ups and downs and, above all, a lot of hard work. Establishing a start-up company requires true passion, courage as well as committed entrepreneurship. During the voyage, the entrepreneurs will need a great amount of new information, they must learn completely new skills and adapt to new ways of working. What is more, the entrepreneurs need to stretch their own limits multiple times and step out of their comfort zone.

Today, start-up companies have many favourable factors enabling rapid and successful growth. Fast developing technology and cheap prices are providing the means for companies to communicate efficiently and build extensive networks for business making. (Ruzzier, Hisrich & Antoncic 2006, 477.) High education level in especially the industrialized countries is securing the availability of skilled workforce. Even though many conditions are favouring novice entrepreneurs in their entrepreneurial journey, there are many challenges, barriers and uncertainties which are restraining and setting negative conditions for entrepreneurship. Fortunately, the importance of start-ups has been noted in Finland and many governmental and regional support programs have been developed to help new entrepreneurs and ease the start-up journey.

1.1 Thesis objectives and main structure

In this thesis the focus is on start-up entrepreneurs and understanding the start-up business environment with its highs and lows. This thesis studies genuine start-up entrepreneurs who are former Microsoft employees. The entrepreneurs in the focus group have received financial support and business guidance from Microsoft Polku program for start-up establishment. (Kyyrö, 2016). Furthermore, these new entrepreneurs have similar kinds of backgrounds as many of them have worked for Microsoft (previously Nokia) for several years and have therefore a very strong technological background. These start-up entrepreneurs from Salo, Finland were asked to participate in a web survey which was carried out as a part of this study. After the survey, group discussions were organized among the volunteered entrepreneurs to obtain a better understanding of their entrepreneurial path. The main focus was to find out what the new entrepreneurs were thinking and feeling as they were living and breathing the start-up life.

In principle, this thesis focuses on two main themes. It examines start-up entrepreneurship in general, as well as the positive drivers for it, and conversely, the challenges that start-up companies may encounter. The second theme is about apprehending what kind of support start-ups would

need and what kind of offerings would give the best possible platform for start-up companies on which to develop their businesses and seek growth. Furthermore, the structure of this thesis is formed in the following order: after the introduction section has familiarised the reader with the overall themes of this thesis, chapters 2-5 describe the different angles of the theoretical framework based on literature reviews. The actual research with its goals, methods and results is thoroughly presented from chapter 6 onwards, with the conclusions to follow.

More specifically, chapter 2, "Support scene for start-ups", aims to describe Finland's start-up support scene in general and at the regional level, and it also describes other support interfaces. Chapter 3, "Start-up framework", gives a theoretical cross-section about start-up entrepreneurship in general and overviews different start-up business models and the lifecycle of start-up companies. In addition, chapter 3 reviews business growth from the start-up point of view, as fast growth has commonly been defined as one of the special features associated with start-up companies. Moreover, expanding business to cross-boarders is one of the key viewpoints of business growth and therefore chapter 3 will also include discussion on internationalisation.

Chapter 4, "Drivers of a start-up company", examines the driving forces behind start-ups. The chapter dives more deeply into two of the most important drivers – the entrepreneurs themselves and the start-up funding. In chapter 4 the authors try to answer to questions such as what kind of path has lead people to start-up entrepreneurship and what kind competences and personal traits entrepreneur ought to have to run a start-up business. In addition, we look at financing, the second most important driver for entrepreneurs, which affects the companies' existence in both good and bad.

Chapter 5, "Challenges and barriers of a start-up company", underlines the most common challenges and barriers that start-up companies often face. The special focus of chapter 5 is on factors, such as the product and product development, customer demand and acquisition, market requirements and finally, also the personal traits of start-up founders. All of these factors have an effect on whether start-up companies face success or failure.

Chapter 6 is the first chapter to discuss the actual research which was made for this thesis. This chapter presents the research questions and goal of the thesis. Moving on, chapter 7 goes through the research methods, strategy and implementation of this research. The validity and reliability of the research will also be discussed in this chapter.

Chapter 8, "Research results", consists of the actual research results and the analysis made based on the web survey and the interview results. The research will give a deeper insight into real-life start-up business environment, risks and challenges involved and competitiveness and support needs. The competences that both the entrepreneurs and start-up

companies will need in order to stay successful are also covered. After the research part, there will be a concluding discussion in chapter 9, "Conclusions and future aspects".

All in all, the authors feel that this thesis brings together the voice of the start-up entrepreneurs, their feelings and thoughts as business owners, and reveals what kind of support models would be most beneficial for start-ups when offered from municipal level.

1.2 Thesis background

In July 2015 the Microsoft Corporation announced massive personnel reductions and decided to close its mobile phone development site in Salo, Finland. Closing the site was a part of the earlier announced personnel reductions, which in total cut 7 800 jobs globally. (Reuters 2015.) The impacts of the reductions were especially heavy for Salo due to the entire Microsoft campus site closing, and what is more, over 3000 employees were impacted in all Microsoft sites in Finland, including the reductions made in Espoo and Tampere.

Despite of the big turmoil, the local workers in all three sites started very actively to consider different alternatives for unemployment. Microsoft Corporation also played a very active role in finding different solutions for the unemployed people and establishing different programs to support the unemployed. Moreover, one of the Microsoft's lead initiatives in supporting unemployed people is the Polku Program. Polku is a support program which offers trainings, recruiting fairs and networking possibilities for former, now unemployed Microsoft workers. Polku program is also financially supporting start-ups established by the ex-Microsoft employees, and the new entrepreneurs have had the possibility to apply for financial grants for their start-ups. According to Tekniikka & Talous (2015) the start-up grant can rise up to 60 000 € per joint owner. (Tekniikka & Talous 2015.)

Furthermore, the start-up center called Kipinä is one of the branches of the above mentioned Polku program. Kipinä is formed by ex-Microsoft employees who are interested in entrepreneurship. There are three Kipinä communities on the Microsoft sites in Salo, Espoo and Tampere. The main idea of these start-up communities is that its members can incubate and cultivate their business ideas among like-minded individuals. Currently (in August 2016) there are over 200 start-up entrepreneurs. Over 120 new start-ups have sprung from the Kipinä center and many more are about to be established in the near future (Kankaapä, email 25.8.2016).

This background offered a great possibility to have an insight on start-up entrepreneurship and especially the Kipinä center and the activities it has made possible. The Kipinä center enabled the authors to research more deeply the essence and passion of entrepreneurship and what start-up

entrepreneurship truly means in real life. Furthermore, both authors were concerned about the economic well-being of Salo area, as both have connections there. Therefore, this thesis could hopefully help both Salo area's start-up entrepreneurs and City of Salo to come up with the best possible support environment, where entrepreneurship can flourish.

1.3 The purpose of the thesis

City of Salo acts as the commissioning organization of this thesis. The authors contacted Salo representatives in early 2016 and represented the thesis idea for them. As the City of Salo had just started a project on how to support the new local entrepreneurs, the parties came to an agreement about the thesis. From there on, the work continued in cooperation. Together with Salo city's project workers, the authors created questions for the web survey with an aim to find out what kind of support the City of Salo in specific should offer to new start-up companies. The short introduction in the next section has been provided to familiarize the reader with Salo city's vision and the current main support functions for local companies.

1.3.1 City of Salo

In regional level, the municipalities are developing and creating support offerings for local companies. The main goal is to enhance business possibilities, reduce local unemployment and build a vibrant community for people to live in. Salo city, located in South-West Finland, is a municipality that is very active in building different supportive actions and necessities for local companies with which to cultivate their businesses, as well as for people who consider entrepreneurship. One of the major Salo city's supportive initiatives is the Innovation and Talent Park, the aim of which is to build a solid support offering for local SME and start-up companies.

The main theme and focus for Salo Innovation and Talent Park's in 2016 is the Internet of Things (later IoT). IoT refers to physical devices or products with added intelligence, which can generate information about their environment, share the gathered information forward and act based on it (IOT Finland n.d.). IoT looks like a good thing to focus on, as according to VTT Technical Research Centre of Finland's and the estimation of Aalto University, the IoT industry could create over 48 000 new jobs by 2023, presuming that Finland can keep up with the current development pace (Simonen 2016). Salo city's vision about Iot and digitalization seems to have a reasonable basis, as Finland has already been nominated the most digitalized country by a research that was carried out in 22 countries. (af Heurlin 2016.)

Below, Figure 1 illustrates Salo Innovation and Talent Park's main activities and interfaces that together form its ecosystem.



Figure 1 Salo Innovation and Talent Park (Liipola, e-mail 20.4.2016)

1.3.2 Innovation and Talent Park

The goal for the Innovation and Talent Park is to strengthen the competitiveness in Salo area by arranging activities to support collaboration between different parties and by being an internationally significant IoT campus. The target is to create a notable technological innovation cluster which brings together both technology professionals and different kinds of companies to innovate and develop commercial digital solutions. The vision of the Innovation and Talent Park consists of three sectors supporting each other, which are the IoT Start-up Lab, IoT Business Campus and University collaboration. The idea is that IoT Business Campus can offer office spaces for technologically oriented enterprises. IoT Start-up Lab would unite start-ups companies, top coaches, vendors and corporate venture programs in same premises. Furthermore, the aim for the University collaboration network is to enhance co-operation and know-how among companies, as well as with both Finnish and foreign universities by facilitating student projects, thesis work, and research cooperation. (Liipola, e-mail 20.4.2016.)

1.3.3 Yrityssalo Ltd.

Yrityssalo Ltd. is an economic development company owned by city of Salo. The main function of Yrityssalo is to be a centre for entrepreneurial services helping and serving companies in cooperation with other business

service support functions. Yrityssalo offers for example consulting services from different areas related to entrepreneurship, business networks and other tools to improve business. The target is to create a seamless integration of entrepreneurship supporting activities organized by Yrityssalo and by the Innovation and Talent Park. Some of the activities started by Yrityssalo will continue within the Innovation and Talent Park. (Yrityssalo n.d.a.)

StartupHub powered by Yrityssalo

Salo StartupHub is a project carried out by Yrityssalo. The goal for the Startup Hub is to create the best possible pre-requisites and support models for start-ups and the Salo start-up community. The support will consist of different kinds of training possibilities and events helping start-ups to get more information about entrepreneurship and how to enhance company competences. The arranging of networking events, company visits and cooperation building with universities will all be an essential part of the work of the Start-up Hub. The Start-up Hub is continuing Salo City's IoT theme, as the Start-up Hub is concentrating on three themes linked to IoT: Health and Wellbeing, Smart House, and also IoT connectivity and Big Data. (Yrityssalo n.d.b.)

1.4 Contributions by the authors

This thesis is the result of collaboration between two Master of Business Administration students, who are both interested in the entrepreneurial world and especially in newly founded companies. Some of the chapters in this thesis were written by both of the authors and some were made more as an individual work. Maria Havia was the originator of the main idea and she drafted the first versions of the research questionnaire, based on which the web survey was executed. The chapters "Introduction", "Drivers of a start-up company", "Research questions and goal of the thesis" and "Methods" were mainly written by Maria. Noora-Maria was the author behind the chapters "Start-up framework" and "Challenges and Barriers of a start-up company". Furthermore, Noora-Maria carried-out the technical implementation of the Webropol's web survey questionnaire platform. The authors wrote the chapters "Support scene for start-ups", "Research results" and lastly chapter "Conclusions and future aspects" as teamwork.

2 THE SUPPORT SCENE FOR START-UPS

In a national level, the support for start-ups as well as for established companies is essential. Government has several programs aimed to support entrepreneurship either financially or via advisory instances. Several start-up support interfaces like start-up incubators, accelerators and start-up ecosystems exist to help start-up entrepreneurs. The current chapter introduces the Finnish start-up scene in general, as well as points out certain things that need further development in terms of support.

2.1 The start-up scene in Finland

Based on many sources, Finland has been ranked as one of the most innovative countries in the world. Bloomberg's Innovation Index 2015 and Cornell University in 2014 have both ranked Finland in the fourth place. Finland also has one of the highest R&D/GDP ratios (3.8%). (Korbet n.d.) In addition, Finland has many competitive enablers which accelerate entrepreneurship, such as a high general education level, funding opportunities, good infrastructure and nowadays, a more positive cultural perception driven by successful start-ups like SuperCell and Rovio. (Global Entrepreneurship Monitor 2014.) Start-up entrepreneurship, which is a more ambitious and internationally oriented form of entrepreneurship as compared to traditional Finnish entrepreneurship, has in fact in the recent years become increasingly popular (Kuusela 2013, 19).

Furthermore, there are lots of traditional investment models available for start-ups, and the government is also one of the major funding providers. According to Christiansen, the most common reason to start seed is the need and opportunity to create a new ecosystem and to increase the start-up pool by investment programs. Consequently, in the long run this will help national unemployment, as start-ups will hire employees and create new jobs. (Christiansen 2009, 2.) Jorma Ollila, the former Nokia executive, said in a speech he gave on 12th of May 2016 that "start-up boom does not solve every problem Finland has, but it has positive addition on economy and it shows through the whole society" (Kokko 2016).

Overall, the Finnish start-up scene looks promising, as according to FVCA (Finnish Venture Capital Association) statistics venture capital investments made in Finnish start-ups and early stage growth companies in relation to the GDP was the highest compared to other European countries in 2015. In addition, the investments made on Nordic start-ups and early stage growth companies have made a good return, performing even better than comparable stock exchange indices, according to Nordic Venture Network. (FVCA n.d.)

2.2 Support at the regional level

At the regional administrative level, the policy makers and different institutions have many ways to support entrepreneurship ecosystems. Such functions as the availability of funding, enhanced entrepreneurship education and skills, regulatory environment interventions and access to markets play a major role in facilitating entrepreneurship. Also the promoting of awareness and networking are important supportive activities.

Kelley, Singer and Herrington (2016) suggest that national policy priorities enhancing entrepreneurship among others should be:

1. formulation of national entrepreneurship strategy
2. optimising regulatory environment
3. enhancing entrepreneurship education
4. facilitating technology exchange and innovation
5. improving access to finance in order to build more supportive entrepreneurship ecosystems.

Juasrikul, Rahman and Sukpanich (2015, 52) are joining into this perception regarding education, and they emphasise the importance of academic institutions and governmental instances in supporting nascent entrepreneurs, while also calling for social acceptance in terms of positive perceptions and a societal status linked to entrepreneurs.

One can say that the Finnish government has taken steps to the right direction in helping companies. The government's innermost aim is naturally to raise the Finnish competitiveness and economy. For example, in General Government Fiscal Plan 2017-2020 the government has been planning to expand start-up grants to cover unemployed jobseekers as well. In maximum, new entrepreneurs can get 12 months' start-up grant equivalent to basic daily allowance. (Finnish Government, 2016.) Also the private employer's social security tax, as well as the mandatory employee contributions carried by employers are reduced to support companies to hire new workers (Finnish Government 2015). The latest reform will take place in early 2017 when companies with a turnover of less than 500 000 € do not need to pay VAT (value added tax) before the money has landed in the company's bank account. Currently, the VAT has to be paid when the bill has been sent to the customers. (YLE, 2016.)

Another concrete example related to government support efforts is a Tekes innovation voucher trial. Voucher value is 5 000 € and it is aimed for micro and SME companies. With this voucher companies can buy for example consultation, special services and know-how which the company itself does not have. The goal of the voucher is to support small companies in different development stages and to improve the companies' operational preconditions. (Tekes, 2016 a.)

Even though Finland has done many things right in supporting start-ups and established companies, there are some things that still need attention. According to Global Entrepreneurial Monitor Report 2015-2016 in Finland more support is needed especially in the areas of entrepreneurship education and entrepreneurial programs like Figure 2 below illustrates (Kelley et al. 2016).

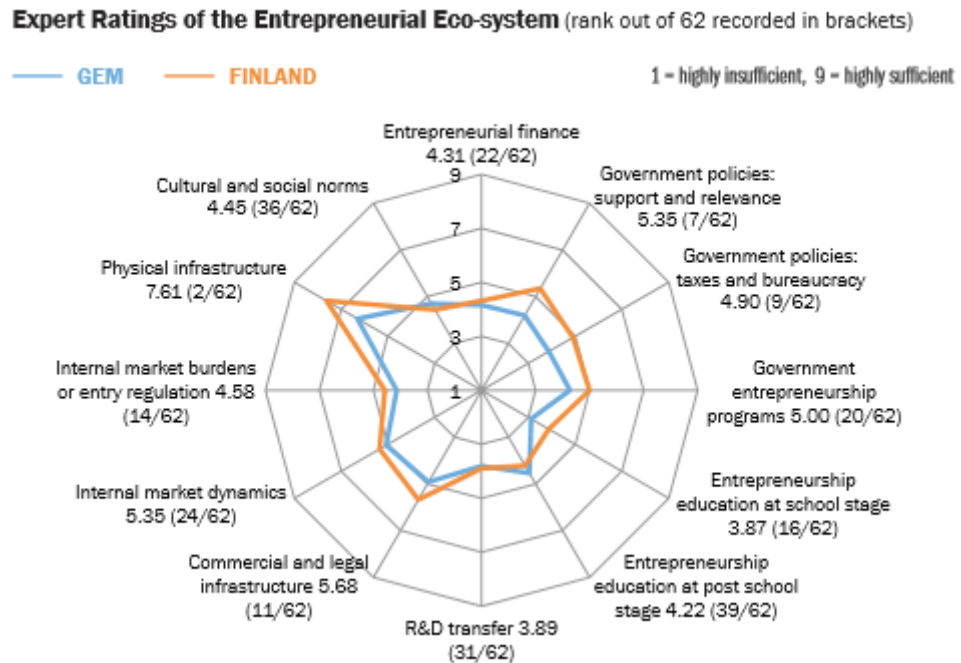


Figure 2 Expert Ratings of the Entrepreneurial Eco-system (Kelley et al. 2016)

Lack of adequate training is also confirmed in Finnish Trade Union confederation Akava's study, which revealed that only 13% of University graduates felt that higher education studies supported self-employment well or very well. Among the University of Applied students the corresponding percentage was a bit higher, 21% but still 79% felt that their studies do not support entrepreneurial ambition. (Akava 2016.) Ismail (2015, 434) sees the universities' role pivotal in facilitating nascent entrepreneurs. This role is significant in instilling and nurturing entrepreneurial attitude and spirit, not forgetting the offering of specialized programs and carefully designed entrepreneurial courses. Entrepreneurial education will also widen one's self-perception, the outcome of which is a better awareness of different opportunities, believing in one's own skills and a relieved attitude towards possible failure. (Xavier et al. 2012.) Ruda, Martin and Danko (2009, 10) studied start-up support needs among university students. Students as nascent entrepreneurs were seeking support in three main activities. Their first need was *individual support* comprising coaching and consulting, impulsion financing and incubators. The second need was *knowledge basics*, comprising business planning

workshops, courses and business planning. The third was *networking support* to build strong connections.

2.3 Other support interfaces

Along with governmental support, start-ups have other support forms including accelerators, incubators, communities and events which they can exploit. The Slush event is a great example of a leading start-up event which gathers together over 15 000 attendees from 100 countries, including almost 2000 start-ups, 800 investors and 700 media representatives. The Slush is intended for growth companies of all stages and types which are seeking for example global exposure, mentoring possibilities, customers or investors. In short, the goal of Slush is to accelerate businesses. (Slush n.d.) Another big scale start-up event held in Finland is the Artic15 which is a two-day event for start-ups to pitch and meet over 250 investors from all over the world and to seek possible funding (Artic15 n.d.).

The Startup Sauna is also a well-known actor in the Finnish start-up scene. It works as an accelerator program for talented early-stage start-up companies from Nordic countries, Russia and Eastern Europe. It also concentrates on activities such as contributing to the Slush event. Through a Startup Life internship program, the Startup Sauna foundation sends gifted students to internship programs in start-ups around the world (Startup Sauna n.d.a; This is Finland n.d.; Startup Sauna n.d.b).

The intensive Startup sauna accelerator program is held two times each year by experts including among other things serial entrepreneurs and investors from Finland and nearby countries. The program takes place in the Startup Sauna co-working space in Helsinki and it lasts one month at a time (Startup Sauna n.d.a; Startup Sauna n.d.c). The accelerators' main focus is on business development. In other words, the program concentrates on searching the right business model which is scalable, figuring out what customers need, understanding the market where the company is headed to, and furthermore, the accelerator also advises on pitching and creating a pitch deck for the investors. (Startup Sauna n.d.c.)

Actually, the Sauna's origins lay in the Aalto University's student organisation Aaltoes. Aaltoes is an another Finnish start-up organisation, the goal of which is to organise networking events, trips and accelerator programs in order to strengthen the Finnish start-up ecosystem. Many other educational institutions, like universities, have had Aaltoes as a model example while establishing start-up societies. (Aalto Entrepreneurship Society 2016).

Different kinds of regional start-up incubators often facilitate workspaces, offer incubation services and help start-ups to access markets. Furthermore, incubators can help in establishing connections and promoting the start-up, and also provide valuable business development

assistance (Longo, Giaccone 2015, 5). Offering workspace to young start-ups which are barely surviving can be a significant help, as solely the monthly workspace costs can sometimes be overwhelming. (Dee, Gill. Weinberg, McTavish 2015, 13.)

3 START-UP FRAMEWORK

In this chapter the most vital topic of this thesis – the start-up – is presented thoroughly. The term start-up calls for closer attention as the key element of this study, and therefore we shall begin by defining what the term actually implies. This chapter answers to questions such as what a start-up company is, and moreover, what special features start-ups have and when a start-up ceases being a start-up. In addition, the definition for the start-ups that took part in this study and the definition for start-up ecosystem are also reviewed in this chapter. After that, the principles connected to start-ups will receive further examining. The paragraph overviews such principles regarding start-ups and entrepreneurship which are good to know as basic knowledge on the topic. The third paragraph explains for example what Steve Blank's Customer Development theory and Eric Ries's Lean Startup methodology have to do with start-ups and furthermore, Alexander Osterwalder's business model called Business model canvas is presented. Lastly, chapter 3 reviews successful growth process from the start-up point of view and also takes a look at internationalisation, as expanding business to cross-boarders is one of the key viewpoints of business growth.

3.1 What is a start-up?

A research made by Klačmer Calopa, Horvat and Lalic (2014, 19) defines start-ups as "newly founded companies or entrepreneurial ventures that are in the phase of development and market research". Moreover according to their study start-ups are in many cases associated with technology, as technology related projects usually have good growth possibilities. (Klačmer Calopa, Horvat & Lalic 2014, 19–20.) On the other hand, Eric Ries, the developer of The Lean Startup method defines start-up as a "human institution designed to deliver a new product or service under conditions of extreme uncertainty" (Ries 2011, 8). Meanwhile Steve Blank, the developer of The Customer Development theory describes start-up as an organization that is established to seek for a repeatable and scalable business model (Kuusela 2013, 15). Some people even think the start-up is a culture which has nothing to do with metrics, the age of the company or the size of the company (Robehmed 2013). Defining what a start-up company truly is can be challenging, as it seems there are as many definitions as there are start-ups. However, in many cases when people are

talking about start-ups they usually refer to companies which are seeking for fast growth, have international markets in mind and usually are all about finding a solution to some concrete problem (Kormilainen 2015, 20). It is nevertheless generally agreed that the ability to grow is the key feature of a start-up company (Robehmed 2013).

When it comes to start-ups and start-ups special features, a relaxed company culture usually comes to mind. Start-ups want to be different and therefore they steer clear of such ways the traditional businesses are familiar with (Ireland 2015). According to Kuusela (2013, 19) start-up companies try to avoid stiffness, bureaucracy and factors that disturb enthusiasm, epiphany and actual doing. Some start-ups even like to offer all kind of perks for their employees, such as flexible hours, kitchens which are fully-stocked, et cetera (Ireland, T. 2015). However, in the early stage of business the start-up entrepreneurs may often do lots of work without pay (Kuusela 2013, 19). In addition, as start-up companies usually concentrate their energy on the actual doing and perfecting their business idea to reach as profitable business as possible in a short amount of time. This may also result in occasional failures, and from this comes the “fail fast” mantra, which is familiar for start-ups (Kuusela 2013, 19; Griffith 2014). In fact Neil Blumenthal, the CEO of Warby Parker, has described start-up companies as follows: "Start-up is a company which works to solve that kind of problems where solution is not obvious and success is not guaranteed" (Kormilainen 2015, 20).

It is also under constant debate when the start-ups cease being start-ups. According to Kuusela (2013), a start-up company differentiates from traditional businesses not only by the eagerness for growth and the need for venture capital, but also by its age. Kuusela proposes that start-up companies are young, usually under five-year-old companies (Kuusela 2013, 15). Factors such as multiple offices, possessing over 80 employees, having more than five board members, acquisition, founders selling their shares and revenues exceeding \$20 million can also indicate that the start-up in question has graduated, as it were, and can no longer be considered a start-up (Robehmed 2013). In addition, the way in which a company operates can also work as an indicator. When a company starts to operate as a traditional company, in other words it starts to build hierarchy, silos and starts to categorize itself, at that point the company will have lost the characteristics that usually are the essence of an agile start-up company. (Kormilainen 2015, 21.) However, the presumption generally is that a start-up begins to move away from the “startuphood” when it starts to make a profit (Robehmed 2013).

A closer look at the start-ups that took part in this study

Fourteen start-up companies took part in the web survey that was executed as a part of this study. Later on, ten of the companies were interviewed more thoroughly. These companies are all members of the Kipinä start-up center and furthermore, the entrepreneurs behind the firms are all former

Microsoft employees, as we mentioned earlier in this thesis. Kipinä center is meant for start-up companies, but keeping in mind the previously presented general definitions for start-ups, the companies in the Kipinä center may not completely match the given criteria. Moreover, the interviewed entrepreneurs did also not see fast growth or internationalization as main targets for their businesses. These entrepreneurs call their firms start-up companies because they believe that a start-up is above all a state of mind, a culture, which is also one of the many definitions of start-ups that have been offered to the masses. Furthermore, the interviewed entrepreneurs had been a part of a large organization (Microsoft), were accustomed with a certain type of bureaucracy and what is more, they had previously worked for someone else. Now that they work as entrepreneurs, they have the possibility and freedom to truly do things differently and let their innovativeness flourish.

3.2 Start-up ecosystems

People from different backgrounds, start-ups from different stages as well as different types of organizations form a so-called start-up ecosystem, the goal of which is to create new businesses via interaction. Furthermore, the interaction can happen through different instances, such as activities, gatherings and locations. Generally, a start-up ecosystem is considered to be located in a certain physical environment, such as in cities or in a virtual environment, like online communities. Some people even see that nowadays the entire world can be considered as one huge chain of start-up ecosystems, thanks to social networks. Moreover, the start-up ecosystems do not have specific or regulated working ways, as they vary by location and consistency. The ecosystems may consist of various kinds of people from different cultures and diverse resources. When people from other parts of the world and with different expertise join a start-up ecosystem, it can have vast effects on the ecosystem as a whole. (Startup commons n.d.)

In the larger picture, the organisations connected to start-up ecosystem can be categorised into research organisations, service providers, universities, funding organisations, big companies and support organisations. The latter include accelerators, incubators etc., as seen in the Figure 3. These organisations usually have a specific task in the start-up ecosystem, or they focus on start-ups in specific stages. (Startup commons n.d.) As this thesis concentrates on the support organizations' side of the start-up ecosystem, the incubators and accelerators are essential concepts for this study.

The term *incubator* is used when referring to an organisation, the purpose of which is to accelerate the growth of businesses and to increase their success through support services and resources. Public institutions, private companies or municipal sources often sponsor and support incubators. Also, there are different incubators with different areas of expertise. Incubators are beneficial for start-up businesses, as business incubators offer co-working spaces and their staff give advice on matters like how to

develop one's business and market plan. They also provide help in finding funding opportunities. Furthermore, companies are usually involved in incubator activity for approximately two years. (Entrepreneur n.d.)

Incubators are often mixed with *accelerators*. Accelerators and incubators are, however, two different operators that both guide companies in their journey to growth, and that is why they sometimes have overlapping activities. However, the incubators and accelerators provide their services in different ways, and the companies in incubators and accelerators are in completely different phases in their business lifecycles. While the business incubators guide the early-stage businesses through their childhood, the accelerators, on the other hand, provide guidance through adolescence into adulthood. After the nurturing has taken place in the business incubator, the companies will have acquired the needed skills and tools to move from the start-up phase and to stand on their own. Despite the acquired skills and tools, the companies still need guidance and support in their next challenges, and this is when the accelerator steps into the picture. A business accelerator program usually lasts from 3 to 6 months, and its aim is to reach fast growth, and in the same time to solve operational, organisational and strategic problems. (Sepulveda 2012.)

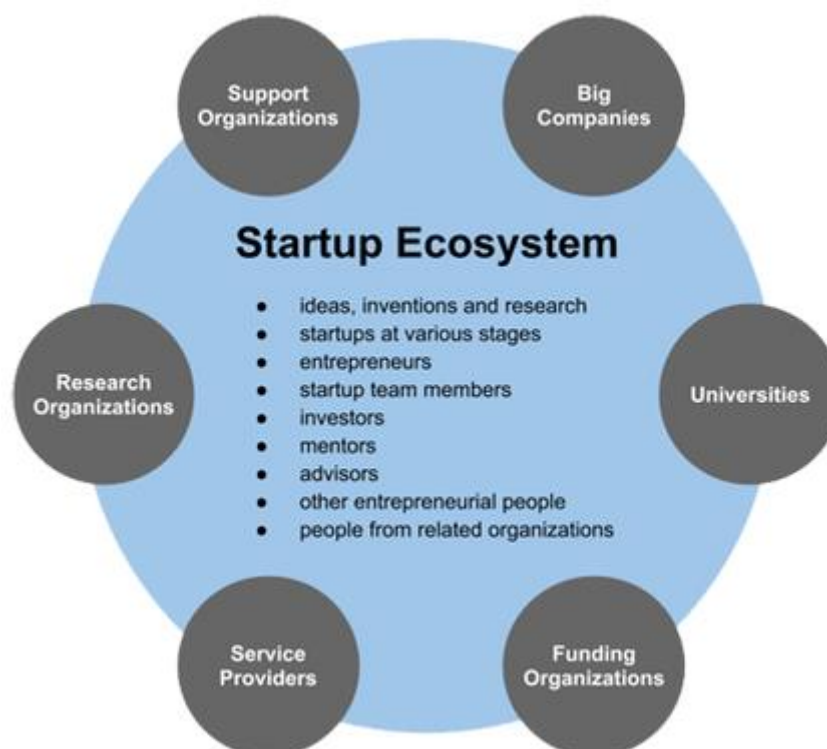


Figure 3 The start-up ecosystem as a whole (Startup commons n.d.)

Start-up ecosystem also includes necessary components, like resources. For example, time, money and know-how are all essential to the ecosystem's existence. The resources are shared between the organizations and the people involved in the ecosystem through for example gatherings and events. This kind of interaction enables the existing start-ups to improve and to strengthen their business, and of course, the interaction can also generate new upcoming start-ups.

Furthermore, external and internal factors have an influence on how the start-up ecosystem functions. External factors refer to matters like financial situation, disruptions which happen in the market and changes happening in big companies. These external factors have an impact on how things function inside the start-up ecosystem and they also monitor the ecosystem's structure as a whole. In comparison, the internal factors supervise processes that happen in the ecosystem, and vice versa. The term "internal factors" refers to the people and organisations inside the ecosystem, including how much and what kind of input (such as skills) they are able to bring into the start-up ecosystem. Internal factors also include both the successes and failures of the start-ups which follow each other successively. Furthermore, sometimes peoples' actions inside the start-up ecosystem can have a cumulative effect on the external factors. (Startup commons n.d.)

3.3 Lifecycle of start-up company

Serial entrepreneur and business lecturer Steve Blank suggests that a start-up company has certain steps on its way to growth and to becoming a large company. These steps are Search (includes customer discovery and customer validation), Build (includes customer creation and company building) and Grow, which follow each other sequentially, as seen in the Figure 4 below. (Blank 2015.) These steps help to assess the start-ups' development stage in the company lifecycle (Startup Genome 2011, 6).



Figure 4 The steps that are included in a start-up company's lifecycle (Blank 2015)

The first step is called *Search* and it actually wraps up the whole definition of start-ups. The first step describes the aim to seek for a repeatable and scalable business model, a pattern which Steve Blank uses as a direct definition for start-up companies (Blank 2015; Kuusela 2013, 15). In short, according to Startup Genome report (2011, 14) this step that includes validation is where the company tries to bring a solution to a problem which people are hypothetically interested in and are willing to pay money for or, at least, attention to. To expand the journey for finding

a product/market fit can be quite rocky and it can require much iteration. In fact, most of the start-up companies and ventures die while in this step. According to Steve Blank, companies in this step are functioning with a staff of under 40 people. Furthermore, the Search step is all about customer discovery and customer validation. In order for a start-up to exit this step, it is a must that the start-up has created the right, customer-centric sales channels, made sure the costs for the channels are identified and enabled the sales by a sales force. Customer acquisition as well as customer activation has been thought out in the Search step. Moreover, the cost of customer acquisition and the net profit value that customers brings to the company, in other words the life-time value, has been predicted for the next 18 months. (Blank 2015).

When the company has executed all the factors which are included in the Search step the company is ready to move into the next step – *Build*. In short, the Build step is about customer creation and company building. In this step, the company has to make changes in order to grow the amount of customers and thus to be able to scale. Growing the customer amount at a certain rate enables the company to earn more money that it uses for its expenses. Moreover, during this step the number of the company's personnel rises from about 40 to 175, or even more, as the company grows. Due to the higher number of personnel, the company now has to think about issues like company culture, personnel training, product management and different processes and procedures, which were probably not considered thoroughly before, when the company was smaller and easier to handle. (Blank 2015.)

The last step is called *Grow*, in which the company has transformed into a public company through offering stocks for the general public (initial public offering), or the company has merged with some larger firm (Blank 2015; Koba 2013). In the Grow phase the company has reached liquidity. The company now follows Key Performance Indicators in order to be able to evaluate its own performance and success in certain fields of its activities (Blank 2015; Investopedia n.d.).

3.4 The principles connected to start-ups

Over a decade ago, Steve Blank started to teach Customer Development process in the University of California, Berkeley, which lead to a revolution of the Lean Start-up. One of Blank's students, Eric Ries, took a special interest in the process and started to study it further by iterating and testing it. (Blank 2013, ix.) Eric Ries's insight lead to Lean Startup method which combines customer development with agile engineering (Blank 2013, ix; Blank 2010). Later on, Alexander Osterwalder refined Customer Development process even more by organising start-up suppositions into one clear framework called Business Model Canvas (Blank 2013, ix-x). In short, the Business Model Canvas is about guiding

teams through Customer Development process and at the same time, it works like "a scorecard" (Blank 2013, x).

As mentioned earlier, Steve Blank, the father of The Customer Development theory and Lean Start-up movement, defines the start-up as an "organization formed to search for a repeatable and scalable business model" (Blank 2010; Blank 2013, ix). To be able to build this kind of organisation, one has to understand and know a few principles regarding entrepreneurship and start-ups. Furthermore, one has to draw a business model which determines how company makes money and how a "company creates, delivers and captures value" (Blank 2010). The previously mentioned theories are presented chronologically in this thesis. First, Steve Blank's theory about Customer Development process is presented, as it can be helpful when start-ups are repeating and testing elements from their existing business models. Next, Blank's former student Eric Ries's Lean Startup method will be under further examination, as the start-ups use Agile Development when they are iterating products along with learning. (Blank 2010.) Moving on, Alexander Osterwalder's business model called Business Model Canvas will be studied in detail, as according to Steve Blank it fill the blanks of Customer Development process and Lean Startup method, and is the clearest business model to be drawn (Blank 2013, ix-x; Blank 2010).

3.4.1 The Customer Development theory

Measuring development team's proficiency, following company's venture capital spending and product launch are all familiar Product Development steps for start-ups. However, before the Customer Development theory there were no certain guides and measurable ways for how to actually find customers, create a market and validate a business model. It is a fact that although one had the funding fixed, one cannot develop the market or create demand for customers if there are no customers that are interested in one's product or service. (Blank 2013, 21–22.) Steve Blank developed a Customer Development theory to fill these holes which existed in the Product Development methodology (Blank 2013, 21; Market By Numbers n.d.). Using Customer Development theory also brings advantages like cost savings. One does not have to use time and money finding out what works, when one has the possibility to concentrate on the actual doing because of the knowledge of what has been proven to work. (Market By Numbers n.d.)

Customer Development has four steps, including Customer Discovery, Customer Validation, Customer Creation and Company Building, which clarify all the activities related to customers in the beginning of the start-up journey (Blank 2013, 25). These steps focus among other things on choosing the right market while keeping the company's business idea in mind, answering to customers' needs via concentrating to the right product features, discovering the correct ways to reach customers by testing the

proper model and tactics, and finally, making sure the company has the right kind of organization with the right kind of resources to enable scalable business (Market By Numbers n.d.). Customer Development's core idea is that instead of assuming something to work you have to be able to use some concrete way, such as a scientific method or engineering to confirm that the ideas you have are implementable in order to validate them (Market By Numbers n.d.). What is more, according to Steve Blank the experimenting as well as learning belong to start-up environment and make start-ups special (Blank 2013, 21).

Customer Discovery

Customer Discovery step involves identifying who your customers are and whether or not you are offering a solution to a problem which with customers wrestle and hold as important. Thus, this step explores whether one's business plan is based on the right hypotheses, such as the problem, product and customers. (Blank 2013, 27.) To be able to make sure your guesses about the problem, product and customers are right, you have to be able to test them and turn them into facts. Steve Blank's guide is to go "outside the building" to learn from suppliers, business partners and more importantly, from the customers. (Blank 2013, 27, 43.) This will also help you to learn what features your product have that are special in the eyes of the customer. However, the main job in Customer Development is to clarify if there are customers and a market for the company's vision. (Blank 2013, 28.)

Customer Validation

The goal of Customer Validation is to form "a sales roadmap" for sales and marketing personnel which can be repeated. This roadmap includes sales processes which are repeatable and have been proven to work in the field while selling the early product. (Blank 2013, 29.) Customer Validation gives evidence whether the solution you are offering to customers has found the product/market fit; in other words, if your product appeals to customers and markets or not (Blank n.d.; Blank 2013, 29). Furthermore, together the Customer Discovery and Customer Validation processes support the business model, and they belong in the previously introduced Search phase in the start-up lifecycle (Blank 2013, 29; Blank 2015). When you have gone through these two steps and reached both a repeatable group of customers and a repeatable sales process, which together have led to finding a successful business model, you are ready to move on. The next step is called Customer Creation (Blank 2013, 29).

Customer Creation

As noted earlier, the Customer Creation forms alongside Company Building process the Build phase in the lifecycle of a start-up company (Blank 2015). Furthermore, it is the first execution phase of customer development (Blank n.d.). Customer Creation aims to create a demand in the end-users and is executed as a result of the growing customer amount scale (Blank 2013, 29; Blank n.d.). In addition, the Customer Creation process is not the same for all start-ups, as there are different kinds of

start-ups which are heading in different markets. The goal of some start-ups is to create something totally new and unseen. Therefore, they have to create new markets. Some of these start-ups enter markets which already exist, while some try to combine both ways by entering existing markets via creating a niche or with products that cost less. Because of these different strategies, the activities concerning Customer Creation have to be carried out distinctively. (Blank 2013, 29–30.)

Company Building

The last step of the Customer Development model is called Company Building. As the name entails, the Company Building is about expanding the company (Blank 2013, 213). The next step for start-ups is to transform from Customer Development-obeying, informal companies to bigger, functional companies which have mainstream customers (Blank 2013, 30, 212). This building phase includes factors such as expanding the customer base to mainstream customers, developing management, the whole organisation and the company culture (Blank 2013, 213). Furthermore, the company has to be able to sustain mission-orientation, discovery and learning, which all made the journey to this point possible (Blank 2013, 30, 213).

3.4.2 The Lean Startup method

Eric Ries has developed a method called Lean Startup for start-ups to use in continuous innovation and to enable successful business (Ries 2011, 2–3). In addition, as the name reveals, the concept of lean thinking has been the inspiration for the Lean Startup method (Ries 2008). Ries proposes through his method that start-up success can be learned and taught. Success is not dependent on factors like hard work, determination and creativity, although this is a common presumption. According to Ries, most start-ups fall through because they do not reach their full potential, no matter how promising a start they have had. Ries's scientific approach to successful start-ups includes five principles, which are Entrepreneurs are everywhere, Entrepreneurship is management, Validated learning, Build-Measure-Learn and Innovation accounting. (Ries 2011, 2–3.)

Entrepreneurs are everywhere

Ries defines the start-up as "a human institution designed to create new products and services under conditions of extreme uncertainty" (Ries 2011, 8). According to Ries, entrepreneurs can be spotted everywhere despite the place, and moreover, the Lean Startup method can be utilized in any company regardless of its size, sector or industry. (Ries 2011, 8.)

Entrepreneurship is management

This principle proposes that it is essential for a start-up company to build a new, special kind of management keeping the extreme type of uncertainty of this type of business in mind: a start-up company is much more than the product it develops – it is an institution. Ries proposes that innovative,

modern and growth seeking companies should in fact consider entrepreneur-term as a job title. (Ries 2011, 8.)

Validated learning

Eric Ries states in the Validated learning principle that start-ups do not exist merely in order to make products or services, serve customers or to make money. Ries insist that start-ups exist to learn how to develop a business which is also sustainable. (Ries 2011, 9.) Scientifically validated learning helps entrepreneurs to test their vision every step of the way in the uncertain situation, and therefore, start-ups that think lean can keep validated learning as a unit of progress (Ries 2011, 9; The Lean Startup n.d.). When entrepreneurs have gotten a grasp of validated learning, the time used in the development process of high quality goods can shorten, as their focus is in the right place and plans can be adapted incrementally (The Lean Startup n.d.).

Build-Measure-Learn

Build-Measure-Learn is one of the most important components of the Lean Startup method. You could even say it is the core component. According to Build-Measure-Learn you have to first clarify the problem that needs solving. Then, the next step is to develop a minimum viable product (in other words the MVP) to be able to start the fast learning process. After the MVP has been developed, the start-up company can begin to "tune the engine". The tuning process will include both measurement and learning. In addition, the process should also contain accurate metrics to be able to make cause and effect evident. (The Lean Startup n.d.)

Innovation accounting

Improving a company's outcome requires accounting. To also be able to hold innovators accountable, the start-up needs to be able to measure the advancement, to focus on setting further goals and to schedule where to concentrate. According to Ries, because of these factors the start-ups and people holding them accountable need a new type of accounting which is moulded especially for them. (Ries 2011, 9.)

3.4.3 The Business Model Canvas

Business model is a plan organisations implement and consists of ways to generate, deliver and catch value (Blank 2010). According to Alexander Osterwalder, Yves Pigneur and Tim Clark (2010), a business model has to be relevant and simple enough for everybody to understand, however it is challenging not to oversimplify how the company functions and runs its business. Originally Alexander Osterwalder introduced to the masses the tool called Business Model Canvas, which is like a painter's canvas. It is the meaning of this model that people can have joint discussions and together sketch business model elements from existing or new business models. According to Osterwalder, Pigneur and Clark (2010) The

Business Model Canvas is exploited best when printed out, so that people can for example place Post-it notes to it, or draw to it with board markers the outcomings of their group discussions. For example a whiteboard is large enough a surface on which to place the Business Model Canvas and to start the innovation process. (Osterwladner et al. 2010; Greenwald 2012.)

Furthermore, this visual chart, as seen in the Figure 5, is formed from nine building blocks through which a business model can be expressed effectively and clearly, and it will help to get the overall picture of the business. These building blocks contain businesses' main areas, such as infrastructure, finances, customers and offering. The nine blocks are Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships and Cost Structure. (Osterwalder et al. 2010; Greenwald 2012.)

The Business Model Canvas



Figure 5 The Business Model Canvas (Osterwalder et al. 2010).

Customer Segments

The Customer Segment building block is about identifying which customers the company tries to serve. Customers are one of the core elements of any business model, as when there are not profitable customers, any company cannot survive at least for a long time. A company may form different customer groups (or specific customer segments), in order to serve their customers better. The segmentation may happen for example by identifying needs or behaviour patterns that customers have in common. Through the segmentation the company has to

decide which customer segments it wants to serve and which it will pay no attention on. After the decision has been made, the company can then plan the business model the specific customer segment in mind to meet the needs of the chosen segment. To give you an example, there are different customer segments including Mass market, Niche market, Segmented, Diversified and Multi-sided platforms/markets. (Osterwalder et al. 2010.)

Value Propositions

The Value Propositions building block is about creating value through a variety of services or products for the specially selected Customer Segment. The purpose of the Value Propositions is to answer for the selected Customer Segment's needs by offering benefits for the customers. In addition, these Value Propositions can introduce a totally new and innovative market offer. The Value Propositions can also resemble market offers that already exist but new details have been added to them. Elements which can create value for customers can for example be achieved with creating something totally new and unseen for customers, improving the performance of some existing product or service, making customized products or services to answer the needs of particular customer or Customer Segment, making a product which design stands out from the ground or pricing the product lower than the other companies on the market. (Osterwalder et al. 2010.)

Channels

The Channels building block describes how the company delivers Value Propositions to its selected Customer Segments using different channels. A company's interface with its customers is formed by distribution, communication and sales channels. Therefore, the Channels are an important factor in the customer experience. Furthermore, companies have different Channels through which they can reach customers. A company can use two types of channels, which are its own Channels or Partner Channels, when trying to reach the customers. One more option is to use a combination of both Channels. (Osterwalder et al. 2010.)

Customer Relationships

The Customer Relationships building block refers to relationships with customers. In other words what kind of relationships the company wants to build with its Customer Segments. This building block also plays an important role when it comes to customer experience. Furthermore, there are various types of relationships which a company can create with customers, such as Personal assistance, Dedicated personal assistance, Self-service, Automated services, Communities and Co-creation. (Osterwalder et al. 2010.)

Revenue Streams

The Revenue Streams building block refers to the amount of money the company earns from each Customer Segment. The company can create for each Customer Segments one or several Revenue Streams which have different mechanisms for pricing. Furthermore, the Revenue Streams can

be generated in different ways such as via asset sale, usage fee, subscription fees, renting/lending/leasing, licensing, brokerage fees or advertising (Osterwalder et al. 2010.)

Key Resources

The Key Resources building block refers to the main assets that company has in making a functional business plan. These key resources can be created to generate Value Propositions, serve Customer Segments and furthermore to make income. It is up to the business model which kind of key resources are needed. These Key Resources can be intellectual like customer databases, human like skilled workforce, physical like facilities, or financial like cash. (Osterwalder et al. 2010.)

Key Activities

The Key Resources building block expresses the main actions that the company has to take to reach a functional business model and, as a consequence, to achieve smoothly running operations. Both Key Resources and Key Activities are needed to create Value Propositions, serve Customer Segments and furthermore to make income. What is more, the Key Activities differ depending on the business model and they can also relate to production, problem solving or platform/network. (Osterwalder et al. 2010.) According to Osterwalder et al. (2010) production key activities refer to “designing, making, and delivering a product in substantial quantities and/or of superior quality”. Problem Solving Type of Activities refers to solving customers’ problems with some new solution. Platform/Network Type of Activities refers, as the name implies, to platform or network related activities. (Osterwalder et al. 2010.)

Key Partnerships

The Key Partnership building block identifies all the partners, including suppliers that are needed to make a functional business model. There are many reasons why companies need partnerships. Osterwalder, Pigneur and Clark (2010) have formed three different groups of motivation sources for partnerships, which are Optimization and Economy of Scale, Reduction of Risk and Uncertainty, and Acquisition of Particular Resources and Activities. The Optimization and Economy of Scale motivation source refers to relationships that have been created to allocate activities and resources effectively. As a consequence of this kind of partnership, costs can be reduced, infrastructure can be shared and furthermore, this kind of partnership can also involve outsourcing. The Reduction of Risk and Uncertainty-driven partnerships refer for example to strategic alliances which competitors have formed to reduce risks in the competitive environment. The Acquisition of Particular Resources and Activities describes motivation sources for partnerships that have been formed because companies often do not have all the needed resources. They may for example form partnerships to acquire knowledge. (Osterwalder et al. 2010.)

Cost Structure

The Cost Structure building block portrays the most crucial costs that come along with the operated business model. Generating revenue, creating and delivering value and nurturing Customer Relationships all bring costs to the company. According to Osterwalder, Pigneur and Clark (2010) there are two types of business model Cost Structures - value-driven and cost-driven. Value-driven Cost Structure points at companies which concentrate more on value creation than monitoring costs, whereas Cost-driven Cost Structure refers to business models which aim to minimize costs. Furthermore, Cost Structures have different characteristics such as fixed costs, which indicate costs that remain unchanged or variable costs that can vary depending on the amount of produced products or services. The economic of scope refers to advantages regarding costs that large-scale operations may have brought to the business, and economics of scale refers to the phenomenon of goods that are ordered in large amounts, thus causing the costs to sink. (Osterwalder et al. 2010.)

3.5 Different theories about the successful growth process

All companies are usually eager to grow and to acquire growth, but forging the growth is hard. In the US only 4% of new start-ups will grow large enough to have more than 50 employees. Even the companies' existence in the longer scale is difficult, as about half of the new companies will survive for over five years, and only one third survives for more than ten years. (SBA 2014.) There are also several estimations about the start-ups' success. According to a Harvard Business School study, only about 25% of the start-ups established will succeed. The numbers are even worse in terms of return in capital, suggesting that only 5% of start-ups are successful. Furthermore, only 1% of the start-ups go public. (Cusumano 2013, 26.)

The start-ups that succeed and are fast-growing are commonly named as "gazelles". According to Birch and Medoff (1994) a gazelle is a high-growth company that is able to increase its revenue by at least 20% annually for four years or more, when the revenue base is at least \$ 1 million (Longo, Ciaccone 2015, 2). Being able to grow successfully has many positive aspects, such as increased market power and better investment capacity in new technologies, innovations and products. Also, the company's reputation will have a positive impact. However, there are some negative aspects in growth that should be recognised, such as organisational rigidity and slower decision-making. (Bortoluzzi, Tivan, Tracogna & Venier 2014, 133.)

It is quite difficult to determine between different explanations of what the real reasons behind successful growth process are. One explanation according to Bortoluzzi et al. (2014, 133, 142) for new start-ups operating in technology sector is that growth is facilitated by three main factors which are entrepreneurial factors, contextual (environmental) factors and

strategic factors. In Bhidé's (2000) opinion, the *entrepreneurial factors* consist of the entrepreneur's ambition and risk taking willingness as a part of success. Kelley, Bosma and Amorós (2011) also emphasize the entrepreneurial attitude and furthermore, the entrepreneur's experience as conceivable factors of a young company's growth (Bortoluzzi et al. 2014, 134). Entrepreneurial teams can also lead start-up companies. Especially if a team's technical and commercial skills are combined together, it can lead to the possibility of high growth (Colombo & Grilli 2005, 813). According to Mullins (1996), the entrepreneur's individual traits can affect the company culture and behaviour. Naturally, the consequences can be either positive or negative, but usually the innovation-oriented entrepreneurs and entrepreneurs who are willing to take risks create benefits for the company. Also, the educational level, previous experience and practical skills can be valuable growth assets. (Bortoluzzi et al. 2014, 134.)

Contextual (environmental) factors also play a significant role in a start-up's success. Opportunities and threats will rise from existing markets by either favouring or constraining the company's growth. (Bortoluzzi et al. 2014, 134.) Institutional factors as a part of contextual factors include for example regulations, culture and societal norms, which can create constraints or conversely also growth (Bortoluzzi et al. 2014, 136). Tight regulations and labour markets may have negative effects, but if markets are working efficiently and labour regulations as well as financing conditions are favouring entrepreneurship, they can contribute to company growth. The legal environment and country regulations will also affect growth and can even manipulate the type of new businesses that are born. (Ardagna & Lusardi 2010, 17.) In addition, there are *strategic factors* which are a company's market strategies. Kaplan, Sensoy and Stromberg (2009) allege that more attention should be paid on a company's business strategy than the actual management team executing it. Based on Siegel, Siegel & MacMillan (1993) the opinion market strategies have a considerable impact on young companies' growth, although the company size and age will have an effect too. (Bortoluzzi et al. 2014, 134, 137).

Groenewegen and de Langen (2012) have presented their explanation for success. They have explained techno-based start-ups' success by three main variables. The first variable is the advantage received from radical innovation, which refers to a "unique original product, system or business model, that will make other already existing ones unnecessary or obsolete". The second variable is the characteristics of the organisation and its interaction process with environment, as well as the degree of customer proactiveness. The third variable is the entrepreneur themselves and their traits and experience. The abovementioned three variations and their relation to start-up success are illustrated in the Figure 6. (Groenewegen & de Lange 2012, 158–159, 166.)

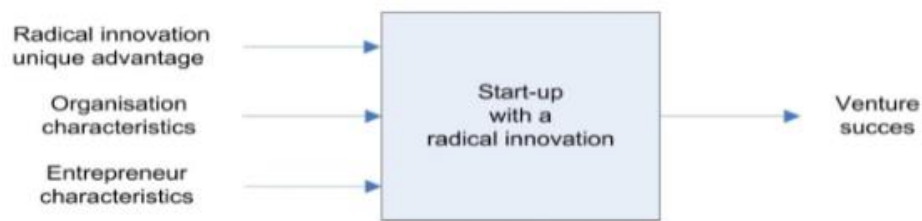


Figure 6 Venture success model for start-ups with a radical innovation (Groenewegen & de Langen. 2012, 160)

3.6 Internationalisation as a growth enabler

Prosperous start-ups usually seek markets which favour new entrants by being fast growing and having profitability potential (Cusumano 2013, 26). The ability to grow is one of the key features of a start-up company. Start-ups usually seek fast growth and have the international markets on the target right from the beginning (Robehmed 2013; Kormilainen 2015, 20). In other words, start-ups are designed to grow with high speed and are on the lookout for a repeatable and scalable business model (Kuusela 2013, 15). Business model creation has been explained earlier in this thesis, but it is another thing how the large customer audience can be reached. It is there the internationalisation steps into the picture.

The common assumption is that start-ups are heading to international markets right from the beginning with fast growth in their mind, but however, the definitions and presumptions vary. In addition, it is also under constant debate how large companies can be categorised as start-ups or whether the size of the company even matters (Robehmed 2013)? Start-ups and small and medium sized companies (in other words SMEs) can be mixed together, but they are not the same thing, as among other things the SMEs do not seek for fast growth but rather a stable income (Quora n.d.). However, the start-up companies can exploit the same internationalisation theories that the SMEs have.

3.6.1 Different internationalisation ways for start-ups

Many different internationalisation theories have been presented in literature, like Johanson's and Mattson's business strategy based theory. There is also a resource based approach and a "born global" approach to internationalisation.

According to Johanson's and Mattsson's *Business based strategy* there are three processes in the internationalisation of a small and medium sized companies. The first process is that the company has to create a competitive advantage in its home country. In case of failure, the company will then seek foreign markets where it can better exploit its competitive advantage. (Lloyd-Reason & Mughan 2002, 122.) The second process

model is so called Uppsala internationalisation model (Lloyd-Reason & Mughan 2002, 122). The U-model is very familiar for Finnish firms, as studies have shown that Finnish companies mainly follow this particular internationalisation model. The main idea of the Uppsala model is that the companies first advance in countries that are both culturally and geographically similar, and then they gradually add fuel to their activities in foreign market areas. Keeping this in mind, the Finnish firms usually start their internationalisation from Sweden and then expand to other markets. Furthermore, the U-model has four different steps which follow the internationalisation stages of the company. In the beginning, in the first step the company exports only occasionally, and it is only concentrated in exporting something directly in some foreign country (direct export). The second step, then, is the indirect export. In indirect export the company relies on the help of an abroad agent when exporting. Creating sales subsidiaries in the target country is the next step. The last and final step of internationalisation is opening business premises overseas. In addition, the Uppsala model's presumption is that the next step of every stage is dependent of the previous step. (Forsman, Hinttu & Kock, n.d.)

According to Johanson and Mattsson, the third internationalisation process is the network approach. In this approach, internationalisation is up to the contribution of networks and relationships the company has established. (Lloyd-Reason & Mughan 2002, 122.) Often, the start-ups have a lack of experience, resources, knowledge and skills when seizing global opportunities. Clusters and networks are one way to achieve them. When co-operating for example with other small companies, resources can be used more efficiently and costs and risks can be divided, and what is more, obtaining needed skills and information can be easier. Moreover, these kinds of clusters and networks can lead to international alliances. (Wilson n.d.)

Resource based view model refers to developing resources or networks for the company, or it can be a combination of both. The prerequisite for success in internationalisation is that there are sufficient and competent resources which are under constant development. Furthermore, the resource based view includes company oriented and network oriented models. The company oriented business model focuses on developing employees' skills, so that all the knowledge increases the company's own capital. On the other hand, the network oriented model focuses on developing partnerships, cooperation, dealers, services etc. In addition, the development of the network often requires the development of the company's own resources and skills. (Ahokangas & Pihkala 2002, 80.)

The third theory is the *Born global* approach to internationalisation. In the 1990s internationalisation became faster and internationalisation processes became more common among SMEs' global niche markets. In the born global firms, the vision and strategy are built on internationalisation right from the start. Products, services, activities, organisation and funding are

all planned with the internationalisation in mind. (Johansson & Vahvaselkä 2010, 69.)

3.6.2 Drivers and barriers of internationalisation

Based on an OECD report, the top constraints for small and medium size companies to go international are often things that are interlinked, such as limited resources, lack of contacts and knowledge on how to start the internationalisation process. Limited resources are commonly finance based (lack of cash or difficulties to get a loan), and if a company does not have managerial knowledge about internationalisation it can be a big constraint to start the activities at all. Without the right contacts it may be hard to contact potential overseas customers, build representation or find market partners in the target export markets. In general, the lack of ability to identify foreign business opportunities is restricting many companies to internationalise. (OECD 2009). According to Johansson and Vahlne (2009, 1422), psychic distance, meaning differences between the home country and the foreign country, may also work as a one strong restraint. In short, the psychic distance is disturbing or preventing information and communication transfer between the company and the customers. Conditions increasing psychic distance are for example language difficulties, different cultural factors, political and legal systems leading to risk of instability, and the economic situation (Wikipedia the Free Encyclopedia n.d.).

One of the most evident top drivers is growth itself. The possibility to get more customers and profit via internationalising is an inviting opportunity. The lack of knowledge was presented earlier as one of the top barriers, and in contrast, the knowledge about internationalisation has been seen as one of the top drivers. Knowledge as an asset seems to have a push and pull effect. The manager's previous international experience and management capacity factors have a pushing factor, and the search of knowledge seems to pull internationalising towards. (OECD 2009.)

One extremely strong national driver is the support offered from governmental level and the governmental actions which are specifically removing difficulties to get funding while also building possibilities to find international contacts. In general, limited or stagnant domestic markets may drive exporting efforts and change companies to search revenue possibilities abroad. (OECD 2009.) A similar effect can be seen if a company has a competitive advantage in domestic market which cannot be effectively exploited for example due to high transaction costs. The company will then seek possibilities to exploit the advantage elsewhere (Lloyd-Reason & Mughan 2002, 122).

In addition, there are also so-called soft driver factors which are consolidating SME companies' internationalisation efforts. Strong supply

chain, social ties or one's own immigrant links are easing and helping in the internationalisation of companies. (OECD 2009.)

In general, when looking at business in the global scale, there are three distinguishable main drivers. The first driver is that technology is becoming cheaper and cheaper, and there are many low-cost technologies available which unite people and companies despite of their location. Technology also enables efficient and prompt communication and elicits information about international economic possibilities. The second global driver is linked to governmental efforts of clearing trade barriers and the regulation of finance. (Ruzzier et al. 2006, 477.) EU is for example a great example of such Free Trade Agreements that are specifically targeted to open new markets for goods and services, making trade both cheaper and faster (by for example eliminating custom duties) and building in general possibilities for flourishing business growth. (European Commission 2016.) The third global driver is an on-going economic restructuring and liberation movement, which is taking place in several countries. This is especially linked to the fall of socialism and the expanding acceptance of capitalism. Nowadays for example China is more open for foreign markets and investments to enter in (Ruzzier et al. 2006, 477).

4 DRIVERS OF A START-UP COMPANY

There are naturally several drivers that push start-up companies towards growth. In this chapter two of the most evident drivers, the entrepreneur and start-up funding, are taken into closer examination. First we shall investigate what kind of forces are impacting behind individuals and why some people are more willing to shift towards entrepreneurship than others. Furthermore, the personal skills, traits and competences of an entrepreneur are in a major role in defining possible success. To be able to run a business an entrepreneur has to have some existing pre-requisites, like determination and leadership skills. The second driver discussed in this chapter is start-up funding. Young start-ups are quite vulnerable in the beginning of their journey due to financial issues. In addition, the research and development phase usually takes time and during R&D, when the company's product is not yet ready, there are no paying customers. Despite this, the start-up has to manage somehow and therefore funding is a critical matter for start-ups.

4.1 Becoming an entrepreneur

According to Schumpeter (1934) a person who plays an important role in economic development and is able to create value by innovating and bringing a new product or services into the market can be considered as an

entrepreneur (Juasrikul et al. 2015, 45.) Furthermore Juasrikul, Rahman and Sukpanich (2015, 45) add that an entrepreneur is a person who not only introduces new products and services but also integrates human and economic resources in order to generate value.

According to Xavier, Kelley, Kew, Herrington and Vorderwulbecke (2012) an individual can be seen as nascent entrepreneur if their engagement in a new business has lasted for less than three months. A new entrepreneur is a person who has engaged in a new business for more than three months but less than three and a half years. In addition, if a company has existed over three years, the definition of an established business can be used (Xavier et al. 2012). The Figure 7 presents different stages of entrepreneurship.

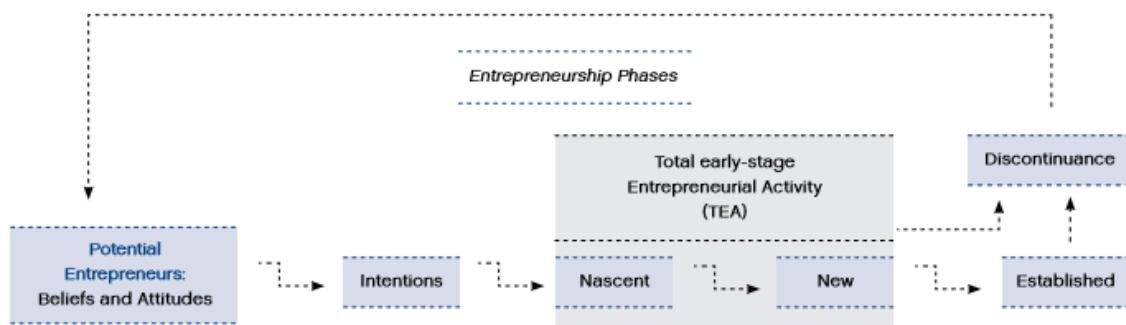


Figure 7 Entrepreneurship Phases (GEM Global Report 2012)

Furthermore, the relationship between latent entrepreneurship and personal traits has been investigated by Bönnte, Heblich & Piegeles. They have developed Individual Entrepreneurial Aptitude (IEA) to describe the personality traits that are interconnected to latent entrepreneurial ability. These eight personality traits are autonomy, risk taking, innovativeness, proactiveness, competitiveness, general optimism, self-efficacy and internal locus of control. Moreover Bönnte & al. see correlation between latent entrepreneurship and National Entrepreneurial Aptitude (NEA) meaning that latent entrepreneurship varies by country. (Bönnte, Heblich & Piegeles 2012, 3–9, 20.)

Ardagna and Lusardi (2010, 22–23, 40) have distinguished two main types of entrepreneurs: individuals who become entrepreneurs to seek business opportunity and those whose entrepreneurship starts as a remedial activity. The first mentioned opportunity entrepreneurs tend to be slightly younger, more likely men, have better education and incomes and in general have a stronger confidence in their own skills than remedial entrepreneurs. Based on research, the remedial entrepreneurs are usually less successful compared to opportunity entrepreneurs. Furthermore, the geographical location seems to have an impact on whether an entrepreneur is a remedial or an opportunity entrepreneur: especially in poor countries, the majority

of young entrepreneurs engage in remedial activities. (Ardagna & Lusardi 2010, 22–23, 40.) In addition, there are also necessity entrepreneurs, which is a similar kind of group as remedial entrepreneurs. Necessity entrepreneurs are entrepreneurs who may start a business because current labour market alternatives do not offer feasible solutions for them. (Coad, Frankish, Nightingale & Roberts 2014, 534.)

What is more, the individual risk tolerance and fear of failure have an important role in entrepreneurship, as they may have an impact on the willingness to become an entrepreneur. The will to become an entrepreneur is usually weaker if a person is unemployed, a student, retired or disabled. According to Ardagna and Lusardi (2010, 55) clear variables affecting entrepreneurship willingness are individual's existing contacts in social networks, business skills and general attitudes toward work. Several studies have also shown that economic situation affects people, as the chance of being self-employed is greater in individuals who have a great net worth (Grilli & Colombo 2003, 799). Blanchflower and Oswald (1998, 3) also noticed that family background has significance, as individuals coming from families with greater assets will easier switch to self-employment. The same willingness to switch to self-employment occurs if individuals have received inheritance or gifts as capital injection. Furthermore, the probability of becoming an entrepreneur also increases if an individual knows somebody who already is an entrepreneur. (Ardagna & Lusardi 2010, 44–45.)

Societal beliefs should not also be forgotten when thinking about entrepreneurship. Societal perceptions about entrepreneurship have an impact on individuals' willingness to become an entrepreneur. In general, if entrepreneurship receives positive media attention and the general positive status is connected with entrepreneurship, the result is that entrepreneurship tendency is higher. (Xavier et al. 2012.) A positive phenomenon, which is visible in Finland as well, is the decrease in the level of fear of failure that has been coming down year by year (Kelley, Singer & Herrington, 2016). This may be derived from general positive opinions toward entrepreneurship and start-up acceptance.

4.1.1 Entrepreneur's competences and skills

When looking at entrepreneurial literature it is commonly agreed that the person behind the company plays a significant role in the company's success. It has been noticed that entrepreneur's characteristics have an impact on whether the start-up faces success or failure (Bortoluzzi et al. 2014; Ardagna & Lusardi 2010). There are also other important factors, such as gender, age and education, which play a role in entrepreneurship (Ardagna & Lusardi 2010, 20). Ripsas (2004) insists that the significance of the role of the entrepreneur should be seen more based on experience rather than on the entrepreneur's traits. Furthermore, Lilischkis (2001) states that both the entrepreneur's technological and managerial

experience, as well as knowledge in general are essential when detecting and shaping start-up innovations into a commercial form and building a successful journey. (Ruda, Martin & Danko 2009, 10.)

In any case, the establishment of a start-up company requires certain skills and competences from the entrepreneur in order for them to launch, nurture and grow the company (Morris, Webb, Fu & Singhal 2013). According on Barringer and Ireland (2011) the usual general business competences include selling, bookkeeping, producing, coordinating logistics, supervising, pricing and acquiring financing. However, they have been highlighted as important but do not represent the so called unique requirements which are needed in becoming truly successful. (Morris et al. 2013.) To understand better what is essential Botha, van Vuuren and Kunene (2015) conducted a study where eight existing entrepreneurial performance models were reviewed as a framework. As an outcome the study revealed elements called functional and enterprising competencies, which were identified as the most important ones.

Functional competencies are categorized into four main competences which are related to marketing management, financial management, operational skills and legal skills. Functional competences seem to help the entrepreneur to operate in business environment and in finding a balance between different opportunities, resources and the team. On the other hand, enterprising competences are functions which enhance business development and motivation for one's part. Enterprising competencies' two most important key skills are the ability to gather and control resources, as well as motivation (have need for achievement). Enterprising competences are also heavily dependent on entrepreneurial and personal skills.

Furthermore, Botha's, van Vuuren's and Kunene's (2015) study also distinguished the so called supportive skills from both functional and enterprising competences. Supportive skills of functional competencies are for example networking, planning, HR management, ICT skills, numeracy and literacy, and research and development. These supportive skills enhance success. On the other hand, important supportive skills of enterprising competencies are creativity, innovation, opportunity recognition and calculated risk taking. The study highly recommended that these two competence areas should be included in entrepreneurship trainings. Especially the functional competences were seen as important for start-up companies. (Botha et al. 2015, 55–59.)

The difference between enterprising and functional competencies on a high level is explained in the Figure 8 on the next page.

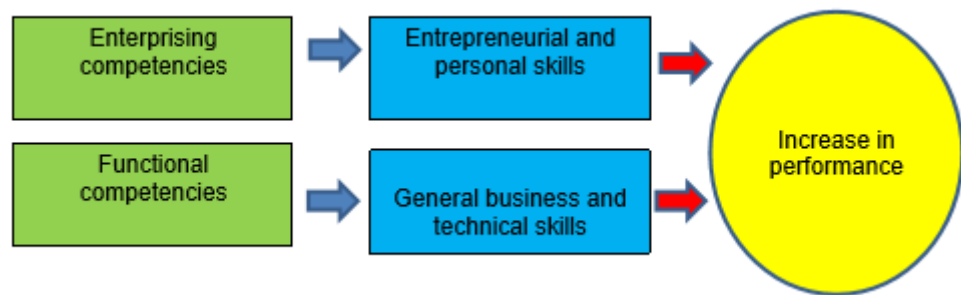


Figure 8 The difference between enterprising and functional competencies on a higher level (Botha et al. 2015, 55)

Morris et al. (2013, 353, 357) share the same training-based view as Botha et al. that too much emphasis is put on teaching just the business basics, while truly critical skills (such as opportunity identification, risk mitigation and resource leveraging as skills helping to create a new successful venture) are seen as minor. It is very important to understand that entrepreneurial competences are unique and different in comparison with managerial competences. With the help of proper training, skills and competences can be developed. However, it is crucial to understand that competences are strengthened only by real practice, not solely by reading literature.

Kotha and George (2012, 30, 35) see that the entrepreneur's human capital (for example previous experience and education) helps to overcome behavioural uncertainty and also eases the determination for resource valuation. Human capital enables the entrepreneur to be more rational and driven by cost-benefit reckoning. As money is one of the key elements in running a start-up company, the start-ups which have founders with solid marketing or sales expertise have better chances to succeed, as they are able to make customer deals and bring money into the company. (Cusumano 2013, 26). Also, start-up founders who are not driven only by the money or by experience but by the impact seem to operate better (Startup Genome 2011, 5).

4.1.2 Leadership skills

The start-up entrepreneurs will face different kind of challenges and problems during the start-up voyage. Freeman and Sigfried (36, 37, 2015) claim that there are three important leadership challenges which will have a great impact on the future of start-ups. Firstly, the start-up owner must develop and maintain a clear vision of what the unique value proposition and the compelling company purpose are in order to attract investors, potential customers and partners. The vision and the attractive company image are important when recruiting new candidates and keeping existing valuable employees in the house. The second challenge is that entrepreneurs have to have an optimal level of persistence when facing for

example technical challenges, pressure from customers to change the product, or when dealing with venture capitalists who want to shape the business model. The knowledge of when to remain determined and when to give in is a considerable asset. The third leadership challenge is about understanding the turmoil related to start-ups and how to execute through chaos. The capability to prioritize, determine focus, lead in constant change and lead people in hectic environment are a huge responsibility and challenge.

Furthermore, start-up founders should understand the difference between working **in** the business and working **on** the business in order to manage their limited time and make most out of it. Working in the business is about attending to details and being involved in decision making. On the other hand, working on the business is about seeing the big picture, having system-based thinking and attending to smaller number of decisions. Moreover, if a start-up leader has managed to develop a capable and skilled team, the leader can focus on developing company's strategic game plan rather than have hands-on in every detail. (Freeman & Sigfred 2015, 37–38.) The scaling of business may be very hard or even impossible if the entrepreneur wants to keep a very tight control of all the activities and to execute same practices which worked when the start-up was still in the “garage mode” (Wallin, Still & Komi 2015, 10.)

4.2 Start-up funding in general and funding options for start-ups

It is quite indisputable that for start-up companies the biggest challenge is money. The lack of finance prevents start-ups from investing enough in innovations and improving company's productivity. In general, the lack of finance hampers general growth and may prevent start-up to response on marketing demand (Calvino et al. 2016, 9). Very often the start-ups will at first initiate business activities by building a scalable business model with a small budget and then start to seek investors. Acquiring money has a problem basis which usually lays in two items. Firstly, start-ups do not usually have income (sales) or secondly, the final product may be missing which makes it hard to acquire funders. (Kormilainen 2015, 89.) However, there are some alternative sources that start-ups can utilize even though their product is not yet ready to be sold. Start-ups can try to negotiate with customers about advance payments or up-front funding before the delivery. Also, proof-of-concept projects may be one way to acquire money. (Heinilä, presentation 23.8.2016.)

Based on Johnson, McMillan and Woodruff (2002) the new-born companies without proven market record usually experience difficulties in getting finance or credit (Calvino, Criscuolo & Menon 2016, 7). As young start-ups often do not have tangible assets or they are not yet profitable, financing with bank loans is not usually a feasible option. While banks rarely fund start-ups, primary start-up funders investing bigger sums are business angels, venture capitalists and corporate investors (Denis 2003,

304). Due to the nature of the start-up life, the most interesting and appealing investors from start-up perspective are not the ones who can enhance project or business development only by financing, but who can also help in building strong business relationships (Klačmer Calopa et al. 2014, 25).

There is a clear correlation between start-up funding and possible funders. The Figure 9 describes the risk level and the correlation between different funder types. When the risk is very high and the business has just started (or it is about to start) funding sources usually come from the entrepreneur themselves, their family and friends. Usually the next source in the high risk phase are business angels who are typically involved in start-up funding earlier than for example venture capitalists. Furthermore, when the assumed risk is low, the commercial banks are then more willing to take part in the funding process.

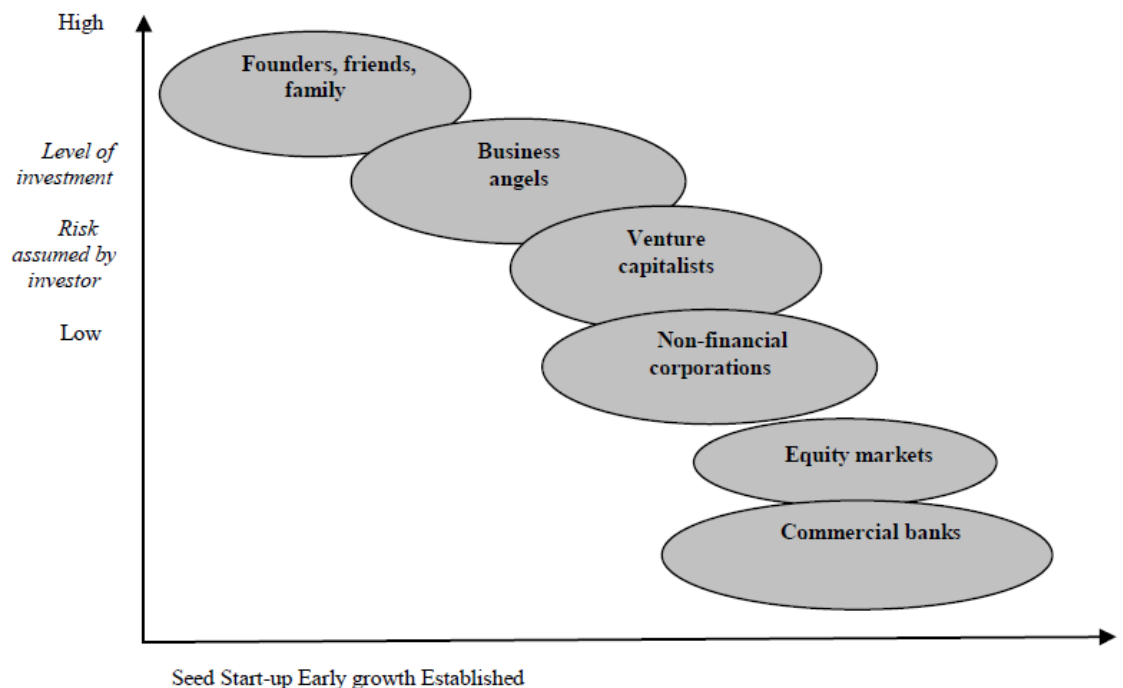


Figure 9 Vasilescu's (2009) interpretation of financing sources according to the development phase of the company (Klačmer Calopa et al. 2014, 23)

According to Wallin et al. (2015, 10) understanding the importance of fund raising is one of the key insights that every start-up entrepreneur should understand. Fundraising should be actually rated as one of the key activities and therefore building investor relationships should start early enough. In addition, the active and continuous need for funding should be understood as an investment in the future, as for example the rapid growth of the start-ups is funded by several investment rounds. If there is no plan on how to do it, the start-up may face severe challenges.

The average funding needed to start a business vary from a regional perspective. The highest capital amounts are required among North American and European entrepreneurs. The average amount required to start a business in the US was \$13 000 in 2015. The median sum has declined considerably, as in 2004 the sum was \$54 000 and in 2006 \$65 000. The decrease has happened mainly due to technological benefits and generally cheaper cost. Furthermore, the willingness to start a business with fewer resources has increased. (Daniels, Herrington & Kew 2016, 5.) The biggest funding sums from investors are acquired when a start-up has proved three facts: 1. there is an existing product, 2. there is a demand for the product and 3. the start-up can acquire new customers cost-effectively. In the US, the average capital raised at this stage is between \$1.5M - \$7M depending on the type of the start-up. (Startup Genome 2011, 17–18.)

Moreover, the entrepreneur himself/herself has an impact on the outcome of the fund raising. Entrepreneurs with specific industry and prior start-up experience may collect more resources than entrepreneurs who do not have the same qualifications or experience. (Kotha & George 2012, 2.) According to Gompers, Lerner and Scharfstei (2005) also experience matter because so called serial entrepreneurs raise more likely funding from professional investors with ease than entrepreneurs without experience (Kotha & George 2012, 14). This may be derived from the fact that experienced entrepreneurs may be better in reassuring investors of their ideas and overall, they may have better understanding of which ideas are worth further development (Coad et al. 2014, 534).

The benefits of an entrepreneur's previous experience can be seen in understanding what resources are needed, who possesses the resources and how one will get an optimal value from parties who receive a share in the equity (Kotha & George 2012, 34). Consequently, experience helps in building strong business networks and therefore utilizing contacts and acquiring new ones is easier for experienced entrepreneurs than for beginners (Coad et al. 2014, 6). Understanding the start-up reality and how real markets operate is also essential. Furthermore, raising money can be considered as a reality check, as start-ups which have not yet raised money overestimate their market size dramatically. Their estimation can be miscalculated a hundredfold, which may be fatal (Startup Genome 2011, 5). A very interesting discovery was presented in the Startup Genome report (2011, 48) revealing that start-ups which follow start-up thought leaders such as Steve Blanc, Paul Graham, Eric Ries and Dave McClure, and are willing to learn their methods and doctrines, are 80% more likely to raise money compared to start-ups that do not follow advices given by the teachers mentioned above.

What is more, investors are looking for certain things when evaluating potential start-ups. Naturally, a convincing new product or service is a must, but investors also look for quantitative and qualitative data which proves the superior benefits of the new product or service. Furthermore, there must be evidence for the willingness of potential users to pay for the

product, and signs that the market has true potential to become larger, grow faster and be profitable. In addition, after a start-up has made its entrance to markets it is a great benefit if there are high entry barriers for new competitors, because fast declining prices or rivals giving products for free are not good for the profit. (Cusumano 2013, 27–28.) Investors tend to get exited if a start-up has a product case which will get attention and visibility (Heinilä, presentation 23.8.2016). Furthermore, investors are looking for a strong management team with the right level of experience and strong leadership skills (Kormilainen 2015, 103).

Having the right mentor can be a benefit also in fundraising (Startup Genome (2011, 5). Figure 10 illustrates the significant differences in successful money raising when it is done with helpful mentors.

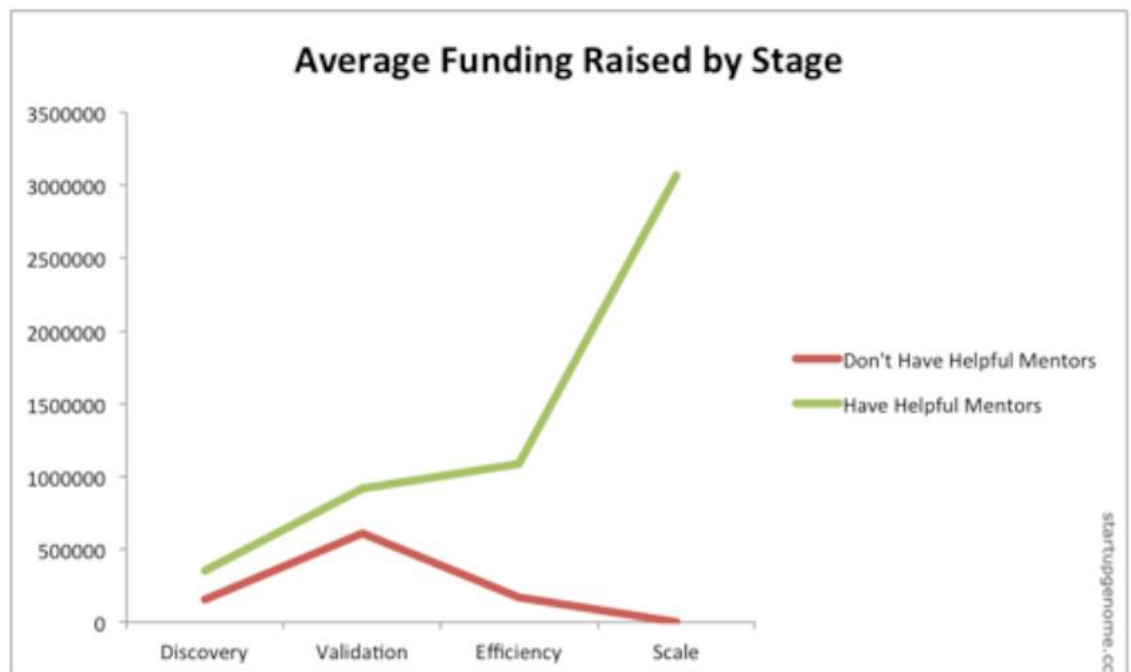


Figure 10 Startup average funding raised by stage (Startup Genome Report 2011, 45)

4.2.1 Bootstrapping

The term "bootstrapping" refers to the oldest model of funding, which is the entrepreneur's personal funding. 95% of entrepreneurs use personal funding (money or time) when establishing a business. (Daniels et al. 2016, 8.) In other words, bootstrapping plays a major role in early-stage funding. Table 1 demonstrates where the early stage funding usually comes from.

Table 1 Major sources of finance (Umihanić, Donlagić & Piplica 2016)

Source	18-24 years	25-34 years	35-64 years
Personal savings	51%	52%	52%
Family savings	22%	18%	15%
Bank or other financial institutions	19%	23%	25%
Friends	3%	3%	3%
Other sources of financing	5%	5%	5%

Source: GEM 2015 Youth Report (<http://gemconsortium.org/report>)

According to the World Bank (2015) there are several reasons why bootstrapping is used. It is used for example because the entrepreneur may decide that they do not want to give ownership stakes or equity to other parties. However, bootstrapping is more often used because the entrepreneur has not been able to acquire funding elsewhere. In addition, the bootstrapping funding model has less risks than for example taking a loan. (Daniels et al. 2016, 9.)

4.2.2 Friends, family (and fools)

Informal funding by family and friends is quite substantial when looking from a monetary perspective. Between years 2012 and 2015 a total global funding from family and friends per year was over a trillion US\$ and furthermore, it has been forecasted that the number will increase in the future years. (Daniels et al. 2016, 10.) Even though funding may come from family members it does not tell much about the size of the start-up. In a research conducted by Grilli and Colombo (2005) among Italian technology start-ups, the study revealed that start-ups funded by entrepreneurs themselves, family members or friends were not smaller in size when comparing to the start-ups which were funded by banks. (Klačmer Calopa et al. 2013, 29.)

Loaning money from friends or/and family may be a viable option. However, as a downside it seems to increase the entrepreneur's mental pressure. (Kormilainen 2015, 97). Lopac (2007) shares the same opinion, as the risk for internal family disagreement is quite substantial if the start-up business fails (Klačmer Calopa et al. 2013, 27). Furthermore, Kotha and George (2012, 30) have found out that family ties regarding funding may in fact increase the use of entrepreneurs' own money rather than if entrepreneurs would raise it from professional resources.

4.2.3 Business angels/ Angel investors

When the start-up is small or its risk level is too high, it is usually difficult to get funding from institutional money lenders, like traditional banks. Therefore, a business angel may be an excellent funding opportunity, as business angels usually are private persons who invest in non-stock companies that have potential growth expectations. (Kormilainen 2015, 97.) Very often the angel investors fund start-ups in their early stage, and they do not seek to board seats from the firm they invest in, but expect higher equity ownership to compensate the investment (Wong 2002). Alongside money issues, the business angels can usually offer knowledge, contacts and expertise which are very valuable assets for a start-up company; in fact, these assets can be even more valuable than money (Kormilainen 2015, 97). Angel investors' experience usually comes from their own start-up experience which has often been successful. (Daniels et al. 2016, 12.) From the risk perspective, if the start-up fails the investor will lose the invested money, but this is naturally the risk that is involved in funding a start-up. An angel investor usually spreads the risks by investing in several start-ups, because one stellar start-up can cover for the loss of others. (Heinilä, 2016.) Angel investors can act either individually or in a group (Daniels et al. 2016, 12). The best known business angel networks in Finland are FIBAN (Finnish Business Angel Network) and BAF (Business Angels) (Kormilainen 2015, 97). A third angel network is called Suomen Bisnesenkelit (Suomen Bisnesenkelit. n.d.). The average business angel investment in Finland typically varies between 10 - 100 000€. Maximum round tends to be 500 000 € and in average, the investment round is 200 000 € (Heinilä, presentation 23.8.2016).

4.2.4 Venture capital

The term Venture capital (VC) usually refers to financing entrepreneurial ventures which have high risk but in contrast may bring potentially high returns (Daniels et al. 2016, 9). VC investment can be given by individuals, companies or funds. It is usually the intention of the Venture investors to seek ownership and authority in the company. (Klačmer Calopa et al. 2013, 29.) VC funders often look for annual returns of over 20%, meaning that they are really looking for the potential big winners. Interestingly enough, VC funders tend to fund start-ups which do not need money to survive but rather need financing to get bigger fast. (Cusumano 2013, 29.) Venture capital firms usually specialize in areas where the partners have experience. Considering the timing, wise VC investments are usually made in later finance rounds than the investments made by business angels. (Daniels et al. 2016, 11.) Besides the money, venture capitalists can also offer valuable help, contacts and mentoring for young companies (Jensen, 2003, 306).

Some of the fastest growing companies, such as Skype, Zappos, Facebook and Alibaba were originally funded by VC finance. In addition, in 2014

over \$80 billion were globally given out by VC funders. However, it is notable that VC investments are largely done in developed economies with US 52%, China 16% Europe 11% and India 5% (Daniels et al. 2016, 9, 11).

Sometimes start-up entrepreneurs may receive lots of help and advice. Therefore, it is important to weight and choose the advisors (mentors, investors et cetera) carefully before getting them on board to avoid future conflicts caused by varying visions regarding the business. (Wallin et al. 2015, 10.)

The management support offered by venture capital firms to German start-ups were analysed in a study by Stubner, Wulf and Hungerber (2007, 138, 147). It was found out that the quality of management support offered by VCs has impact on the start-up performance. 34 % of start-ups rated the quality of management support as either good or very good, 23 % felt it was in satisfactory level, and 41% of respondents start-ups felt that the support offered was either barely sufficient or even insufficient.

4.2.5 Public funding

According to Bussgang (2014), a start-up may receive a so called seed capital through a grant or a loan which is given by the government or one of the non-profit organisations. Seed capital is good especially for start-ups which are operating in high-risk industries and have high starting costs, like in the field of cutting-edge medicine, information technology or energy production. Usually the private investors consider these kind of start-ups to be too risky and unattractive. Furthermore, the government can also together with its entities and private venture capitalists fund start-ups and thereby share the risks. (Daniels et al. 2016, 10.)

Tekes is the most important Finnish publicly funded organisation, and it finances research and development as well as innovation projects (Tekes. n.d. b). Funding given from Tekes is considerable, as in year 2015 Tekes gave funding to a total of 660 start-ups. In general, the total funding sum shared among the Finnish companies and organisations was approximately 575M€ (Heinilä, presentation 23.8.2016).

The main public funding parties in Finland are listed in the Table 2 on the next page.

Table 2 Finnish public funders (Menestyvä yritys n.d.)

Tekes	Funds research and development projects carried out by companies, research organizations and public sector service providers.
ELY-Centres	Altogether there are 15 regional ELY-Centres in Finland which fund and promote regional competitiveness, well-being and sustainable development and the curbing of climate change.
Finnvera	Finance for the different phases like start, growth and internationalization of enterprises.
Vigo	An acceleration program building bridges between early stage technology firms and international venture funding.
Forum Virium	Accelerates growth and internationalization of companies located in the capital area.
Teollisuussijoitus	Invests both directly and via funds.
Sitra	Offers funding for companies with growth potential.

4.2.6 Crowdfunding

One of the possibilities to collect start-up funding is a crowdfunding model. In this model, the start-ups can introduce themselves and their project to potential lenders online. This model provides also substantial flexibility for the ways in which start-ups can finance the project as well as handle the compensation to the investors. (Daniels et al. 2016, 9, 14). The term "crowd" comes from people providing somewhat small amounts of money to support the project proposal, and the virtual platform will then unite the project initiator and the supporters. (Antonenko, Pavlo & Kleinheksel 2014.)

According to Kormilainen (2015, 100) there are different kinds of crowdfunding services on the market, and in principle, they can be divided into four types:

- **Pre-sales** where a start-up sells its product in advance and gets funding beforehand. This is also a very affordable way to test the demand of the product.
- **Donation** is one way to collect funding for a start-up, but in Finland this is difficult, as raising money will need a separate permission.
- **A loan** model is based on bonds, which is a rather traditional investment instrument.
- **Stock issue** model means that anyone can make an investment on the start-up. When a certain minimum sum is reached, the start-up will then get new investors. This type of crowdfunding in Finland needs permission from the Financial Supervisory Authority.

In Finland there are crowdfunding parties such as Fundbyme, Fundu, Invesdor, Kansalaisrahoitus, Mesenaatti, Pocket Venture and Venture Bonsai, as listed in the Table 3. Naturally, start-ups can also seek

international crowdfunding investors by using platforms like Indiegogo, Kickstarter, StartSomeGood, Rockedhub and many more.

Table 3 Finnish crowdfunding parties (Menestystä yritys n.d.; Uusi teknologia 2016)

Arrow Certified funding	Funding for IoT innovations
Fundbyme	Fast growing crowdfund service in Europe
Fundu	Funding for growth start-ups
Invesdor	Crowdfund for Nordic countries
Kansalaisrahoitus	Funding for start-ups, small and medium size companies
Mesenaatti	Crowdfund for all type of companies
Pocket Venture	Thousands of capital investors from all over the Europe
Venture Bonsai	Start-ups and growth companies in Europe

4.2.7 New forms of funding

Some new funding ways have emerged too. *Shadow banking* is a term used for financial intermediates that provide loans like traditional commercial banks but simultaneously are outside the normal financial regulations, as they are not officially considered as banks (The Economist 2016). *Seedcamp* is meant for early stage companies. Seed investments are offered for start-ups who want to expand their business. The programs also offer mentoring from different fields of experts. *Seed accelerators* are offering support, mentoring and injecting finance for young start-ups. Seed Accelerators differ from traditional incubators in that incubators do not take equity like the seed accelerators do. The most well-known seed accelerators are Y Combinator and Tech Starts. (Christiansen 2009, 6-13.)

5 CHALLENGES AND BARRIERS OF A START-UP COMPANY

According to Fortune magazine, nine out of ten start-ups fail. What is more, start-ups have been accustomed to failure and in some ways, failure is even held as a celebrated phenomena. “Fail fast” is a familiar mantra in the world of start-ups. The failing of start-ups has lead into many studies regarding the subject, and according to research made by CB Insights where start-up founders were asked to reveal what reasons they believe caused the company to fail, 42% of the start-ups answered that the number one reason to failure was that there was not enough market demand for their product. In other words, the company did not have the right product for the market. It is a fact that if customers are not interested in your product, your company will not succeed. (Griffith 2014.)

Along with the actual product, customers and market there are other barriers and success factors which are critical to success. Such factors

include a carefully thought business plan and capital, as lack of capital may form a barrier for the company (Blanchflower & Oswald 1998, 3). Furthermore, the success of a company is also connected to resources. Human capital has been identified as one of the greatest contributors to the sustainability of newly established companies. For example, a company founders' human capital lures in resources like venture capital and therefore it has both direct and indirect effects on the performance of the company. (Kasabow 2015, 729, 730.) According to Nandram & Boemans (2001) entrepreneurs also have to have certain personal traits, like willingness and ability to take risks (Groenewegen & de Langen 2012). In addition, to the entrepreneur themselves the success of a company is also connected to the organisation, and the organisation has to have certain characteristics, such as capital and a viable business plan (Groenewegen & de Langen 2012).

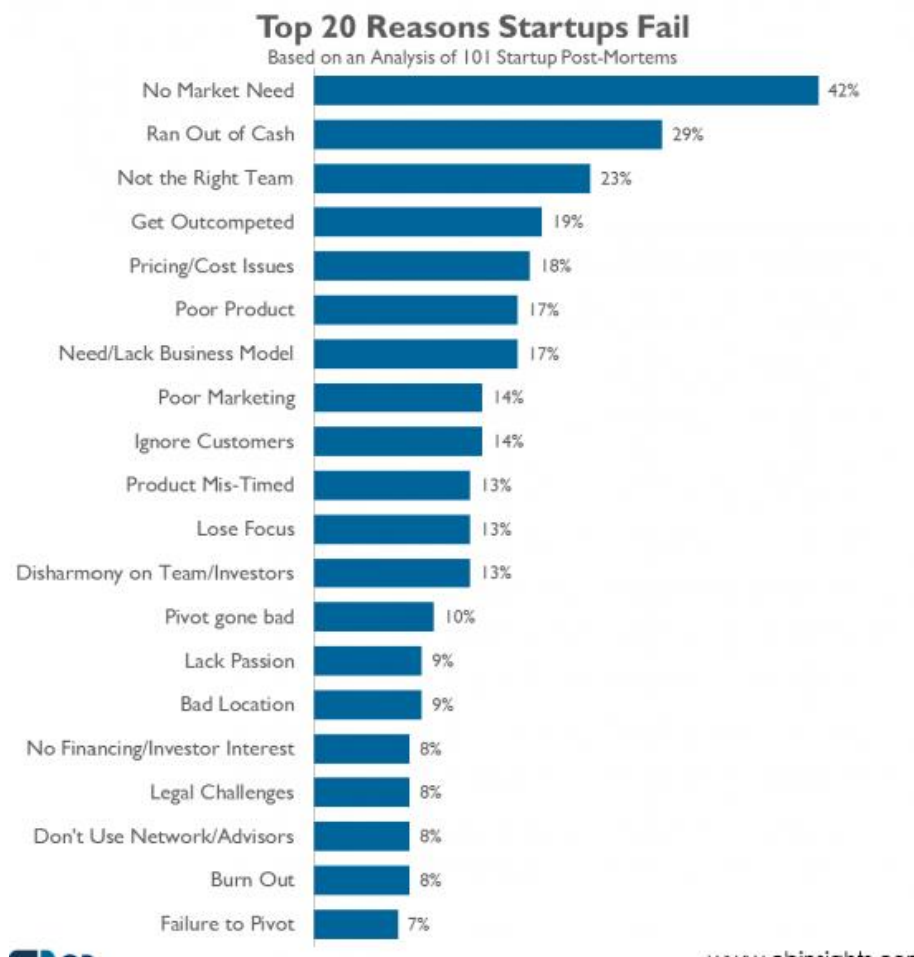


Figure 11 Top 20 reasons why start-ups fail (Griffith 2014)

5.1 Product development and customers

A start-up will face several challenges during its lifecycle, but there are some challenges which are the most troublesome and if not solved in reasonable time, they often lead to situation where money runs out. One is related to product itself and the second is related to acquiring customers. In both cases the end comes quite quickly when there is not a right product that the customers want, or the company has the right product, but marketing and customer acquisition fail and the start-up is not getting money.

Very often the start-ups fail when they do not succeed in defining what the right product for the market is, meanwhile a lot of focus and effort is put on building the wrong product. According to Blank, only 1 out of 10 product introductions will result to a profitable business, and 9 attempts out of 10 (both from large and small companies) will fail when launching a new product (Blank 2005). As many start-ups work in a technological field, radical innovation goes hand in hand with these companies, although of course not all techno start-ups launch products which can be seen as belonging in the radical innovation genre. Radical innovation regards to products which are completely new and not seen before. Therefore they pose a high uncertainty when it comes to success, as design, technology and market are not familiar with them beforehand (Groenewegen & de Langen 2012).

Furthermore, many start-ups try to develop things that they think they can convince people to like, which people in the end do not even want. Ignoring the customers belongs to the top 10 reasons why start-ups fail, as seen in the Figure 10. It seems that many entrepreneurs have taken Apple co-founder Steve Jobs's words "a lot of times, people don't know what they want until you show it to them" too literally, although sometimes it can prove to be true. (Griffith 2014.) Having the wrong assumption from the very start means that too much time is spent on research and development and lots of money is wasted during a voyage of for example the sales and marketing teams trying to sell the wrong product. (Nobel 2011.) It has been estimated that firms spend 46 percent of their resources on products which are never launched or do not sell when they are on the market (Cooper 2001, 22). New technology driven start-ups often use too much money refining the product and its details, and use too little time and effort to seek customers and to close actual contracts (Cusumano 2013, 26). Start-ups should remember that innovation is only successful when it answers to customers' needs. (Groenewegen & de Langen 2012). Moreover, according to Robert G. Cooper (2001, 23–24) new product failures may be also caused by poor marketing research, technological problems, insufficient marketing effort and bad timing.

5.2 Marketing and customers

New ventures often have very potential business ideas, but the problem is how to commercialise those, especially on the global scale. Problematic areas regarding commercialisation have been linked to payment risks, inadequate market knowledge and information, as are also uncertainty about foreign markets laws, regulations and technical standards. (European Commission 2011, 6.)

In a research conducted by Wallin et al. in 2014, technology-based start-up entrepreneurs were asked about what kinds of challenges they have experienced. They were also asked to describe the challenges in order to understand more deeply the concerns during the start-up innovation process. The study analysis revealed four main concerns for the entrepreneurs which were funding, network building (which includes sales, distribution and partners), business and strategic capabilities and scarce resources, especially when moving from development phase to seek a business model for sales and marketing. (Wallin et al. 2015, 6, 8.)

According to Robert G. Cooper, poor marketing research is one of the main reasons why products fail. In other words, companies misread customer needs, do too little testing in the field or have a too optimistic assumption about the market or the acceptance of the new product. Although a new product may seem appealing to its creators, customers may not see it the same way. That is why market researches are important. It is the way to hear the customer's voice, which can then be interpreted and considered in the product development phase. Insufficient marketing effort is also considered as one of the reasons for failure. This refers to companies which assume that their product will sell without any effort. When a new product is going to be launched to the market, it also needs marketing resources to back it up and therefore a thorough marketing plan should be on hand. (Cooper 2001, 23–24.)

Of course, the lack of customers is most often the main reason for the failure of start-ups. Acquiring customers is hard and therefore there are a couple of different reasons why some companies fail in acquiring customers. For example, a complex product with too many features is not appealing for customers, nor is a non-functional product that is introduced to the masses with a great buzz while the company is trying to overcompensate the product's deficiencies, later failing the customer expectations. (Start-up Genome Report 2011, 23.) Cusumano (2013, 28) has described a dilemma which may be one of the most common reasons why start-ups fail in getting customers. One particular challenge for start-ups in customer engagement is a *credibility gap*. This means that it may be hard or difficult for new customers to sign the contracts if there is a fear that the start-up will fail and the customers are left without technical support, for example. To overcome this dilemma, start-ups can first lure reference customers with large discounts, package their product or deliver

it in a such way that customers are able to see immediate benefits that are big enough and thus are not afraid anymore. (Cusumano 2013, 28.)

5.3 Decision related challenges

Accelerando is a Finnish business consulting company that helps growth-oriented companies towards international business success. Accelerando is working especially with young start-ups, thus the company has wide knowledge of the most common start-up challenges. From Accelerando's experience there are following common challenges related to decision making which can be called as the "five deadly sins":

1. *Inability to lock strategy or its execution.* A good strategy is not good if its execution fails (and vice versa). If a clear focus is missing, it is naturally difficult to concentrate on the right things. As a consequence, the company may end up doing too much or either too little and for the wrong customers. Therefore, start-ups must decide what to do and also what not to do. It is essential to clarify the strategy and understand the market.
 2. *Unrealistic budget.* Having an unrealistic budget will lead to problems sooner or later. Start-ups may not understand clearly the funding resources needed and therefore not enough attention and action are placed on it. The second common miscalculation is to estimate revenues too high and costs too low.
 3. *Being too nerdy.* If the focus is only on technology, a company may lose its understanding of the customer and the real market need. In fact, 9 out of 10 Finnish start-ups fail because of this. Furthermore, enough attention should be paid on making it easier for the customers to buy the product. In other words, a start-up should pay attention to the overall buying process.
 4. *Poor execution.* Operative challenges should not be underestimated either. Ideas are born quickly, but actual implementation takes a long time and does not happen without problems. Additionally, it is quite often that marketing and sales are understaffed. However, the importance of customer deals is essential in order to increase the cash flow. Constant customer validation and gathering feedback are important, as is an understanding of the balance between customer value and the company's capabilities. By analysing different situations being prepared for pivots, the company can sharpen its execution.
 5. *Competence and attitude dilute too fast.* For start-ups it is important to recruit the right talents and competences, as start-ups cannot afford mediocrity. Start-up founders should also be honest about the team capability vs. goals. Imbalance in either one will lead in troubles.
- (Lintunen, presentation 23.8.2016.)

5.4 The entrepreneur themselves

There are different barriers, which may prevent either the entrepreneur themselves or the start-up company to a launch and grow a successful business. One strong barrier can be found from different kinds of perceptions of being a company owner, which can be either a negative or a positive thing. People may have different levels of fear of failure, which has an impact on entrepreneurship. (Xavier et al. 2012.) In fact Nandram and Boemans (2001) have noticed the ability to take risks as one of the most critical success factors when it comes to the entrepreneurs themselves. Usually the idea of being an entrepreneur may feel difficult or even scary due to entrepreneurship's assumed association with incredibly hard work, financial uncertainty and bearing a business risk in uncertain market situation. (Groenewegen & de Langen 2012.)

Furthermore, different perceptions usually vary by individuals. but some common barriers are related for example to financial resources, lack of sufficient information or complicated business procedures in general. Negative perceptions of start-up barriers may have an impact on individuals' willingness and ability to establish a start-up company. (Juasrikul et al. 2015, 44.) Rather surprisingly, in a study conducted by Juasrikul Rahman and Sukpanich (2015, 52) among 1007 Belgian individuals' perceptions of start-up barriers were seen rather as a challenge to improve the individual's competency in entrepreneurship skills and tasks, than as having too paralyzing an impact on one's business abilities. People who are already entrepreneurs and facing barriers may even have more determination to overcome barriers. A second positive effect regarding perceived barriers is that barriers may accelerate individuals to seek entrepreneurial knowledge.

In addition, the start-up entrepreneurship and personal life can cause conflicting emotions. There is a risk factor linked to personal relationships, like losing family bonding or facing negative response from the family due to entrepreneurship not being accepted by the family. In case of possible business fails, the risk of losing one's social and market credibility, and its possible impact on hampering future professional career path, have been seen as negative factors. (Ismail 20015, 432).

6 RESEARCH QUESTIONS AND GOAL OF THE THESIS

The aim of this thesis is to understand more about the conditions of new start-ups and what the entrepreneurs themselves think about the start-up environment. This thesis examines what kind of pre-requisites and support the entrepreneurs think a start-up company should receive in order to have a solid start, to survive in demanding business environments and in the competition, and what it is the start-up needs to be able to grow and furthermore, to expand.

The best way to understand the above mentioned things is to ask directly from the start-ups to hear their own authentic opinions and perspectives regarding the matter.

6.1 Thesis goal and objectives

This thesis has two goals. The first one is to investigate why Kipinä's start-ups were established (drivers, motives etc.), what the owners think about entrepreneurship in general regarding risks and challenges, and what they see as success factors. After this information is analysed, the second objective is to try and form an understanding of what kind of support could be given from local municipality level, so that we will be able to formulate suggestions that City of Salo can utilize while developing their Innovation and Talent park concept model.

6.2 Main research questions

Framing the research questions is an important step in the research. A set of thoroughly thought research questions will make it possible to achieve the aim of the thesis and the questions can be answered on the researchers' part (Gillham 2010, 17). In order to achieve the goals set in the chapter 6.1, the main questions for the study are:

- What kind of challenges, risks and barriers start-up entrepreneurs experience?
- What are start-up company pre-requisites and what kind of support is needed?
- What kind of support offering Salo Innovation and Talent Park should develop for start-ups?

7 METHODS

This chapter will describe the methodology used in this research. The methodology part focuses on describing the research methods, strategy and implementation of the research. Also, the validity and reliability of the research will be discussed.

7.1 What is a research?

Curiosity is the main driver for human beings wanting to get answers to problems. By asking question and seeking answers the solutions can be found. Basically, this is also the definition of research. As its simplest, researching means the search for facts by asking questions, finding answers and formulating solutions to problems. It is important that scientific research is distinguished from arbitrary or unscientific methods, as scientific research is always a systematic, rational and logical study using scientific methods. (Krishnaswami & Satyaprasad 2010, 1-2).

Furthermore Krishnaswami and Satyaprasad (2010, 17) have divided the research process in four different steps, which have also been followed in this study.

1. *Exploration*

A research starts by exploration of the situation where the timing proposal and the possible budget are defined. As for this study, after the initial start-up theme and ideation were discovered, the authors started to formulate basic questions and agreed on looking at a sample group from whom the answers could be received.

2. *The development of a research design*

The next step for research is to create a formal research plan.

First the authors composed a detailed questionnaire part. Then a target group was contacted and briefed about the purpose of the research.

3. *Data collection*

For data collection part, the decision was to use a web questionnaire method and in-depth reviews. After the web questionnaire analysis, in-depth interview themes were chosen and questions were formulated.

4. *Analysis and results*

After data processing tabulated and analysed, the findings were interpreted and the report was written to deliver the findings to the commissioning organisation.

7.2 Data collection

The basis for a study is the material (data) collected and analysed against the research questions. Conclusions can be made based on factual data, the relevance, adequacy and reliability of which will determine the quality of the study findings. (Krishnaswami & Satyaprasad 2010, 84, 86).

The data sources used in this study are primary sources and secondary sources. Primary sources are original first-hand sources from where data is directly collected and not been used earlier. Secondary sources consist of data which has been collected for a different purpose but can be utilized for the particular research. Secondary sources are for example already available statistical statements, reports and records. (Krishnaswami & Satyaprasad 2010, 86).

Data collection methods are different ways for how data is collected (Krishnaswami, Satyaprasad 2010, 86). Main methods used for this study were group interviews and a web survey. The web survey was conducted during April in Salo Kipinä community, and the in-depth reviews were held in April and in May 2016. Before the launch of the web survey, two people who were not part of the original sampling were asked to test the web survey in terms of fluency and intelligibility. Based on the testers' comments, the questionnaire was shaped to be more understandable and some technical errors were removed too.

7.3 The research methods and the observed group

In order to have enough data and information about the subject and to understand the different angles, both qualitative and quantitative methodologies were used. The web survey contained questions (Appendix 1) that collected quantitative data, but also open questions were present for qualitative data collection. Qualitative data was collected largely in semi-structured in-depth interviews, which were also recorded with approval of the interviewees. After the interviews, the authors constructed a summary of narratives from the interview notes and audio material.

This research can be seen as an explanatory study, which aims to produce a justifiably additional information, thus leading to finding causal relationships (Vilkka 2007, 19.) An interpretive approach is present in these research results, as especially the in-depth interview results are based on each participant's interpretations, which are always influenced by their own values and experiences (Fisher 2010, 23).

The observed group taking part on the web survey consisted of 14 different start-ups. The start-ups represented different industry areas that can be seen in the Table 4.

Table 4 Table X. Industry areas of web survey start-ups

Industry area
Software
Product development
Services
Electronics
Consultation
Information & Communication
Manufacturing
Something else (Agriculture)

Regarding the in-depth interviews, nine entrepreneurs took part in the discussions that took place in small group form. More detailed information was asked from the entrepreneurs about their field of business in order to form suitable groups beforehand. The idea behind the grouping was to let representatives from similar start-ups to share and discuss their insights, so that it would be easier for the interviewers to analyse and compare the discussion results between the groups. Moreover, it could thus be easier to recognise if something notable emerged. The grouping principle that was used can be seen in below Table 5.

Table 5 Grouping principle of the discussion groups

Start-ups operating with software services
Start-ups operating with hardware related services or products
Start-ups operating with services and products offered for end users

7.3.1 The interviews

In the end of the survey, the start-up entrepreneurs had a chance to leave their contact information if they were willing to take part in an interview. Interviews were conducted as a group discussion and nine interviewees were divided into three different groups.

A semi-structured in-depth group interview method was selected as it was seen the most suitable method for a lively, open and honest discussion among group participants. In semi-structured discussion, the interviewers built a focus around interviewees' experience and the area they had previous knowledge of. (Krishnaswami & Satyaprasad 2010, 105.) Establishing a start-up company is a journey that is experienced uniquely by individuals, and their perceptions are composed in different ways. The semi-structured interview is also flexible, but at same time, it is a standardised way to gather data to answer research questions. (Gillham 2010, 69). Subjective experiences such as personal opinions, reactions and

emotions were important regarding the subject, and when asked a certain information, the respondents had plenty of opportunities to represent their own views. (Krishnaswami & Satyaprasad 2010, 105; Fisher 2010, 175.) Additionally, group conversations give a great possibility to observe the range and variety of the answers at the same time. Also, observing possible consistent opinions or disagreements and issues of the participants may tell about hidden complexities. (Gillham 2010, 67.)

The key topics of the discussion were framed into series of open questions which made possible for the interviewee to determine the answers as there was no indication of preferred answer. (Gillham 2010, 67.) The interviews were prepared first by identifying key topics which would be integral for answering the research problems. Topics and discussion were circulating around the following themes:

1. Entrepreneurship motives and why the company was established (seeking answers to questions about drivers of the start-up entrepreneurship)
2. Characteristic of an entrepreneur (seeking answers to questions about drivers of entrepreneurship but also possible challenges)
3. Internationalization (seeking answers to question how a start-up can grow and expand and what skills are needed)
4. Most important weaknesses of the company (answers to questions about possible barriers and limitations)
5. Biggest risks and challenges of the start-up (answer to questions about existing barriers and limitations)
6. What kind of support entrepreneurs would like to have from Salo City's Innovation and Talent Park (answers to question what kind of support activities should be offered)
7. Future plans (answers to question what kind of support should be considered)

Discussions were recorded with the permission of the interviewees, and the main discussion subjects were simultaneously also written down on a Excel spreadsheet created explicitly for the interview sessions. Afterwards, the interviews were analysed based on the recordings and the notes. A summary of the interviews and the main conclusions was handed to City of Salo project coordinators in a separate meeting in May 2016.

7.3.2 The web survey

Web survey was conducted on April 2016 among Kipinä start-ups. Webropol Online Web Survey platform was used for data collection. Web survey questions can be seen in Appendix 1.

The web survey questions were determined by the authors, excluding the questions concerning City of Salo (questions number 33-38). These questions were formed in co-operation with City of Salo project

coordinators, as they were particularly interested in three themes. Firstly, how the start-up owners are seeing the entrepreneurship pre-requisites in Salo. Secondly, are there any specific existing weaknesses that should be improved, and thirdly, what kind of support Salo Innovation and Talent Park should offer for start-up companies.

The survey first contained a so-called basic information section (industry area, established year, number of owners and employees etc.) Then, the focus shifted into subjects like funding, competition, target markets and internationalisation plans, in order to understand the actual environment where the start-ups operate. Gradually the survey moved to discussion about a start-up company's strengths, weaknesses and risk. Lastly, the questionnaire asked about start-up support needs and near future plans. The questions were mainly multiple choice questions, checklists or rating scales. Open text boxes were used in some questions so that the respondents, if desired, could provide more insight in a particular topic. Likert scale was used where there was a need to express respondent opinion or attitude regarding particular questions (Fisher 2010, 214).

7.4 Reliability and validity of the research

Validity of the research means that the research is measuring exactly what was meant to be measured in the first place. When research validity is under assessment, it is vital to dissect the concepts and terms used in questions to make sure that all participants are able to understand the questions in the same way. A review regarding the appropriate research techniques intended to be used is needed to make sure that the interpretations and conclusions are logically derived from results and can be safely used in practice. (Vilkka 2007, 150; Fisher 2010, 271-272.)

Reliability, on the other hand, is about reproducibility. If the research is reproduced by other researcher, the results would be the same as in the original research. Reliability is about assessing the matters related to a measurement itself and about the accuracy in conducting the research. (Vilkka 2007, 149.)

Regarding this thesis and its generalisations and interpretations, one can argue whether the sampling size is adequate enough to represent other start-up populations. The sampling size of 14 start-ups is indeed a rather small group, but it represented 70% of the total number of Kipinä start-up companies at the time of April 2016. Furthermore, the thesis findings are somewhat supported by researches like “Bridge It Up” by Kiuru, Handelberg and Rannikko who were studying start-ups established by ex-Nokians and the kind of impact Nokia’s Bridge Program made while supporting start-up entrepreneurs. In the authors’ opinion, the in-depth reviews gave plenty of valid data reflecting the authentic situations of entrepreneurs. In the analysis of all three groups interviewed, the respondents seemed to be sharing similar opinions and perceptions.

8 RESEARCH RESULTS

The research results are formed by the combination of the anonymous web surveys results, which are presented with figures, and the in-depth interview results that have been added in the text. The web questionnaire as a whole was quite extensive, which is why some figures have been left out from this section, but have been interpreted in written format. Removed figures can be found in Appendix 2.

8.1 Basic information on the start-ups

At the time of the survey (April 2016) the number for Kipinä's established start-up companies was around 20, and 14 of these companies took part in the survey.

In April, ten start-ups (78%) out of 14 participants were registered officially by the Trade Register. The remaining four start-ups were planning to do it during the year 2016 (Figure 39 in Appendix 2). Three start-ups had been established earlier than year 2014 and four were established in 2015. The last seven start-ups were or had plans to be established during 2016 (Figure 40 in Appendix 2).

As for ownership, the majority of the start-up's had 3-6 owners but one start-up had in total 15 owners, which rather is an unusually high number (Figure 41 in Appendix 2).

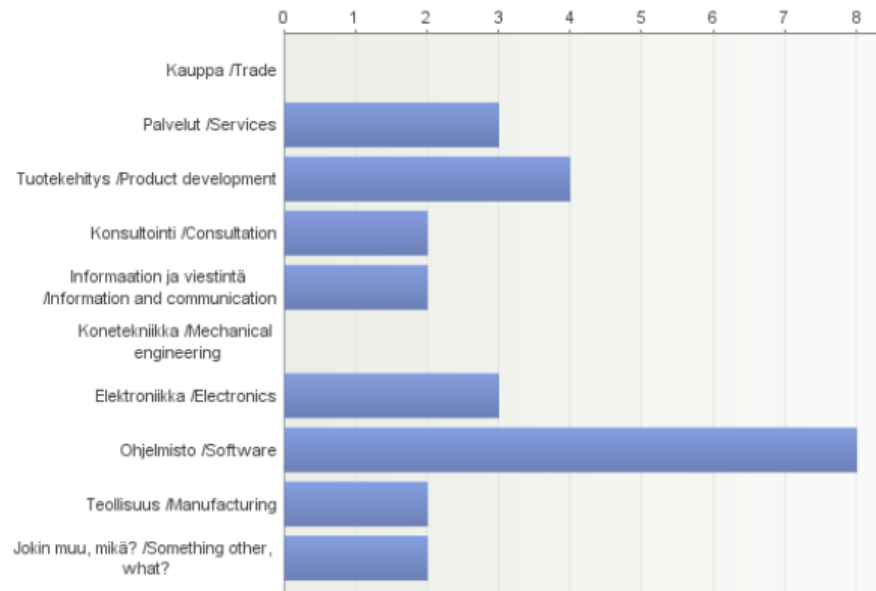
The number of hired employees typically varied between 0-3 people (Figure 42 in Appendix 2). Among those start-ups which had only owners working in the company, the plan to hire their first employees varied between 1-6 month in three start-ups (21%). Two start-ups (14%) were postponing recruitments to take place over the timeframe of one year (Figure 43 in Appendix 2).

Industry area selection was quite diverse, although the majority of start-ups were operating in software and services industry, which reflects quite well the Nokia and Microsoft background (Figure 12 on the next page). As discussed earlier in chapter 2, a start-up definition in such does not match all companies but owners may themselves consider their companies as start-ups due to the general state of mind, the eagerness in developing new ways of working, and new innovations.

6. Yrityksen toimiala /Industry area

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something other, what?

- Puutarhaviiljely

Figure 12 Question 6 – Industry area

57% of respondent start-ups have had previous experience on entrepreneurship (Figure 13). The experience was accumulated both from full-time and part-time entrepreneurship (Figure 44 in Appendix 2). Based on the interviews, almost all the start-up entrepreneurs had had some kind of contact, either direct or indirect, with entrepreneurship before establishing their start-up companies. For our interviewees, entrepreneurship was not a new aspect; if they had not themselves worked before as an entrepreneur, they had business partners, employees or family members who had been entrepreneurs. Despite the fact that almost all of our interviewees had some kind of grasp of entrepreneurship, some of them said that despite it, establishing the start-up was in many ways a new situation for them. However, the bar to become an entrepreneur may have been lower for them. Having some kind of connection to entrepreneurship made the idea of taking part in a start-up company and transferring from an employee position to an entrepreneur much easier.

7. Onko kellaän omistajalla/omistajista ollut aiempaa kokemusta yrittäjyydestä /Has any of the owner/owners have had previous experience on entrepreneurship

Vastaajien määrä: 14

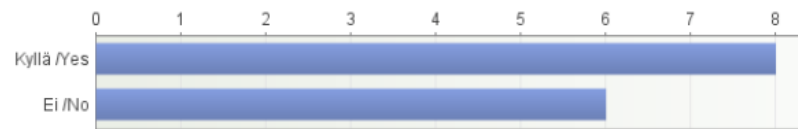


Figure 13 Question 7 – Previous entrepreneurship experience

Motives to start one's own company were various. Both the possibilities to work independently (64%) and the exploitation of one's own talent seem to be fairly strong motivators (42%) (Figure 14 on the next page). Additionally, some respondents have had a nascent business idea, and Microsoft announcement to close the Salo site triggered the establishment of one's own company (28%). Almost all of the interviewees mentioned that Microsoft grant and severance package together worked as an incentive and made possible to take a chance and try entrepreneurship as an option. Some of the interviewees said that the idea of becoming an entrepreneur had been in thoughts for some time but the business ideas had been rather vague. Microsoft had more or less pushed them towards the entrepreneurial path. Some felt like it was the only way to move forward in life, adding that at least that moment they did not see it likely that some company could replace the jobs which were lost along with Microsoft in Salo area. A couple of entrepreneurs also referred to their age and said that it would have been also somewhat frustrating and hard to find a job in their age. Luckily these entrepreneurs had found people with similar thoughts and they established start-ups together. It was, then, the right time to establish a company, as there were suitable people on hand and many of the interviewed entrepreneurs said that they were curious to try a new, maybe a more interesting path, the path as an entrepreneur.

Some of the entrepreneurs were already employers themselves and they felt great because they had the opportunity to hire people and help them to have a workplace, especially in the situation where the unemployment rate in Salo is very high. For most of the interviewees, however, the first goal in the beginning was to be able to employ themselves. The same thoughts were shared among start-ups which were not yet in the position to hire. Furthermore, one entrepreneur said that in a way, being able to hire people proves that the start-up is able to really get something done and the start-up is able to operate as a "real company". In other words, being able to hire people to your company increases the entrepreneurial boost.

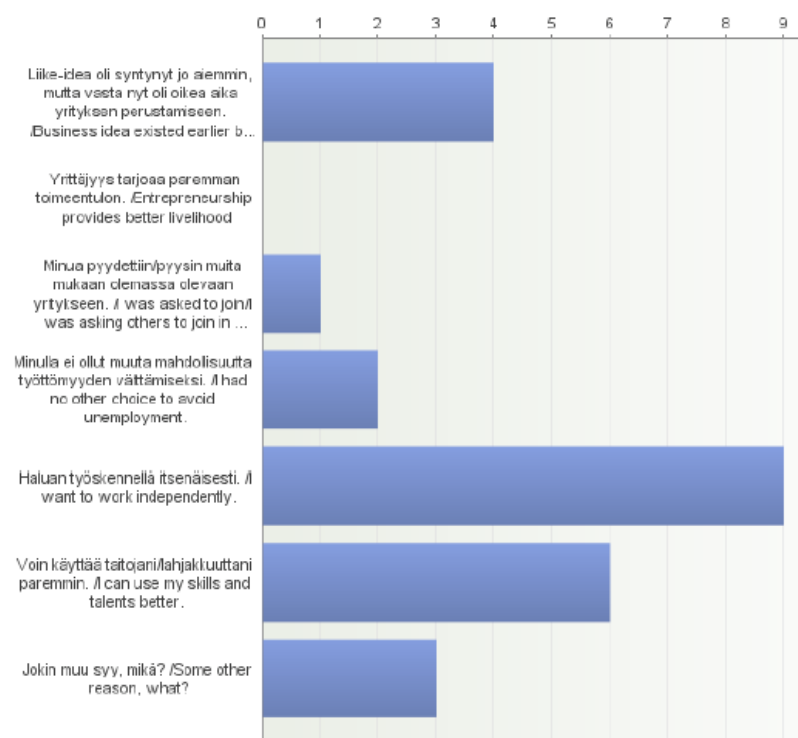
Moreover, none of the respondent thought that entrepreneurship would provide better livelihood. During the interview discussion it came out that money was not the main driver and all of the entrepreneurs were realistic about financial livelihood. The entrepreneurs were basically just hoping to

get a sufficient living. Many of the entrepreneurs kept their start-up as a long-term commitment, the place where to work for the rest of their life. Some even regarded their companies as their children. However, when they were asked about the possibility of selling their firms at some point, almost all of them answered that it was not a totally impossible idea although it was certainly not the initial idea when establishing the company. Some entrepreneurs had also hopes to get the start-up successful enough that it would be possible to get dividends at some point to top up their livings.

9. Mikä käynnisti yrityksen perustamisen /What triggered establishing the company

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu syy, mikä? /Some other reason, what?

- lisätulot, mutta yritys rakennettu niin että on sivutoiminen
- Ajattelin, että jos käytän sen ajan, jonka käyttäisin työmatkoihin pääkaupunkiseudulle, osaamiseni markkinointiin yrityksessäni voisin saada hyvän mahdollisuuden saada hyvän määrän asiakkaita. Lisäksi ympärillä oli kiinnostuneita osajia lähdessä mukaan yritykseen.
- Mahdollisuus työllistää muita

Figure 14 Question 9 – What triggered the establishment of the company

8.2 Finance

Ten start-ups (71%) out of 14 had got external funding and rest of the four companies had applied for but not yet received it (Figure 15).

10. Onko yrityksesi saanut ulkopuolista rahoitusta /Has your company got external funding
Vastaajien määrä: 14

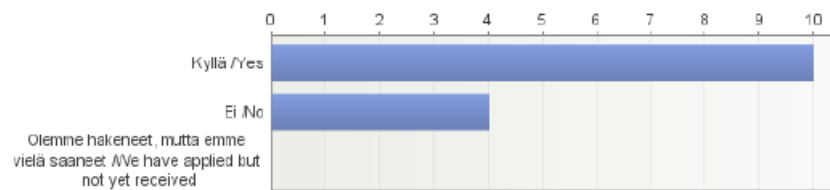


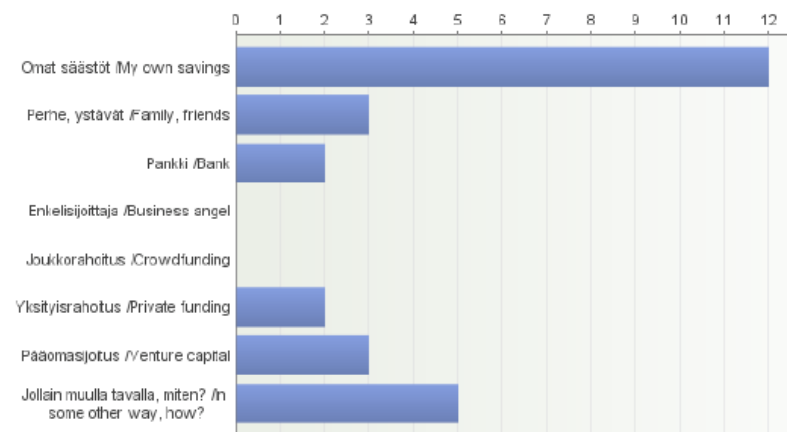
Figure 15 Question 10 – External funding

Microsoft Polku's financial support (MS grant) for dismissed Microsoftians can be seen in Figure 16, but also other funding channels were used, as 12 start-ups (85%) had utilized bootstrapping (invested own money and time) and three (21%) companies had got finance from family or friends. Some companies had got public funding via Tekes and some had got funding from a bank (Figure 16). None of the start-ups had got finance from crowdfunding or angel investors.

11. Miten yrityksesi on rahoitettu. Ole hyvä ja valitse kaikista olennaisimmat vaihtoehdot. /From where your company has got funding. Please choose the most relevant options.

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jollain muulla tavalla, miten? /In some other way, how?

- Tulorahoitus, MS-Grant, jatkossa mahdollisesti Tekes kun haetaan kasvua.
- Microsoft Grant
- Microsoft grant
- Olemme juuri saamassa Microsoftin yrittäjätukea. Muuta ulkoista tukea emme ole hakenneet.
- Microsoft ja Tekes

Figure 16 Question 11 – Funding sources

The start-ups were asked what about what they would immediately improve or expand in the start-up if funding was not an issue (Figure 17 on the next page). Eight comments referred to hiring skilled workforce, mainly to the sales and marketing side. Taking care of contracts, renewing

of equipment and using money in the start-up expansion were also mentioned.

35. Jos rahoitus ei olisi ongelma, mitä parantaisit tai laajentaisit välittömästi start-up-yrityksessäsi
/If funding would not be an issue what would you immediately improve or expand in your start-up

Vastaajien määrä: 14

- Myyntipuolelle tarvi henkilön.
- palkkaisin henkilöstöä
- Laajennukseen
- Yrittäisin aktiivisesti löytää sulautettujen ohjelmiston kehittäjän joka olisi myös yrityksen omistaja jollakin osuudella.
- Own product development speed
- Myynnin ja markkinoinnin osaamista / henkilöstöä
- palkkaisin enemmän väkeä välittömästi
- Sopimusasiat kuntoon
- Helppo tuotteistaminen
- Palkkaisin myyntihenkilöstöä hankkimaan asiakkaita = puhelinmyyntiä.
- Lisaa työntekijöitä
- Uusisin koneita ja laitteita.(traktori, trukki jne)
- Tässä vaiheessa en mitenkään
- Laajentaa voi vasta kun tuotteen menekki on varmistettu. Siihen ei auta välttämättä edes raha.
- Lisäisin henkilökuntaa ja markkinointia

Figure 17 Question 35 – Matters that would be immediately improved in the start-up if funding was not an issue

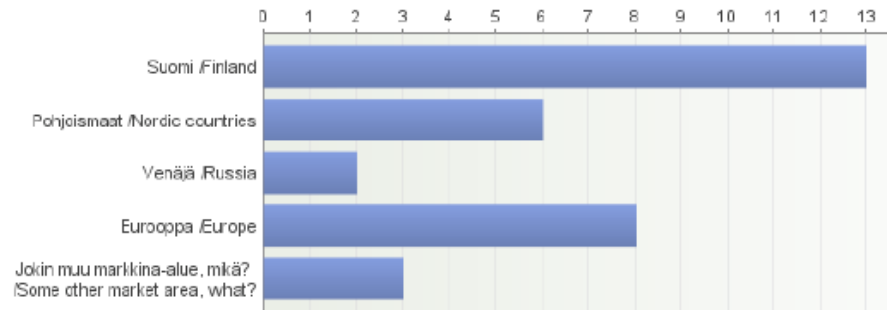
8.3 Target markets and internationalization

Almost for all start-ups (92%) the main target market is the domestic market (Figure 18). Plans to expand to Europe (57%) and in Northern countries (42%) as prospect target markets reflect quite well the Uppsala model, as many SME's first advance in countries which are both culturally and geographically similar (Forsman, Hinttu & Kock, n.d.). Two start-ups (14%) had Russia-based plans and some start-ups had also USA and Asia in mind. During the interviews the preconditions for internationalisation were also discussed. Acquiring knowledge about target markets and understanding cultural differences in negotiations were seen as important, and entrepreneurs were aware of the fact that in different countries things are done differently. Sufficient language proficiency was also considered as a precondition for internationalisation. However, when talked about how to acquire these skills and knowledge about the market area the entrepreneurs had different ideas. One entrepreneur said that they have been thinking of hiring skilled people from the target countries, and some clearly wanted to try themselves.

12. Yrityksen kohdemarkkinat /Company's target market(s)

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu markkina-alue, mikä? /Some other market area, what?

- USA
- USA, Aasia
- Global

Figure 18 Question 12 – Target markets

Kipinä start-ups had some idea of when a possible internationalisation would happen. Internationalisation target was mainly one year 2017 (42%), and three start-ups (18%) said they would like to go abroad in 2018. Only one start-up had plans to initiate abroad business during 2016. Respectively, four start-ups (28%) did not have any internationalisations plans at all (Figure 19). However, based on the interviews none of the start-ups had not started any actual internationalisation activities.

13. Tavoitevuosi kansainvälistymiselle /Target year for internationalization

Kysymyksellä tarkoitetaan yrityksen kaupankäynnin laajentumista rajojen ulkopuolelle. /This question refers to expanding business cross borders.

Vastaajien määrä: 14

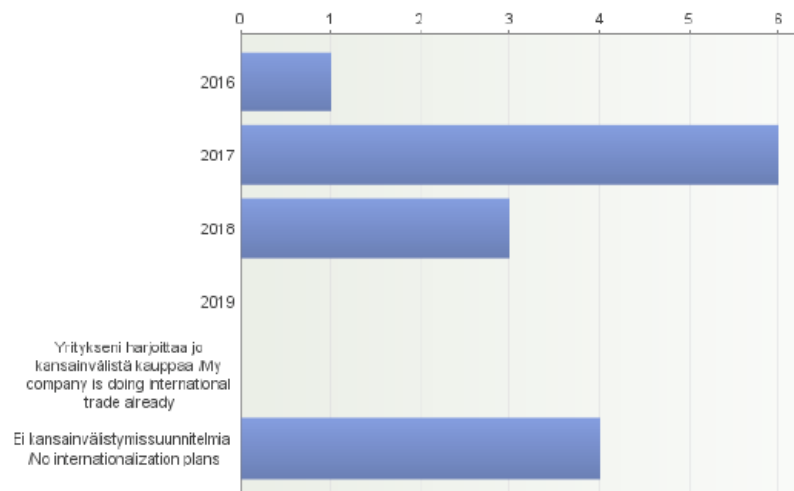


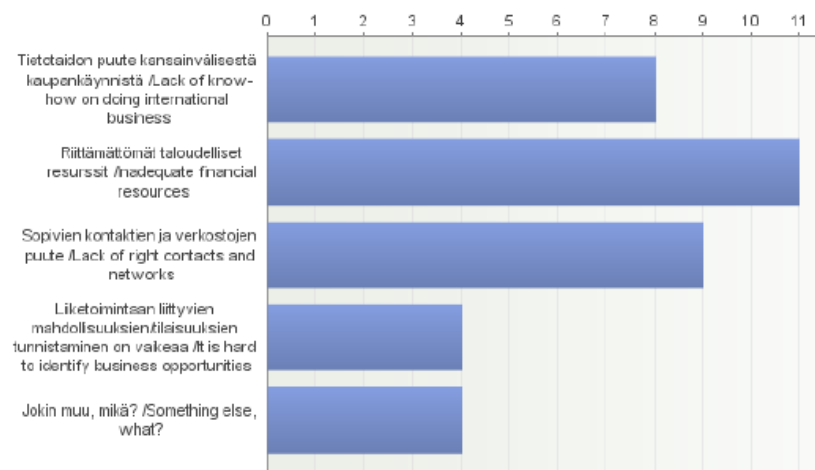
Figure 19 Question 13 – Target year for internationalization

When entrepreneurs' opinions about possible barriers preventing internationalisation were asked, the answers were quite consistent. Lack of insufficient financial resources (78%), lack of know-how (57%) and lack of contacts and right networks (64%) are the major barriers for internationalisation (Figure 20). Four start-ups (28%) felt that it is difficult to identify international business opportunities. Lack of courage and lack of competitive product or service were mentioned too. Additionally, the Finnish taxation and cost structure in general were seen as difficult. During the interviews the start-ups felt that be able to expand to foreign markets it is essential to acquire and identify right contacts in order to start co-operation with local distribution channels and retailers. Many start-ups shared an opinion that direct sales is challenging and the right local partner would help a lot.

14. Mitkä tekijät voivat toimia mielestäsi esteenä yritysten kansainvälistymiselle /In your opinion what kind of barriers could prevent internationalization in general

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something else, what?

- Suomen verotus ja postikulut ulkomaille. yleisesti kustannusrakenne , vaikea kilpailla Euroopassa mutta katsotaan.
- Uskalluksen puute
- Osin toiminnan luonteen takia kansainvälistyminen ei ole suunnitelmassa
- Tietenkin se ettei ole riittävän kilpailukykyistä tuotetta tai palvelua.

Figure 20 Question 14 – Barriers preventing internationalization

8.4 Competition

Competition is evident nowadays. For young start-up it is vital to recognise competitive landscape, their own position on it and who the main competitors are, and to evaluate their own competitiveness against the overall picture. The respondent start-ups saw their competitiveness level compared to competitors as good (64%) or very good (21%). Only 14% though that their competitiveness level was fair (Figure 21).

Start-ups also considered their ability to improve customer satisfaction and both productivity and processes as main success factors compared to competitors (Figure 45 in Appendix 2). The biggest competitors were seen to come from Europe, Finland, America and from Asia (Figure 46 in Appendix 2).

15. Arvioi yrityksesi kilpailukykyä kilpailijoihin nähden /Evaluate your company's competitiveness compared to competitors

Vastaajien määrä: 14

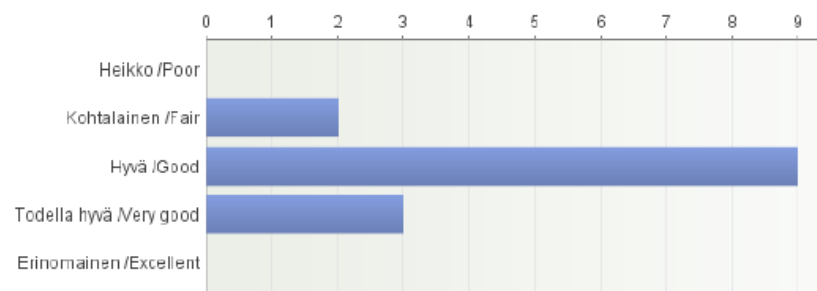


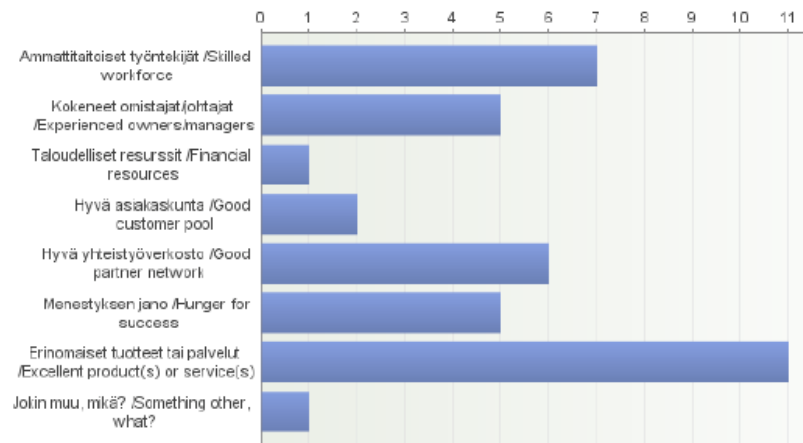
Figure 21 Question 15 – Company's competitiveness as compared to competitors

From the strength side, the start-ups considered that an excellent product or service is their strength domain (78%). A second strength asset is skilled workforce (50%) and a third strength asset is the partner networks (50%). This combination is most likely derived from Nokia / Microsoft background, as working in various product programs with professional colleagues, sub-contractors and partners for years has grown self-confidence in making products as well as developed strong networks (Figure 22 on the next page). Five (35%) start-ups felt that the hunger for success and experienced owners are one of their strengths.

16. Mitkä ovat yrityksesi suurimmat vahvuudet /What are your company's main strengths

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something other, what?

- patentit

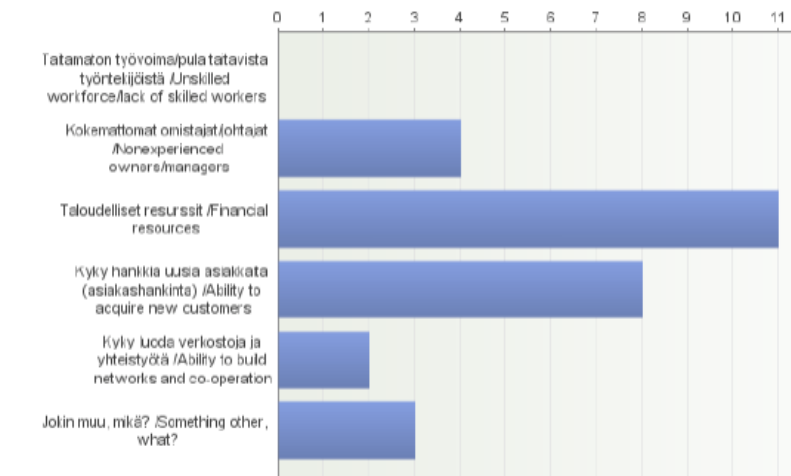
Figure 22 Question 16 – Company's main strengths

When weaknesses were asked to be evaluated, it was not a surprise that financial resources (78%) were seen as the biggest weakness. Finance as a weakness was followed by the ability to acquire new customers (57%) which is very logical, as if a start-up is not successful in acquiring paying customers, it will have severe financial troubles. Some start-ups had recognized the owners' inexperience as a weakness (28%) and two start-ups (14%) had trouble in establishing networks. One start-up saw as a weakness the small team which is divided to two different continents, and one start-up had troubles in assessing product competitiveness (Figure 23).

17. Mitkä ovat yrityksesi suurimmat heikkoudet /What are the main weaknesses of your company

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something other, what?

- Taloudelliset resurssit kohenee tarvittaessa lainoituksen myötä :)
- pieni tiimi jakautunut kahdelle mantereelle
- Pitää etukäteen arvata tuotteen kilpailukyky ensi vuonna

Figure 23 Question 17 – Company's main weaknesses

8.5 Competences

For a young company, it is important to evaluate the company's competences and improvement areas. It is not a surprise that research and development were seen as a main competence. However, sales and marketing skills scored lowest in competence evaluation. The result is not surprising when thinking that these people have background of R&D driven environment (Figure 24 on the next page). What comes to marketing competence in interviews, it was evident that the entrepreneurs were very clearly aware of a competence gap. When they were asked how they would improve the situation, many said that they would either buy marketing consultation from a third party, or they would need to hire a person with marketing background. The interview revealed also problems in sales and especially in closing the deals. Based on the discussions, for the entrepreneurs it was not difficult to make a contact with customers, as many of them considered themselves to be quite sociable by nature and starting real negotiations was not an actual challenge. They rather saw that closing the deals successfully were the most difficult and challenging things. In other words, they saw that acquiring customers is hard.

20. Miten arvioisit yrityksesi osaamista seuraavissa osa-alueissa: /How would you evaluate your company's competences in the following fields:

Vastaajien määrä: 14

	Heikko /Poor	Kohtalainen /Fair	Hyvä /Good	Erittäin hyvä /Very good	Erinomainen /Excellent	Yhteensä	Keskiarvo
Tutkimus ja (tuote)kehitys /R&D	0	0	5	4	5	14	4
Markkinointi /Marketing	1	9	2	2	0	14	2,36
Myynti /Sales	2	10	2	0	0	14	2
Johtamistaidot /Management skills	0	2	5	7	0	14	3,36
Henkilöstöhallinto /Human resources	1	2	8	3	0	14	2,93
Talous /Finance	1	5	6	2	0	14	2,64
Kansainvälistyminen /Internationalization	3	4	3	3	1	14	2,64
Yhteensä	8	32	31	21	6	98	2,85

Figure 24 Question 20 – Evaluation of company's competences

Entrepreneurs and entrepreneurial personal qualities and skills were part of the evaluation. Based on the answers, the most important start-up entrepreneur skill is flexibility. The ability to solve problems comes as second, and thirdly, interpersonal skills are seen as important (Figure 25).

21. Arvioi mitkä ovat start-up-yrittäjän tärkeimmät ominaisuudet ja osaamisalueet /Evaluate how important are these competences/personal qualities of a start-up entrepreneur

Vastaajien määrä: 14

	Ei tärkeää /Not important	Hieman tärkeää /Slightly important	Kohtalaisen tärkeää /Moderately important	Tärkeää /Important	Erittäin tärkeää /Very important	Yhteensä	Keskiarvo
Sosiaalinen älykkyys /Social intelligence	0	1	2	7	4	14	4
Yhteistyötaidot /Interpersonal skills	0	0	2	5	7	14	4,36
Rohkeus /Courage	0	0	2	6	6	14	4,29
Ongelmanratkaisukyky /Problem solving skills	0	0	0	8	6	14	4,43
Riskienhallinta /Risk management	0	1	5	7	1	14	3,57
Luovuus ja innovaatio /Creativity and innovation	0	1	1	6	6	14	4,21
Joustavuus /Flexibility	0	0	1	4	9	14	4,57
Ennakkoluulottomuus /Open-mindedness	0	0	5	3	6	14	4,07
Optimismi /Optimism	0	0	4	3	7	14	4,21
Intohimo /Passion	0	0	3	6	5	14	4,14
Yhteensä	0	3	25	55	57	140	4,19

Figure 25 Question 21 – Evaluation of start-up entrepreneur's competences/personal qualities

In addition to the previous question, it was asked if there are some other important competencies or personal qualities which start-up entrepreneur should have. Understanding cost-efficiency, persistence and ability to focus on essential were mentioned (Figure 47 in Appendix 2).

In the interview discussions, the interviewees were asked to express concrete examples of how they maintain the nourishing and innovative working culture in their company. The entrepreneurs expressed that it is important to let also employees take part in the innovation process and encourage them to express their own opinions and ideas. Some of the interviewed entrepreneurs said that they have regular meetings just to be able to brainstorm together and some said that they can throw new ideas in the air at any time. The interviewees said that it is vital to be able to change thoughts with different people, and not just from work, and to really listen carefully to what others have on their mind, as good ideas may actually come from very small things. It is also important that new ideas are not rejected right away but assessed and discussed thoroughly. Furthermore, it was said that everyone is different and people have different working ways, so it is important to encourage employees to find their best way to work and their own source for inspiration.

A mutual opinion between the interviewees was that start-ups should be very flexible, and in general, that the entrepreneurs have to be flexible. If it is seen that something is not working how it should be, or if something simply is not a good idea, the idea should be abandoned quickly so that the innovation and creation process can start again soon. For start-ups, failing fast is essential so that time is not wasted, because start-ups just cannot afford it. Flexibility is also important as in start-ups you have to be able to do different tasks when it is required, as your firm may not have enough employees. You just cannot count your working hours, as you have to be able to do things when it is necessary.

8.6 Risks

Regarding company risks when thinking about the future, 64% of respondents thought that a lack of customers, lack of finance and costs in general were equally the most concerning risks. Lack of marketing knowledge (57%), lack of time (50%), pricing pressures (42%), lack of partners (28%), lack of competent employees (21%) and overall global economic situation (7%) were seen as considerable risks and challenges (Figure 26 on the next page). Moreover, one really relevant aspect regarding the risks and entrepreneurship in general was mentioned in the interviews. One entrepreneur said the following: "What is valid today may not be valid tomorrow". In other words, the business world is under constant change, and this itself is both a major risk and a challenge.

23. Mitkä ovat suurimmat riskit taikka haasteet yrityksen tulevaisuutta ajatellen /What are the biggest risks or challenges for company's future

Ole hyvä ja valitse 4 tärkeintä riskiä. /Please choose 4 most important risks.

Vastaajien määrä: 14

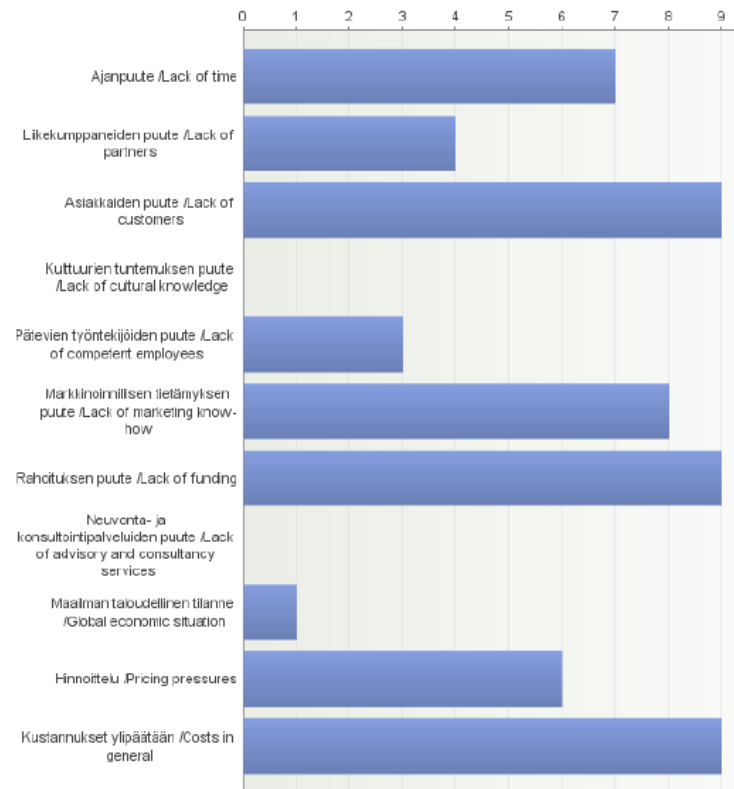


Figure 26 Question 23 – The biggest risks or challenges for the future

8.7 Support

While establishing a new company it is very useful to receive support and help in order to avoid the most common faults and mistakes.

Based on Wallin et al. (2015, 11, 8) the start-up support need varies based on the stage in which a start-up resides. Early phase start-ups usually need support in developing external business and strategic competencies. When the product is more mature, the support need is more about how to build sales, distribution and marketing networks. Additionally, how to build growth via internationalisation is one of the key issues.

92% of Kipinä start-ups had received sparring support regarding their business idea. Informational support regarding establishment a start-up was received by 78% of start-ups. Start-ups had also got support from peers (69%), support regarding financial advices (62%), tax consultation (50%), on building networks (50%) as well as in marketing related advices (50%) (Figure 27).

All in all, the interpretation based on the answers seems to reflect a wide support offering given via the Polku program. Start-ups were also asked if there was something which was missing from the supportive actions. Some comments regarding legal advice and licences were given in the free text section (Figure 48 in Appendix 2).

24. Minkälaista tukea olet saanut perustaessasi yritystä /What kind of support you have got while establishing the company

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14

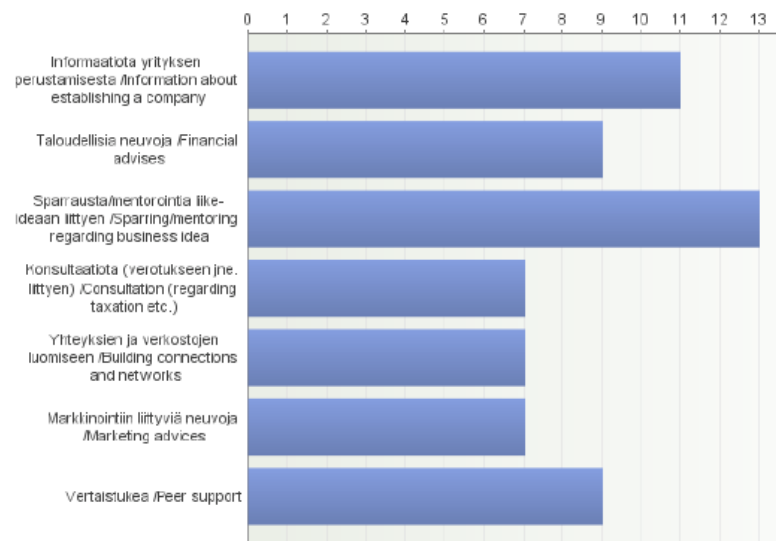


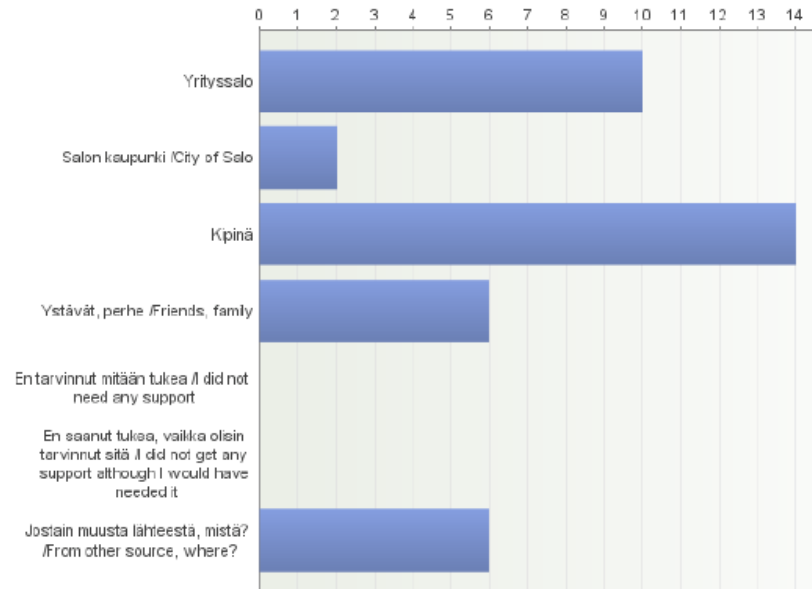
Figure 27 Question 24 – Support received when establishing the company

Figure 28 illustrates different support sources. All start-ups had got support from Kipinä center. 10 companies (71%) had got help from Yrityssalo and 2 companies (14%) directly from City of Salo representatives. Quite many (42%) had received support from friends and family too. Several other single sources were mentioned, like the ELY-centre, Tekes, Finpro, and moreover, in the Turku area the Turku SparkUp and Potkuri had also offered support (Figure 28 on the next page).

26. Mistä lähteistä yrityksesi on saanut tukea /From which source(s) your company has got support

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jostain muusta lähteestä, mistä? /From other source, where?

- Board of Directors
- Yhteistyöverkostot
- ELY-keskus, Tekes, Finpro
- Potkuri, Turku SparkUp
- ely keskus
- Salo Startup Center & Smartsalo

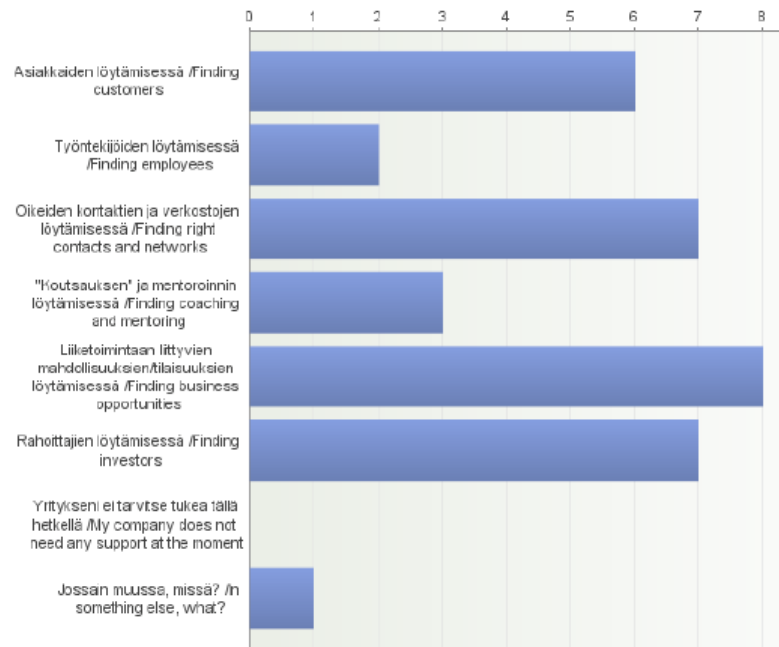
Figure 28 Question 26 – Support sources

As the support need for young companies is quite evident, it was inquired which issues the start-ups felt they would still need help and support with. 57% considered that support regarding finding business opportunities is needed. 50% of the companies felt that both finding right contacts and finding investors is something where help is needed. Finding actual customers (42%) finding coach and mentoring (21%) and finding employees (14%) were also mentioned (Figure 29).

27. Missä asioissa yrityksesi tarvitsee tukea ja apua tällä hetkellä /In which issues your company is needing support and help currently

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jossain muussa, missä? /In something else, what?
- yritystuissa, mitä tukia on mahdollista saada ja niiden hakemisessa

Figure 29 Question 27 – Currently needed support

Very often the entrepreneurs themselves seek personal development advice, like confidence building and mentoring for solving business challenges (Dee et al. 2015, 11). However, it is important to weight and choose carefully the advisors and mentors before boarding them to avoid future conflicts in visions regarding the business (Wallin et al. 2015, 10).

11 (78%) start-up entrepreneurs shared an opinion that coaching would be beneficial for them. Only one start-up (7%) felt that coaching would not help at all and two start-ups (14%) could not tell if it would help. Coaching, like general discussions regarding business making, financial advisory and sales and marketing related topics were mentioned (Figure 30 on the next page). Support received from Kipinä community was rated too, and 50% of the start-ups said the support had been *extremely* valuable, while 42% felt that the support had been *very* valuable. One start-up (7%) shared an opinion that support was somewhat valuable (Figure 49 in Appendix 2).

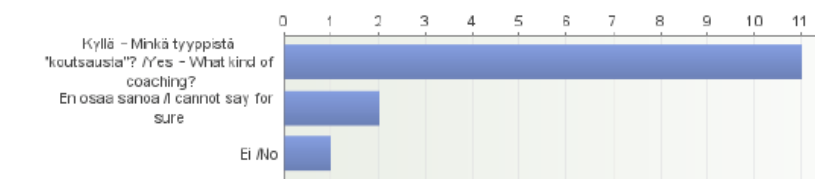
Respondents were then asked to tell things which were particularly beneficial in Kipinä's activity. 78% felt that sharing information was the most valuable benefit. Collaboration (64%), new contacts (42%) and new innovation (21%) were appreciated too. In the free text section, the office space provided by Kipinä, education in general and monetary grant-

support were mentioned as beneficial advantages (Figure 50 in Appendix 2).

In order to develop Kipinä's activities, the respondents were asked to tell if something was missing. Receiving more information regarding public sector support selection, and also receiving more marketing, sales and legal advices were wished for (Figure 51 in Appendix 2).

28. Oletko sitä mieltä, että "koutsauksesta" olisi hyötyä yrityksellesi /Do you think that coaching would be beneficial for your company

Vastaajien määrä: 14



Avoimet vastaukset: Kyllä – Minkä tyyppistä "koutsausia"? /Yes – What kind of coaching?

- Yleisluontoinen keskustelu kokeneelta yrittäjältä.
- yleiskuvan
- samantyyppisten yritysten ongelmien /ratkaisuiden läpikäyminen
- Financial coaching, marketing coaching
- Kansainvälisen markkinoinnin osalta. Esim. Nestholma Accelerator
- yrityksen pyörittämisen rutiineista
- Mentorointi ja myynnin koutsaus
- Puhelinmyynti ja some-markkinointi!
- Liiketoiminta-ajatuksen terävöittäminen = sparraus
- Em alueilla
- Yleinen

Figure 30 Question 28 – The usefulness of coaching for one's company

8.8 Future activities (in 6–12 months)

Future plans are important for start-ups, even if the future may be uncertain in terms of existence. Product development was the most important future activity for 78% of start-ups. Marketing activities and acquiring new customers were equally important (57%). Finding financial resources (42%), hiring new employees (28%), improving customer loyalty (21%) and building new connections (21%) were announced as future activities. Only one company (7%) had cost cutting in mind (Figure 31).

32. Mihin toimintoihin yrityksesi keskittyy lähitulevaisuudessa /In which activities your company is focusing in the near future /

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14

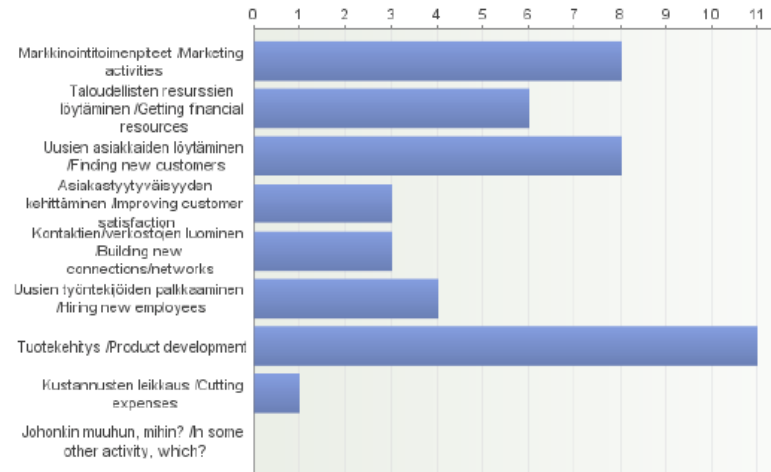


Figure 31 Question 32 – The focus for activities in the near future

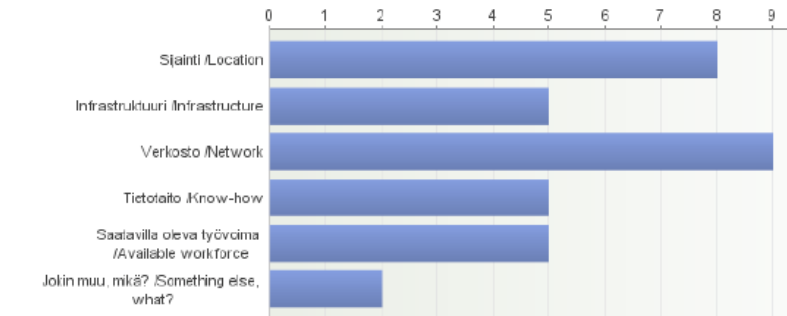
8.9 Salo related questions

Salospecific questions were formed together with City of Salo representatives, because there were certain things that they were interested in and wanted to know about. According to the web survey, Kipinä's start-up entrepreneurs thought that the most appealing features of Salo were the location (57%) and network (64%) which got the most amount of votes as seen in the Figure 32 (on the next page). As the entrepreneurs had the possibility to choose several answer options for this question, also infrastructure, know-how and the availability of workforce got votes, while 35% of the fourteen entrepreneurs kept each of those factors appealing. Furthermore, entrepreneurs also had the option to write free text if they had something in mind that was not listed in the possible answer options available for this question. Some entrepreneurs wrote to the free text field that also considering internationally, the affordable and skilful workforce is an asset for Salo city area. Moreover, some entrepreneur thought that Yrityssalo Ltd. belongs to Salo's appealing features.

33. Mitkä ovat Salo vetovoimaisimmat piirteet yrittäjyyden kannalta /What are the most appealing features of Salo city area when it comes to entrepreneurship

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something else, what?

- kansainvälisesti ottaen edullinen ja osaava työvoima
- Yrityssalo

Figure 32 Question 33 – The most appealing features of Salo city area

In the optional and multiple choice question about what would get those start-ups to return to Salo that had relocated their business functions, 3 out of 6 (50%) answered that networking possibilities would get them to return, as shown below in the Figure 33. 33% of the entrepreneurs considered that the availability of suitable premises could also have an effect on deciding whether to return. Furthermore, skilled workforce (16%) and possibility of business subsidies (16%) were seen as less important factors.

34. Jos olet muuttanut yritystoiminnot muualle Salosta, mikä saisi sinut palaamaan takaisin /If you have moved your business functions away from Salo what would get you to retrieve

Voit valita useamman vaihtoehdon. Kysymys on vapaaehtoinen. /You can choose several options and this question is optional.

Vastaajien määrä: 6

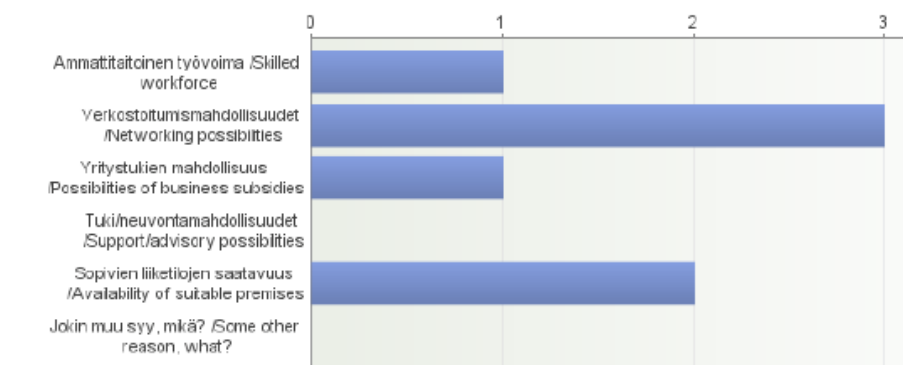


Figure 33 Question 34 – The factors that could motivate companies to return to Salo

According to the web survey, Salo city area has in addition to the positive and appealing features also weaknesses and matters that should be improved (Figure 34). Eight entrepreneurs (57%) saw the need to answer to an optional question about Salo's weaknesses and possible improvement requirements. Matters such as Salo's reputation and cityscape were seen as a weakness which may affect on the people visiting Salo. Someone also suggested that there should be a motorway junction in Tupuri area in Salo. According to the entrepreneurs, Salo also lacks customers with purchasing power, which is quite a major factor when it comes to entrepreneurship and making a living. Furthermore, it was mentioned that higher education in Salo creates professionals and that entrepreneurs want to get more networking possibilities. Some entrepreneurs also hoped that the City of Salo would be more efficient with its support initiative, the Salo Innovation and Talent Park. Some suggested that the Microsoft site could be good place where to gather all the high tech professionals and firms.

36. Onko Salon alueella jotain heikkouksia tai jotain jota parantaa /Does Salo city area have weaknesses or something to improve

Kysymys on vapaaehtoinen. /This question is optional.

Vastaaajien määrä: 8

- MS kampukselle tulisi keskittää kaikki "high-tech" osaajat ja firmat. Puitteet on paremmat kuin tchnopoliksissa. Sillä tavalla uusi virta ja kokemus kohtaisivat ja saisivat verkottumisesta kaiken hyödyn.
- Moottoriliittymä Tupurista, tuleva kiertotie nopeuttaa vain Helsinkiin päin. Järjetöntä jättää moottoriliittymä tekemättä.
- Reputation is the biggest problem
- Hieman hidasta toimintaa Osaamiskeskittymän perustamisen osalta. Tehokkuutta tekemiseen sen osalta kaivataan.
- ylemmän asteen koulutus tuottaisi jatkossakin osaajia, jotka ensisijaisesti hakisivat täältä töitä
- Yhteistyötä halutaan, mutta pitää olla mahdollisuuksia verkostoitua paremmin.
- Kaupunki antaa 'rähjäisen ja köyhän kuvan' vierailijoille. Kaikkialla on tyhjiä liiketiloja ja ränsistyneitä rakennuksia.
- Kaupunkikuva pitäisi siistiä.
- Salosta puuttuu maksukykyiset asiakkaat.

Figure 34 Question 36 – Possible weaknesses and things to improve in Salo city area

Perhaps the most interesting and one of the most essential questions regarding this study in the web survey was the question "What kind of support or services should Salo city's Osaamiskeskittymä (Innovation & Talent Park) provide?". This multiple choice question was also categorized into three subjects: physical services (Figure 35), services (Figure 36) and to digital services (Figure 37), from where the entrepreneurs chose the most accurate options for them. According to the survey, the entrepreneurs keep physical services in high value, as 9 out of 14 entrepreneurs clearly missed office (64%), co-working (64%) and meeting spaces (64%). They put less value in free time facilities (35%) which is understandable. In relation to physical services one entrepreneur wanted to suggest the Microsoft site as the place where to insert everything, while another entrepreneur suggested that there could be electric car charging stations, diners et cetera (Figure 52 in Appendix 2). Their suggestions clearly show that the entrepreneurs seem to wait for the Salo Innovation and Talent Park to be placed in one specific location.

37. Minkälaista tukea tai palveluita Salon kaupungin Osaamiskeskittymän tulisi tarjota /What kind of support or services should Salo city's Osaamiskeskittymä (Innovation & Talent Park) provide

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14

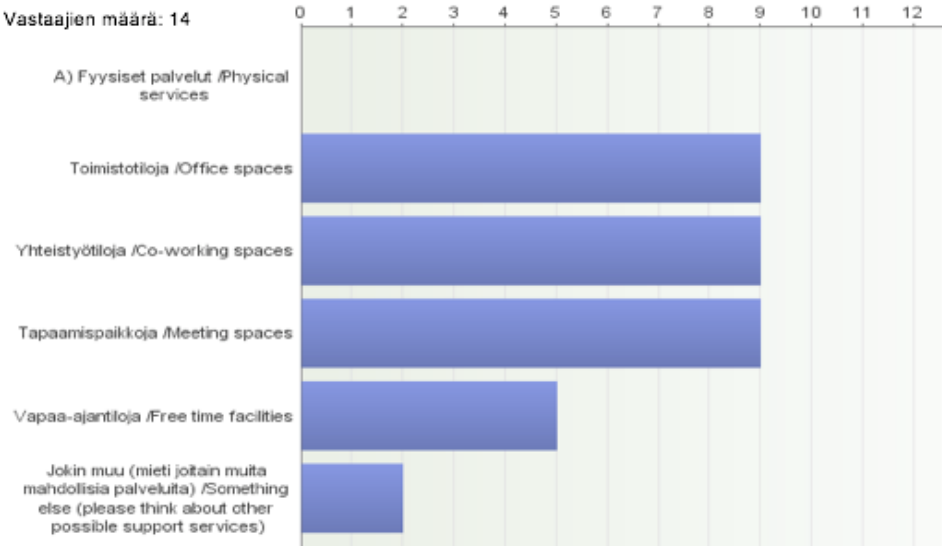


Figure 35 Question 37 – The physical support and services that Salo Innovation & Talent Park should provide

Services (meaning other type of service in contrast to physical and digital services) were seen as the most important service type which Salo Innovation and Talent Park should be able to provide (Figure 36). Networking possibilities were seen as the most valuable service offering, as an astonishing 85% of the start-up entrepreneurs answered so. 78% of the start-up entrepreneurs also thought that they could need sparring and 71% were craving information sharing (speaker, lecturers et cetera.). Training sessions with 57% and university co-operation with 42% were a bit less desirable in the entrepreneurs' opinion. One entrepreneur also missed legal services, which they pointed out in the free text field (Figure 52 in Appendix 2).

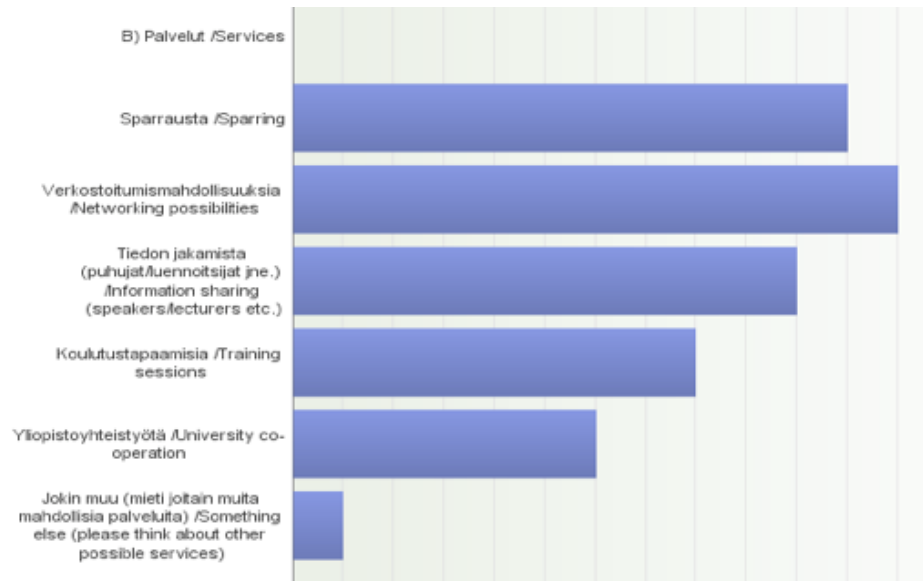


Figure 36 Question 37 – The contents of the services that Salo Innovation & Talent Park should provide

Overall, digital services were not as highly desired from the Innovation and Talent Park as the other options in the question, which clarified the support and service needed from Innovation and Talent Park (Figure 37). This said, it is largely resolved with the fact that all the respondents of the web survey had a Microsoft background. To expand from the digital services, 57% hoped yellow pages-type of directory, 50% digital meet up place, 42% web pages and 28% an idea chat.

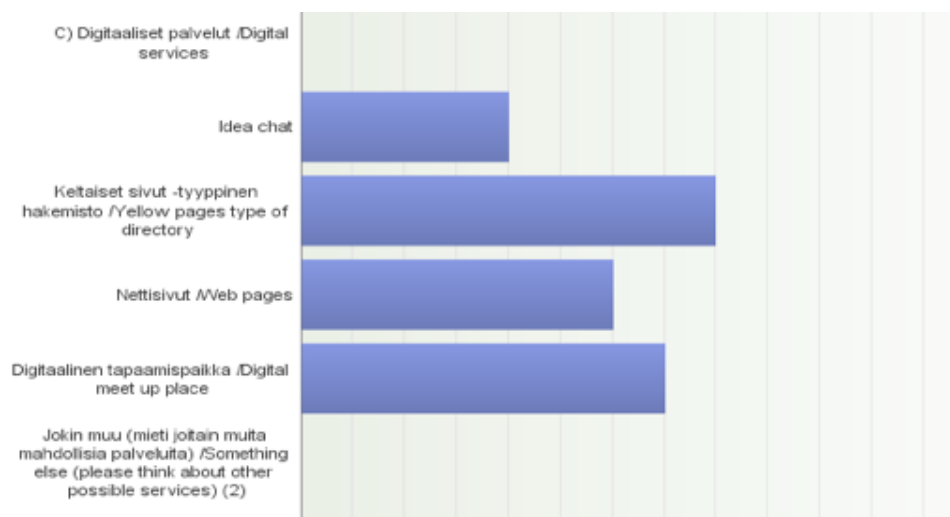
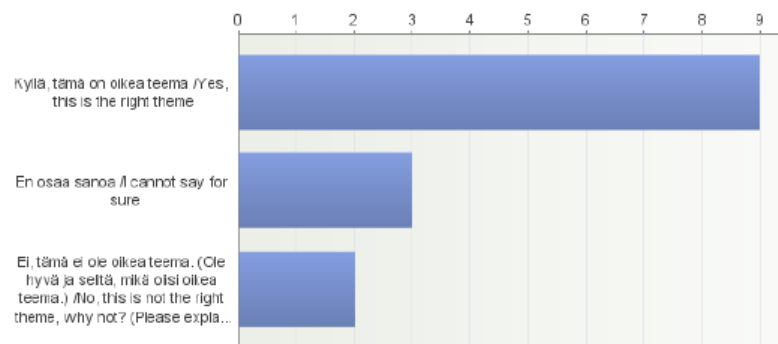


Figure 37 Question 37 The digital services that Salo Innovation & Talent Park should provide

The last Salo related question tried to clarify if the Innovation and Talent Park's lead topics IoT (Internet of Thing) and productization were the right topics to be focused on in the entrepreneurs' opinion. The chosen lead topics had been the right ones as 9 out of 14 entrepreneurs (64%) answered accordingly as seen in the Figure 38 below. In addition, three entrepreneurs (21%) had had difficulties in deciding whether those are the right topics or not and two (14%) thought that it is wrong to concentrate on the chosen topics, as IoT and productization were considered to be too narrow fields.

38. Pääteema Salon Osaamiskeskittymälle ovat IoT ja sen tuotteistaminen. Ovatko nämä mielestäsi oikeat aiheet, joihin tulisi keskittyä? /Lead topics in the vision for Salon Osaamiskeskittymä are IoT (Internet of things) and Productization. Do you think these are the correct topics which should be focused on?

Vastaajien määrä: 14



Avoimet vastaukset: Ei, tämä ei ole oikea teema. (Ole hyvä ja selitä, mikä olisi oikea teema.)/No, this is not the right theme, why not? (Please explain why and what would be the key industry to be focused on instead of IoT?)

- Ei pidä keskittyä vain yhdelle kapealle alueelle
- IoT on liian kapea alue

Figure 38 Question 38 Evaluation of the main themes for Salo Innovation and Talent Park

9 CONCLUSIONS AND FUTURE ASPECTS

One of the aims for this thesis was to paint a picture about start-up life, its anticipations, challenges and what kind of a future the new venture experience brings. The authors of this thesis see that these targets were met and the research was successful. Moreover, the authors hope that the municipality interfaces operating with local companies may have a better picture of start-up challenges and hence are able to plan and design support activities accordingly. For City of Salo, the authors hope that this thesis will give more insight on how start-ups are operating, what the usual challenges are and how start-ups can be supported in the best possible way. As city representatives are in a key position in securing a nourishing environment for young companies to grow and expand, from support perspective there are some development ideas on how the city could leverage the current start-up community in Salo. In addition, the authors hope that this study also brings value to start-up entrepreneurs and the people thinking of establishing their own start-up business. We think that it will be beneficial for start-up entrepreneurs to learn from other entrepreneurs' experiences and to be able to reflect it to one's own situation.

The first research question of the thesis, "What kind of challenges, risks and barriers start-up entrepreneurs experience?", was answered quite extensively in the theory section of this study. Different approaches were introduced via theory, and also, the results of the research section gave a clear picture of the most common challenges and barriers for Kipinä start-ups. For example, the web survey and the interviews indicated quite clearly that the biggest challenges for Kipinä start-ups were sales and marketing related issues, as there is a lack of know-how deficiency in skills. Building support, such as offering help from professional marketing and sales people, marketing and acquiring customers may become much stronger in the start-up companies. It can be valuable for example to have professionals and start-ups collide in the right events, or alternatively to arrange training sessions.

In terms of internationalisation, the start-ups would get great advantage if concrete help in planning internationalization was given to them by experts. Additional help in finding the right contacts and building networks would ease the planning and accelerate the execution of internationalisation. This said, City of Salo should consolidate relationships with other parties (like chambers of commerce, Finpro et cetera) to share the knowledge on internationalisation for start-ups. However, the connections and discussion forums should be established at first hand.

Entrepreneurs expressed very strongly that a community where new entrepreneurs could join is definitely needed. They also emphasized that the community should exist physically in one place and consist of start-ups from different fields: there should not be just for example technology

companies. What is more, this kind of open community where all types of start-ups would be welcome, would build a versatile and supportive environment. Most of all, it would offer peer support for start-ups in different stages. Salo area would really need a community where anyone interested could join, even the people who might not yet have established any company, since it is valuable to talk and share opinions with other entrepreneurs and companies. Summing up, the peer support is seen as an elemental factor, because it comes from people experiencing the same situations and challenges.

To utilize strengths, start-ups should try to seek business synergies between each other and to share support. This would require good understanding about other companies' core competences and businesses. The Salo city's Innovation and Talent Park could play a role in helping companies get acquainted with each other. In general, networking is extremely important for start-ups, and City of Salo could for example organise events where start-ups could meet and discuss about possible business opportunities with each other and also meet potential customers and co-partners. Furthermore, these kinds of events should be rather informal because great contacts and discussions usually emerge when the atmosphere is relaxed.

Bureaucracy in general was seen as a rather devastating and time consuming matter, which belongs to the entrepreneurship in good and bad. Therefore, it would be very helpful for start-ups if Salo Innovation and Talent Park could help in matters concerning it by offering for example consultation services. In addition, one clear improvement suggestion regarding public support was pointed out during the interviews. Entrepreneurs felt that there are too many instances and offices from where support and guidance are given currently. To save time and effort entrepreneurs hoped that there could be one place where they could get all the information and help, not from many different instances and physical locations, as it currently seems to be. Also, the synergy benefits in different public instances offering enterprise services in one location are seen underpowered. Closer and tighter co-operation between Salo and Turku area could well be worth the effort for both areas.

Salo has tremendous potential in the large variety of technical expertise represented by the different start-ups. This is why City of Salo representatives might want to consider different ways of how young companies' expertise and innovation ability could be marketed to larger companies. City of Salo needs to focus intensively on how to find workplaces for unemployed people and on how to induce companies to relocate their activities in Salo. Furthermore, Hanna Munter, the CEO of Varsinais-Suomen Yrittäjät has said that City of Salo's close cooperation with the business sector has been noted among the entrepreneurs and in fact, according to a recent barometer, the SMEs located in Salo area are now more hopeful about the future than they were in the spring of 2015 (Turpeinen 2016). One additional action for Salo to consider could be

collecting and marketing a "start-up bank" which would introduce Salo's start-up scene and expertise. Building awareness and marketing competences to possible domestic and international large-scale companies could lead to for example subcontracting, partnership or different kinds of companionship projects. The long-term impact could be significant and lead to general growth of start-ups and to the creation of new workplaces.

Furthermore, the City of Salo also gave us a task related to Innovation and Talent Park. City of Salo representatives were eager to hear if the entrepreneurs had ideas about how Innovation and Talent Park support models should or could be funded. A clear majority of the interviewed entrepreneurs shared an opinion that a part of the funding should come from the public sector like EU and City of Salo. However, all funding was not expected to come from tax payers' pockets, and the entrepreneurs thought that funding coming from the public sector should only last for a while, until the start-up could be able to make it on its own. What is more, in the discussion with the entrepreneurs it was also wondered if the start-ups themselves could or would participate in the costs regarding Innovation and Talent Park's services. The discussion led to an idea of establishing a cooperative society where the start-ups belonging to the Innovation and Talent Park would also act as owners and pay a certain fee. It was also suggested by the entrepreneurs that Innovation and Talent Park could sell specialist services, which start-ups could then purchase. Naturally, the saleable specialist services or previously mentioned owner fee could not be very high, as cash position in start-ups usually is not very strong. In addition to funding, if Innovation and Talent Park would be able to provide for example office spaces for start-ups, then paying a rent could also be one way to support funding.

To end with, authors see that this study followed all the research questions which were set in chapter 6, and this summary and the research results presented in the chapter 8 as a whole also answered to the second and the third research questions "What are start-up company pre-requisites and what kind of support is needed" and "What kind of support offering Salo Innovation and Talent Park should develop for start-ups?". Furthermore, the research results from the web survey and the interviews were reviewed with City of Salo representatives in a meeting which was held on 2nd of June 2016. The authors had compiled a PowerPoint presentation about the research results and about the suggestions related to City of Salo's support offerings, which had risen during the research (Appendix 3). According to the commissioning organisation, the research carried out for the thesis was just what they had been looking for and both of the representatives of City of Salo were exited and interested about the results. In fact, on 6th of September 2016 the authors of this study got an e-mail from the commissioning organisation, in which the City of Salo representatives thanked the authors for cooperation and told that the research results gave them direct information about what kind of challenges the start-up entrepreneurs face and how the entrepreneurs can be supported (Kosonen, e-mail 6.9.2016). It was also mentioned that it was a good idea from the

authors to go through the preliminary results of the web survey with the City representatives and to think together about what to ask from the entrepreneurs in the in-depth interviews (Kosonen, e-mail 6.9.2016).

Furthermore, the research results of this thesis have already been utilised in practice. According to the City of Salo representative, the StartupHub has already organised sales training in Salo at the end of this summer together with Yrityssalo and Smartsalo. The preparation for the training was made directly based on the research results of this thesis. (Kosonen, e-mail 6.9.2016.) As pointed out, the start-up entrepreneurship as a subject is very wide, and therefore future research on the topic is more than likely. After making this study, the authors noticed that it would be valuable for Salo's start-up ecosystem to further research and develop two specific areas. The first one is to understand how the internationalisation plan of the start-ups could be leveraged and supported in order to facilitate fast growth. This is due to the fact that almost none of the start-ups taking part in this study had yet considered internationalisation as one of the most relevant matters for their businesses in the near future, although usually this is exactly the drive that defines the start-ups. The second subject worth investigating is how to exploit the evolvement of technology and future megatrends in the start-up scene. It would be interesting to study this subject further and to develop offering selection accordingly to match the support needs of future start-ups in a fast evolving environment.

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ONLINE QUESTIONNAIRE FOR START-UP ENTREPRENEURS – QUESTIONS AND ANSWER OPTIONS

Perustietoja /Basic information

1. Yritykseni on kaupparekisterissä /My business has been registered in the Trade Register

- ☐ Kyllä /Yes
- ☐ Ei /No

2. Yritys on perustettu /Company was established

- ☐ 2014 tai aiemmin /2014 or earlier
- ☐ 2015
- ☐ 2016 tai tarkoituksena on perustaa yritys vuoden 2016 aikana /2016 or the intention is to establish the company during 2016
- ☐ 2017 tai myöhemmin /2017 or later

3. Omistajien määrä /Number of owners

- ☐ 1
- ☐ 2:sta 3:een /2 to 3
- ☐ 4:stä 6:een /4 to 6
- ☐ yli 6, kuinka monta? /over 6, how many?

4. Työntekijöiden lukumäärä omistajat pois lukien /Number of employees excluding the owners

- ☐ 0
- ☐ 1:stä 3:een /1 to 3
- ☐ 4:stä 6:een /4 to 6
- ☐ yli 6, kuinka monta? /over 6, how many?

5. Milloin palkkaatte ensimmäiset työntekijänne /When are you hiring your first employees

- ☐ 1-6 kuukauden sisällä /Within 1-6 months
- ☐ 7 kuukauden - vuoden sisällä /Within 7 months to a year
- ☐ Yli vuoden kuluttua /More than 1 year

6. Yrityksen toimiala /Industry area

Voit valita useamman vaihtoehdon. /You can choose several options.

- Kauppa /Trade
- Palvelut /Services
- Tuotekehitys /Product development
- Konsultointi /Consultation
- Informaatio ja viestintä /Information and communication
- Konetekniikka /Mechanical engineering
- Elektroniikka /Electronics
- Ohjelmisto /Software
- Teollisuus /Manufacturing
- Jokin muu, mikä? /Something other, what?

7. Onko kellään omistajalla/omistajista ollut aiempaa kokemusta yrittäjyydestä /Has any of the owner/owners have had previous experience on entrepreneurship

- Kyllä /Yes
- Ei /No

8. Minkälaista kokemusta yrittäjyydestä kyseisellä omistajalla on? /What kind of entrepreneurial experience does that particular owner have?

Kysymys on jatkokysymys ja tarkoitettu niille, jotka vastasivat "Kyllä" edelliseen kysymykseen. /This is a follow-up question for those who chose "Yes" in the previous question.

- Kokemusta päätoimisesta yrittäjyydestä /Experience on full-time entrepreneurship
- Kokemusta sivutoimisesta yrittäjyydestä /Experience on part-time entrepreneurship

9. Mikä käynnisti yrityksen perustamisen /What triggered establishing the company

Voit valita useamman vaihtoehdon. /You can choose several options.

- Liike-idea oli syntynyt jo aiemmin, mutta vasta nyt oli oikea aika yrityksen perustamiseen. /Business idea existed earlier but the timing was right to establish the company now.
- Yrittäjyys tarjoaa paremman toimeentulon. /Entrepreneurship provides better livelihood.
- Minua pyydettiin/pyysin muita mukaan olemassa olevaan yritykseen. /I was asked to join/I was asking others to join in an existing company.
- Minulla ei ollut muuta mahdollisuutta työttömyyden välttämiseksi. /I had no other choice to avoid unemployment.
- Haluan työskennellä itsenäisesti. /I want to work independently.
- Voin käyttää taitojani/lahjakkuuttani paremmin. /I can use my skills and talents better.
- Jokin muu syy, mikä? /Some other reason, what?

Rahoitus /Finance

10. Onko yrityksesi saanut ulkopuolista rahoitusta /Has your company got external funding

- ☐ Kyllä /Yes
- ☐ Ei /No
- ☐ Olemme hakeneet, mutta emme vielä saaneet /We have applied but not yet received

11. Miten yrityksesi on rahoitettu. Ole hyvä ja valitse kaikista olennaisimmat vaihtoehdot. /From where your company has got funding. Please choose the most relevant options.

Voit valita useamman vaihtoehdon. /You can choose several options.

- ☐ Omat säästöt /My own savings
- ☐ Perhe, ystävät /Family, friends
- ☐ Pankki /Bank
- ☐ Enkelisijoittaja /Business angel
- ☐ Joukkorahoitus /Crowdfunding
- ☐ Yksityisrahoitus /Private funding
- ☐ Pääomasijoitus /Venture capital
- ☐ Jollain muulla tavalla, miten? /In some other way, how?

Kohdemarkkinat ja kansainvälistyminen /Target markets & internationalization

12. Yrityksen kohdemarkkinat /Company's target market(s)

Voit valita useamman vaihtoehdon. /You can choose several options.

- ☐ Suomi /Finland
- ☐ Pohjoismaat /Nordic countries
- ☐ Venäjä /Russia
- ☐ Eurooppa /Europe
- ☐ Jokin muu markkina-alue, mikä? /Some other market area, what?

13. Tavoitevuosi kansainvälistymiselle /Target year for internationalization

Kysymyksellä tarkoitetaan yrityksen kaupankäynnin laajentumista rajojen ulkopuolelle. /This question refers to expanding business cross borders.

- ☐ 2016
- ☐ 2017
- ☐ 2018
- ☐ 2019
- ☐ Yritykseni harjoittaa jo kansainvälistä kauppaa /My company is doing international trade already
- ☐ Ei kansainvälistymissuunnitelmia /No internationalization plans

14. Mitkä tekijät voivat toimia mielestäsi esteenä yritysten kansainvälistymiselle /In your opinion what kind of barriers could prevent internationalization in general

Voit valita useamman vaihtoehdon. /You can choose several options.

- Tietotaidon puute kansainvälisestä kaupankäynnistä /Lack of know-how on doing international business
- Riittämättömät taloudelliset resurssit /Inadequate financial resources
- Sopivien kontaktien ja verkostojen puute /Lack of right contacts and networks
- Liiketoimintaan liittyvien mahdollisuuksien/tilaisuuksien tunnistaminen on vaikeaa /It is hard to identify business opportunities
- Jokin muu, mikä? /Something else, what?

Kilpailu /Competition

15. Arvioi yrityksesi kilpailukykyä kilpailijoihin nähden /Evaluate your company's competitiveness compared to competitors

- Heikko /Poor
- Kohtalainen /Fair
- Hyvä /Good
- Todella hyvä /Very good
- Erinomainen /Excellent

16. Mitkä ovat yrityksesi suurimmat vahvuudet /What are your company's main strengths

Voit valita useamman vaihtoehdon. /You can choose several options.

- Ammattitaitoiset työntekijät /Skilled workforce
- Kokeneet omistajat/johtajat /Experienced owners/managers
- Taloudelliset resurssit /Financial resources
- Hyvä asiakaskunta /Good customer pool
- Hyvä yhteistyöverkosto /Good partner network
- Menestyksen jano /Hunger for success
- Erinomaiset tuotteet tai palvelut /Excellent product(s) or service(s)
- Jokin muu, mikä? /Something other, what?

17. Mitkä ovat yrityksesi suurimmat heikkoudet /What are the main weaknesses of your company

Voit valita useamman vaihtoehdon. /You can choose several options.

- Taitamaton työvoima/pula taitavista työntekijöistä /Unskilled workforce/lack of skilled workers
- Kokemattomat omistajat/johtajat /Nonexperienced owners/managers
- Taloudelliset resurssit /Financial resources
- Kyky hankkia uusia asiakkaita (asiakashankinta) /Ability to acquire new customers

- Kyky luoda verkostoja ja yhteistyötä /Ability to build networks and co-operation
- Jokin muu, mikä? /Something other, what?

18. Kilpailijoihin verrattuna, kuinka menestyvänä näet yrityksesi /In comparison to competitors how successful you see your company (*heikko-, kohtalainen-, hyvä-, erittäin hyvä-, erinomainen-asteikko /poor-, fair-, good-, very good-, excellent-scale*)

- Uusien tuotteiden tai palveluiden kehittämisessä /Developing new products or services
- Markkinaosuuden lisäämisessä /Increasing market shares
- Uusien asiakkaiden hankkimisessa /Acquiring new customers
- Tuottavuuden lisäämisessä /Improving profitability
- Liikevaihdon parantamisessa /Improving revenue
- Prosessien/logistiikan kehittämisessä /Improving processes/logistics
- Asiakastyytyväisyyden lisäämisessä /Improving customer satisfaction

19. Mistä yrityksesi suurimmat kilpailijat tulevat /From where are your company's biggest competitors coming from

Voit valita useamman vaihtoehdon. /You can choose several options.

- Suomi /Finland
- Eurooppa /Europe
- Amerikka /America
- Aasia /Asia
- Afrikka /Africa
- Oseania /Oceania

Osaaminen /Competences

20. Miten arvioisit yrityksesi osaamista seuraavissa osa-alueissa: /How would you evaluate your company's competences in the following fields: (*heikko-, kohtalainen-, hyvä-, erittäin hyvä-, erinomainen-asteikko /poor-, fair-, good-, very good-, excellent-scale*)

- Tutkimus ja (tuote)kehitys /R&D
- Markkinointi /Marketing
- Myynti /Sales
- Johtamistaidot /Management skills
- Henkilöstöhallinto /Human resources
- Talous /Finance
- Kansainvälistyminen /Internationalization

21. Arvioi mitkä ovat start-up-yrittäjän tärkeimmät ominaisuudet ja osaamisalueet /Evaluate how important are these competences/personal qualities of a start-up entrepreneur (*ei tärkeää-, hieman tärkeää-, kohtalaisen tärkeää-, tärkeää-, erittäin tärkeää-asteikko /not important-, slightly important-, moderately important-, important-, very important-scale*)

- Sosiaalinen älykkyys /Social intelligence
- Ihmissuhdetaidot /Interpersonal skills
- Rohkeus /Courage
- Ongelmanratkaisukyky /Problem solving skills
- Riskienhallinta /Risk management
- Luovuus ja innovaatio /Creativity and innovation
- Joustavuus /Flexibility
- Ennakkoluulottomuus /Open-mindedness
- Optimismi /Optimism
- Intohimio /Passion

22. Onko jotain muita tärkeitä ominaisuuksia, joita start-up-yrittäjällä pitäisi olla /In addition to the previous question are there some other important competences/personal qualities which start-up entrepreneur should have

Tämä on jatkokysymys edelliseen kysymykseen (vapaaehtoinen). /This is a follow-up question for the previous question (optional).

Riskit /Risks

23. Mitkä ovat suurimmat riskit taikka haasteet yrityksen tulevaisuutta ajatellen /What are the biggest risks or challenges for company's future

Ole hyvä ja valitse 4 tärkeintä riskiä. /Please choose 4 most important risks.

- Ajanpuute /Lack of time
- Liikekumppaneiden puute /Lack of partners
- Asiakkaiden puute /Lack of customers
- Kulttuurien tuntemuksen puute /Lack of cultural knowledge
- Pätevien työntekijöiden puute /Lack of competent employees
- Markkinoinnillisen tietämyksen puute /Lack of marketing know-how
- Rahoituksen puute /Lack of funding
- Neuvonta- ja konsultointipalveluiden puute /Lack of advisory and consultancy services
- Maailman taloudellinen tilanne /Global economic situation
- Hinnoittelu /Pricing pressures
- Kustannukset ylipäätään /Costs in general

Tuki /Support

24. Minkälaista tukea olet saanut perustaessasi yritystä /What kind of support you have got while establishing the company

Voit valita useamman vaihtoehdon. /You can choose several options.

- Informaatiota yrityksen perustamisesta /Information about establishing a company
- Taloudellisia neuvoja /Financial advises
- Sparrausta/mentorointia liike-ideaan liittyen /Sparring/mentoring regarding business idea
- Konsultaatiota (verotukseen jne. liittyen) /Consultation (regarding taxation etc.)
- Yhteyksien ja verkostojen luomiseen /Building connections and networks
- Markkinointiin liittyviä neuvoja /Marketing advices
- Vertaistukea /Peer support

25. Puuttuiko jotain tukea/olisitko tarvinnut jotain muuta tukea /Was there some type of support that was missing/you would have needed

Tämä kysymys on vapaaehtoinen. /This question is optional.

26. Mistä lähteistä yrityksesi on saanut tukea /From which source(s) your company has got support

Voit valita useamman vaihtoehdon. /You can choose several options.

- Yrityssalo
- Salon kaupunki /City of Salo
- Kipinä
- Ystävät, perhe /Friends, family
- En tarvinnut mitään tukea /I did not need any support
- En saanut tukea, vaikka olisin tarvinnut sitä /I did not get any support although I would have needed it
- Jostain muusta lähteestä, mistä? /From other source, where?

27. Missä asioissa yrityksesi tarvitsee tukea ja apua tällä hetkellä /In which issues your company is needing support and help currently

Voit valita useamman vaihtoehdon. /You can choose several options.

- Asiakkaiden löytämisessä /Finding customers
- Työntekijöiden löytämisessä /Finding employees
- Oikeiden kontaktien ja verkostojen löytämisessä /Finding right contacts and networks
- "Koutsauksen" ja mentoroinnin löytämisessä /Finding coaching and mentoring
- Liiketoimintaan liittyvien mahdollisuuksien/tilaisuuksien löytämisessä /Finding business opportunities
- Rahoittajien löytämisessä /Finding investors

- Yritykseni ei tarvitse tukea tällä hetkellä /My company does not need any support at the moment
- Jossain muussa, missä? /In something else, what?

28. Oletko sitä mieltä, että "koutsauksesta" olisi hyötyä yrityksellesi /Do you think that coaching would be beneficial for your company

- Kyllä – Minkä tyyppistä "koutsasta"? /Yes – What kind of coaching?
- En osaa sanoa /I cannot say for sure
- Ei /No

29. Onko Kipinän tuki ollut arvokasta yrityksellesi /Has Kipinä community's support been valuable for your company

- Ei yhtään arvokasta /Not at all valuable
- Hieman arvokasta /Slightly valuable
- Jonkin verran arvokasta /Somewhat valuable
- Todella arvokasta /Very valuable
- Erittäin arvokasta /Extremely valuable

30. Mitkä asiat Kipinässä ovat olleet kaikkein hyödyllisempiä yrityksellesi /What things in Kipinä have been the most beneficial for your company

Voit valita useamman vaihtoehdon. /You can choose several options.

- Uusien kontaktien saaminen /Getting new contacts
- Innovatiivisten ideoiden syntyminen /Getting innovative ideas
- Tiedon jakaminen /Information sharing
- Yhteistyö muiden start-uppien kanssa /Collaboration with other start-ups
- Jokin muu, mikä? /Something else, what?

31. Puuttuuko mielestäsi Kipinästä jotain /What do you think is missing from Kipinä community

Kysymys on vapaaehtoinen. /This question is optional.

Tulevaisuuden suunnitelmat (6–12 kuukauden kuluessa) /Future activities (in 6–12 months)

32. Mihin toimintoihin yrityksesi keskittyy lähitulevaisuudessa /In which activities your company is focusing in the near future

Voit valita useamman vaihtoehdon. /You can choose several options.

- Markkinointitoimenpiteet /Marketing activities
- Taloudellisten resurssien löytäminen /Getting financial resources
- Uusien asiakkaiden löytäminen /Finding new customers
- Asiakastyytyväisyyden kehittäminen /Improving customer satisfaction
- Kontaktien/verkostojen luominen /Building new connections/networks
- Uusien työntekijöiden palkkaaminen /Hiring new employees

- Tuotekehitys /Product development
- Kustannusten leikkaus /Cutting expenses
- Johonkin muuhun, mihin? /In some other activity, which?

Saloon liittyvät kysymykset /Salo related questions

33. Mitkä ovat Salon vetovoimaisimmat piirteet yrittäjyyden kannalta /What are the most appealing features of Salo city area when it comes to entrepreneurship

Voit valita useamman vaihtoehdon. /You can choose several options.

- Sijainti /Location
- Infrastrukturi /Infrastructure
- Verkosto /Network
- Tietotaito /Know-how
- Saatavilla oleva työvoima /Available workforce
- Jokin muu, mikä? /Something else, what?

34. Jos olet muuttanut yritystoiminnot muualle Salosta, mikä saisi sinut palaamaan takaisin /If you have moved your business functions away from Salo what would get you to retrieve

Voit valita useamman vaihtoehdon. Kysymys on vapaaehtoinen. /You can choose several options and this question is optional.

- Ammattitaitoinen työvoima /Skilled workforce
- Verkostoitumismahdollisuudet /Networking possibilities
- Yritystukien mahdollisuus /Possibilities of business subsidies
- Tuki/neuvontamahdollisuudet /Support/advisory possibilities
- Sopivien liiketilojen saatavuus /Availability of suitable premises
- Jokin muu syy, mikä? /Some other reason, what?

35. Jos rahoitus ei olisi ongelma, mitä parantaisit tai laajentaisit välittömästi start-up-yrityksessäsi /If funding would not be an issue what would you immediately improve or expand in your start-up

36. Onko Salon alueella jotain heikkouksia tai jotain jota parantaa /Does Salo city area have weaknesses or something to improve

Kysymys on vapaaehtoinen. /This question is optional.

37. Minkälaista tukea tai palveluita Salon kaupungin Osaamiskeskittymän tulisi tarjota /What kind of support or services should Salo city's Osaamiskeskittymä (Innovation & Talent Park) provide

Voit valita useamman vaihtoehdon. /You can choose several options.

- A) Fyysiset palvelut /Physical services
- Toimistotiloja /Office spaces
 - Yhteistyötiloja /Co-working spaces

- Tapaamispaikkoja /Meeting spaces
- Vapaa-ajantiloja /Free time facilities
- Jokin muu (mieti joitain muita mahdollisia palveluita) /Something else (please think about other possible support services)

B) Palvelut /Services

- Sparrausta /Sparring
- Verkostoitumismahdollisuuksia /Networking possibilities
- Tiedon jakamista (puhujat/luennoitsijat jne.) /Information sharing (speakers/lecturers etc.)
- Koulutustapaamisia /Training sessions
- Yliopistoyhteistyötä /University co-operation
- Jokin muu (mieti joitain muita mahdollisia palveluita) /Something else (please think about other possible services)

C) Digitaaliset palvelut /Digital services

- Idea chat
- Keltaiset sivut -tyyppinen hakemisto /Yellow pages type of directory
- Nettisivut /Web pages
- Digitaalinen tapaamispaikka /Digital meet up place
- Jokin muu (mieti joitain muita mahdollisia palveluita) /Something else (please think about other possible services)

38. Pääteema Salon Osaamiskeskittymälle ovat IoT ja sen tuotteistaminen. Ovatko nämä mielestäsi oikeat aiheet, joihin tulisi keskittyä? /Lead topics in the vision for Salon Osaamiskeskittymä are IoT (Internet of things) and Productization. Do you think these are the correct topics which should be focused on?

- Kyllä, tämä on oikea teema /Yes, this is the right theme
- En osaa sanoa /I cannot say for sure
- Ei, tämä ei ole oikea teema. (Ole hyvä ja selitä, mikä olisi oikea teema.) /No, this is not the right theme, why not? (Please explain why and what would be the key industry to be focused on instead of IoT?)

39. Tarkoituksenamme on haastatella tämän huhti-toukokuun aikana n. 5-8 start-up yritystä. Ole hyvä ja jätä yhteystietosi, mikäli voimme haastatella sinua ja yritystäsi. /Our purpose is to interview approx. 5-8 start-up companies more deeply during April-May. Please leave your contact information if you can contribute to these interviews.

40. Haluatko vielä tuoda jotain esille /Do you want to add something to the web questionnaire

Kysymys on vapaaehtoinen. /This question is optional.

ONLINE QUESTIONNAIRE FOR START-UP ENTREPRENEURS – THE RESEARCH RESULTS

1. Yritykseni on kaupparekisterissä /My business has been registered in the Trade Register

Vastaajien määrä: 14

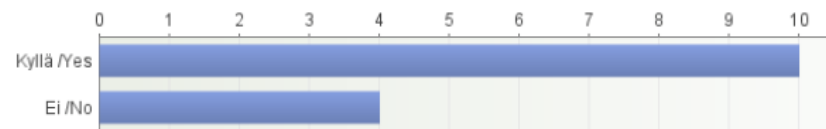


Figure 39 Question 1 – Registration in the Trade Register

2. Yritys on perustettu /Company was established

Vastaajien määrä: 14

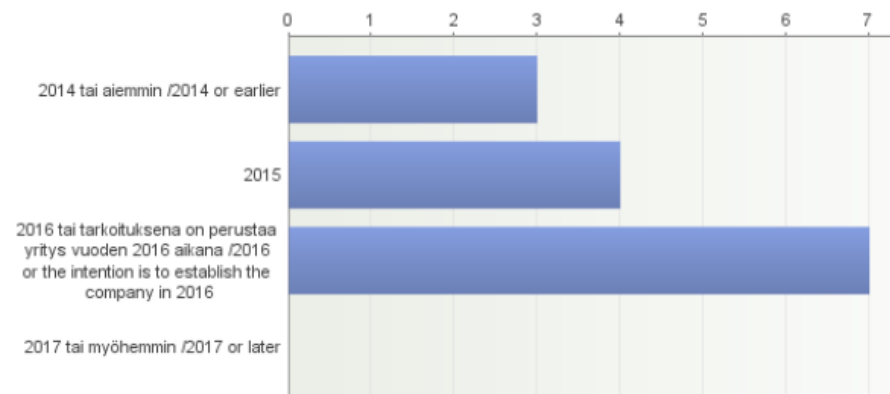
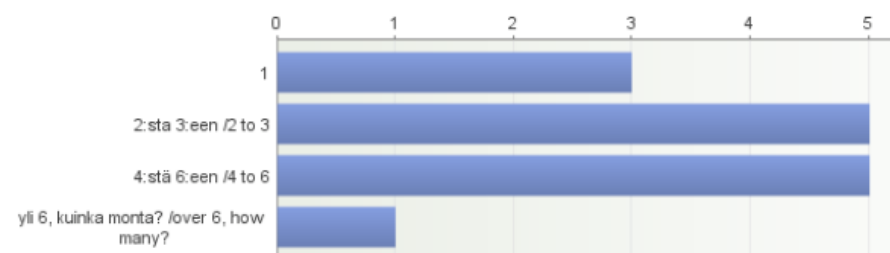


Figure 40 Question 2 – The year of establishment

3. Omistajien määrä /Number of owners

Vastaajien määrä: 14



Avoimet vastaukset: yli 6, kuinka monta? /over 6, how many?

- 15

Figure 41 Question 3 – The number of owners in the company

Drivers, challenges and support needs of a start-up company

4. Työntekijöiden lukumäärä omistajat pois lukien /Number of employees excluding the owners Vastaajien määrä: 14

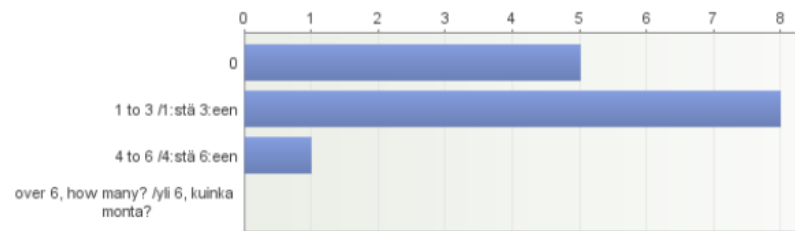


Figure 42 Question 4 – The number of employees

5. Milloin palkkaatte ensimmäiset työntekijänne /When are you hiring your first employees Vastaajien määrä: 5

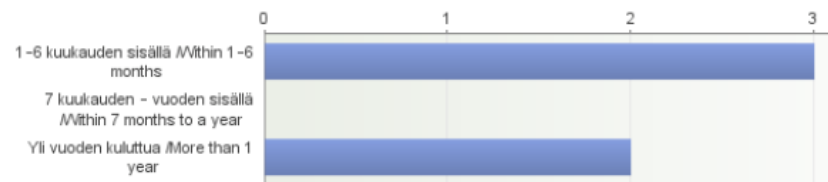


Figure 43 Question 5 – Hiring of the first employees

8. Minkälaista kokemusta yrittäjyydestä kyseisellä omistajalla on? /What kind of entrepreneurial experience does that particular owner have?

Kysymys on jatkokysymys ja tarkoitettu niille, jotka vastasivat "Kyllä" edelliseen kysymykseen. /This is a follow-up question for those who chose "Yes" in the previous question.

Vastaajien määrä: 8

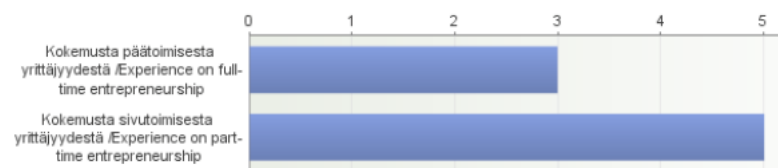


Figure 44 Question 8 – Previous entrepreneurial experience

Drivers, challenges and support needs of a start-up company

18. Kilpailijoihin verrattuna, kuinka menestyvänä näet yrityksesi /In comparison to competitors how successful you see your company

Vastaajien määrä: 14

	Heikko /Poor	Kohtalainen /Fair	Hyvä /Good	Erittäin hyvä /Very good	Erinomainen /Excellent	Yhteensä	Keskiarvo
uusien tuotteiden tai palveluiden kehittämisessä /developing new products or services	0	2	3	6	3	14	3,71
markkinaosuuden lisäämisessä /increasing market shares	0	3	9	2	0	14	2,93
uusien asiakkaiden hankkimisessa /acquiring new customers	1	5	5	3	0	14	2,71
tuottavuuden lisäämisessä /improving profitability	0	2	5	6	1	14	3,43
liikevaihdon parantamisessa /improving revenue	0	3	7	4	0	14	3,07
prosessien/logistikan kehittämisessä /improving processes/logistics	0	2	6	5	1	14	3,36
asiakastytytyväisyyden lisäämisessä /improving customer satisfaction	0	0	5	6	3	14	3,86
Yhteensä	1	17	40	32	8	98	3,3

Figure 45 Question 18 – Evaluation of success as compared to competitors

19. Mistä yrityksesi suurimmat kilpailijat tulevat /From where are your company's biggest competitors coming from

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14

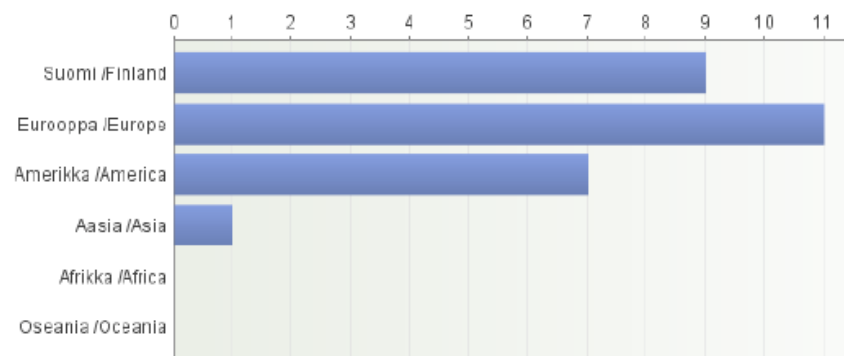


Figure 46 Question 19 – The origin of the main competitors

22. Onko jotain muita tärkeitä ominaisuuksia, joita start-up-yrittäjällä pitäisi olla /In addition to the previous question are there some other important competences/personal qualities which start-up entrepreneur should have

Tämä on jatkokysymys edelliseen kysymykseen (vapaaehtoinen). /This is a follow-up question for the previous question (optional).

Vastaajien määrä: 4

- Kustannustehokkuus
- Usko omaan tekemiseen! Sitkeys!
- Kyky keskittyä olennaiseen ja fokuoida tekemistä
- Verkostointi kyky ja usko omaan tekemiseensä

Figure 47 Question 22 – Other important competences/personal qualities for start-up entrepreneurs

25. Puuttuiko jotain tukea/olisitko tarvinnut jotain muuta tukea /Was there some type of support that was missing/you would have needed

Tämä kysymys on vapaaehtoinen. /This question is optional.

Vastaajien määrä: 5

- Lupa asiat ja niiden kustannustehokkuus.
- Concrete advise on establishing the company
- Ei :) Microsoft on hoitanut asian loistavasti
- Lakineuvonta varsinkin omasta asemasta yrityksen osa-omistajana.
- Kaikki lähtee siitä että löytyy asiakkaita ja tuoteidea

Figure 48 Question 25 – Other types of support that would have been needed

29. Onko Kipinän tuki ollut arvokasta yrityksellesi /Has Kipinä community's support been valuable for your company

Vastaajien määrä: 14

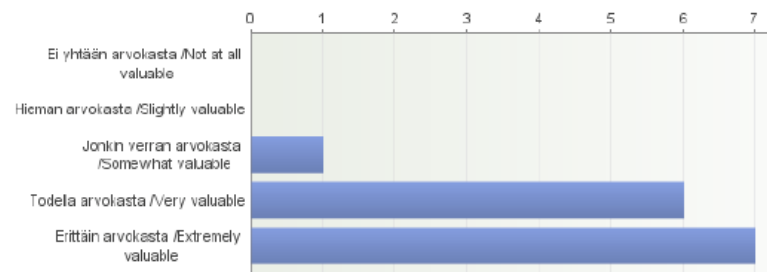
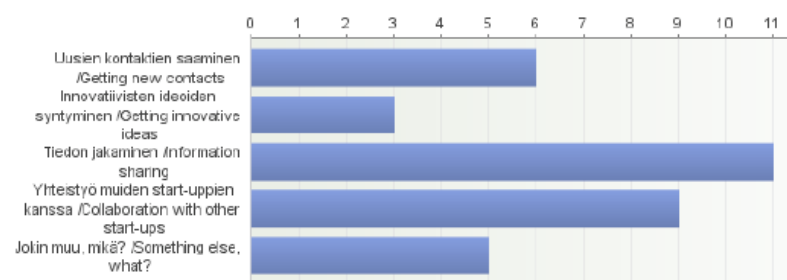


Figure 49 Question 29 – The significance of the support of Kipinä community

30. Mitkä asiat Kipinässä ovat olleet kaikkein hyödyllisempiä yrityksellesi /What things in Kipinä have been the most beneficial for your company

Voit valita useamman vaihtoehdon. /You can choose several options.

Vastaajien määrä: 14



Avoimet vastaukset: Jokin muu, mikä? /Something else, what?

- Nestholma-kurssi, toimitilat
- Mielenpitojen muokkaamisessa
- Rahallinen tuki, Microsoft Grant
- Koulutus
- Raha

Figure 50 Question 30 – The most valuable things in Kipinä

31. Puuttuuko mielestäsi Kipinästä jotain /What do you think is missing from Kipinä community

Kysymys on vapaaehtoinen. /This question is optional.

Vastaajien määrä: 6

- Rahoittaja
- Ehkä markkinointiin ja myyntiin liittyvä osuus jäi hieman ohueksi.
- Selkeys toimitilojen jatkolle
- Informaatio mistä saa apua julkiselta sektorilta, ja miten kannattaa lähteä miettimään asioita "Kipinän" jälkeen.
- Lakineuvonta saatavissa aina.
- Yrityksien luona vierailuja ts. asiakastarpeiden konkreettista etsimistä olisi voinut olla vielä enemmän mutta juuri sellaisia on hankalinta järjestää

Figure 51 Question 31 – Kipinä's possible improvement areas

Avoimet vastaukset: Jokin muu (mietä joitain muita mahdollisia palveluita) /Something else (please think about other possible support services)

- MS Campus on ainoa oikea tila kaikelle.
- latauspaikkoja sähköautoille, lounasravintola, koko päivän auki oleva kahvila/baari

Avoimet vastaukset: Jokin muu (mietä joitain muita mahdollisia palveluita) /Something else (please think about other possible services)

- lainopillisia palveluja

Figure 52 Question 37 "What kind of support or services should Salo city's Innovation & Talent Park provide" - free text field

POWERPOINT PRESENTATION FOR THE COMMISSIONING ORGANISATION
OF THE THESIS

START-UP YRITTÄJYYS KIPINÄ-YHTEISÖSSÄ

YAMK LOPPUTYÖHÖN LIITTYVÄT YRITYSHAASTattelut

Maria Havia
Noora-Maria Sirkiä

Master's Degree in Business Management and Entrepreneurship
Häme University of Applied Sciences

Yleisesti haastatteluista

- Web-kyselyn jälkeen tulokset analysoitiin alustavasti ja tietyt tulokset nostettiin syvähaastatteluiden teemoiksi, jotta ymmärrettäisiin paremmin miten yritykset lähtevät purkamaan mahdollisia ongelma-alueita ja millaista tuentarvetta heillä niihin liittyen on.
- Slidet 3-15 perehdyttävät syvähaastatteluiden teemoihin ja niiden ympärille keskittyviin haastattelukysymyksiin.
 - Teeman ensimmäisellä sivulla näkyy poiminta web-kyselyn vastausten jakaumasta (sekä mahdolliset vapaan tekstikentän kommentit). Jälkimmäisellä slidella ovat kysymykset
- Slidet 6-21 tiivistävät haastattelut yhteenvedona ja sisältävät haastattelijoiden näkemyksen asioista joilla start-up yrityksen alkuvaiheita voisi kohdistetummin tukea.
- Slidelta 22 löytyvät lopputyömme tuleva teksti kokonaisuudessaan (englanniksi), sekä varsinaisen web-kyselyn tulokset.

Haastattelun teemat

KIPINÄ

Toteuttamamme kyselyn perusteella haastattelun teemoiksi muodostuivat:

- Yrityksen perustamisen motiivit
- Kansainvälistyminen
- Yrityksen suurimmat heikkoudet
- Yrityksen suurimmat riskit tai haasteet
- Yrittäjän tärkeimmät ominaisuudet
- Salon Osaamiskeskittymä

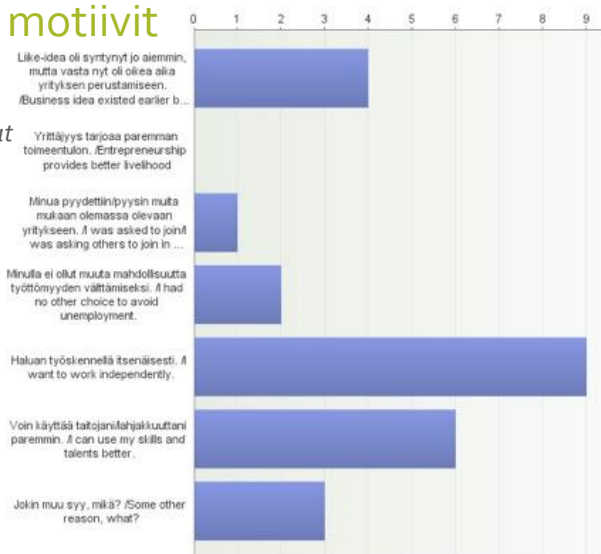
Yrityksen perustamisen motiivit

Kyselyn kysymys nro 9:

Mikä käynnisti yrityksen perustamisen /What triggered establishing the company

Avoimet vastaukset: Jokin muu syy, mikä? /Some other reason, what?

- Lisätulot, mutta yritys rakennettu niin että on sivutoiminen
- Ajattelin, että jos käytän sen ajan, jonka käyttäisin työmatkoihin pääkaupunkiseudulle, osaamiseni markkinointiin yrityksessäni voisin saada hyvän mahdollisuuden saada hyvän määrän asiakkaita. Lisäksi ympärillä oli kiinnostuneita osajia lähdössä mukaan yritykseen.
- Mahdollisuus työllistää muita



Yrityksen perustamisen motiivit

- Minkä tyyppistä yrittäjäkokemusta on kertynyt ja miltä alalta?
- Minkälainen polku on johtanut nykytilanteeseen?
- Kuinka tärkeänä näet mahdollisuuden työllistää muita ihmisiä, miksi?
- Kuinka kauan olet valmis työskentelemään ilman palkkaa / huomommalla palkkatasolla kuin olit palkansaaja?
- Kumpi on tärkeämpää saada tasaisempi ja korkeampi ansio palkansaajana vai mahdollisuus tehdä työtä itselleen epävakailta tuloilla?
- Onko start-up ns. loppuelämän työpaikka vai onko yritys tarkoitus myydä jossain vaiheessa?
- Jos yrityksellä enemmän kuin 1 omistaja, onko siitä seurannut mahdollisia konflikteja / ristiriitoja? Omistaako kaikki yhtä suuren osuuden?
- Miten yritys näkee tulevaisuuden ja mitkä asiat tulevaisuudessa voivat vaikuttaa yrityksen tulevaisuuteen? (positiiviset / negatiiviset)
- Minkälaista apua yrityksesi tarvitsisi seuraavaksi?

Kansainvälistyminen

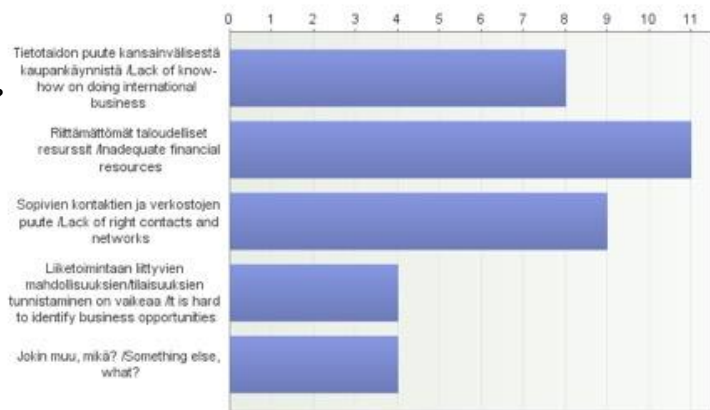
Kyselyn kysymys nro 14:

Mitkä tekijät voivat toimia mielestäsi esteenä yritysten kansainvälistymiselle /In your opinion what kind of barriers could prevent internationalization in general

Avoimet vastaukset: Jokin muu, mikä?

/Something else, what?

- Suomen verotus ja postikulut ulkomaille, yleisesti kustannusrakenne, vaikea kilpailla Euroopassa, mutta katsotaan.
- Uskalluksen puute
- Osin toiminnan luonteen takia kansainvälistyminen ei ole suunnitelmassa
- Tietenkin se ettei ole riittävän kilpailukykyistä tuotetta tai palvelua.



Kansainvälistyminen

- Miten yritys aikoo kansainvälistyä?
- Miten yritys hankkii kansainvälistymiseen tarvittavia taitoja/ edellytyksiä?

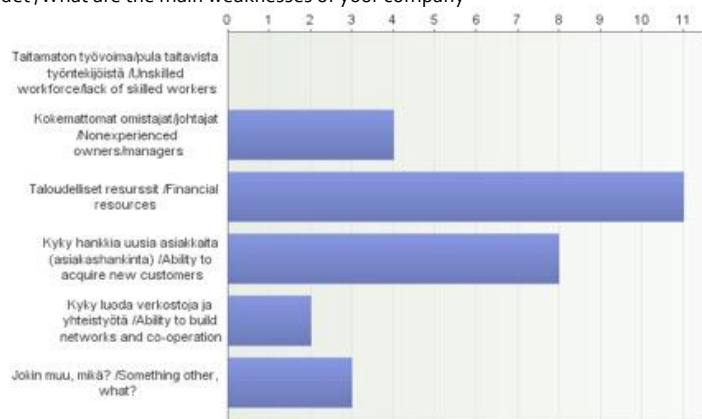
Yrityksen suurimmat heikkoudet

Kyselyn kysymys nro 17:

Mitkä ovat yrityksesi suurimmat heikkoudet /What are the main weaknesses of your company

Avoimet vastaukset: Jokin muu, mikä? /Something other, what?

- Taloudelliset resurssit kohenee tarvittaessa lainoituksen myötä :)
- Pieni tiimi jakautunut kahdelle mantereelle
- Pitää etukäteen arvata tuotteen kilpailukyky ensi vuonna

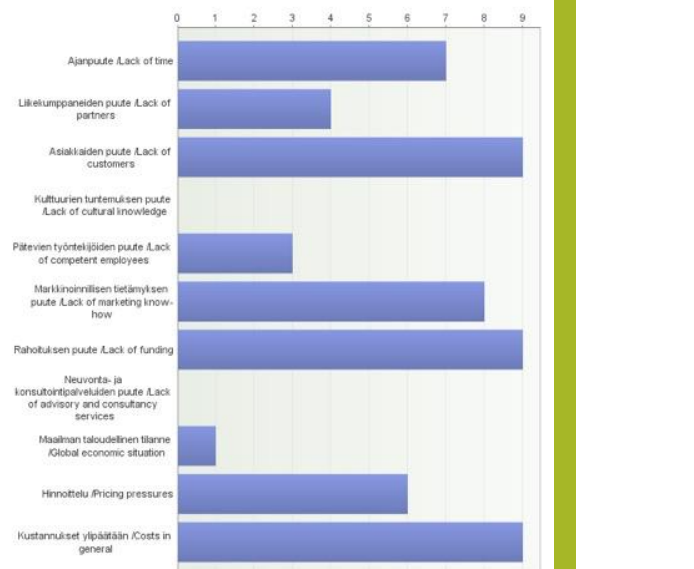


Yrityksen suurimmat heikkoudet

- Mitä heikkouksia yrityksellä on ja miten niitä lähdetään parantamaan niitä?
- Millaiselle rahoitukselle yrityksellä on seuraavaksi tarve?

Yrityksen suurimmat riskit ja haasteet

*Kyselyn kysymys nro 23:
Mitkä ovat suurimmat riskit taikka haasteet yrityksen
tulevaisuutta ajatellen /What are the biggest risks or
challenges for company's future*



Yrityksen suurimmat riskit ja haasteet

- Miten yritys aikoo lisätä asiakashankintaa?
- Miten yritys aikoo lisätä markkinaosaamistaan?
- Tarvitseeko yritys apua brändäyksessä?

Yrittäjän tärkeimmät ominaisuudet

Kyselyn kysymys nro 21:

Arvioi mitkä ovat start-up-yrittäjän tärkeimmät ominaisuudet ja osaamisalueet /Evaluate how important are these competences/personal qualities of a start-up entrepreneur

	Ei tärkeää /Not important	Hieman tärkeää /Slightly important	Kohtalaisen tärkeää /Moderately important	Tärkeää /Important	Erittäin tärkeää /Very important	Yhteensä	Keskiarvo
Sosiaalinen älykkyys /Social intelligence	0	1	2	7	4	14	4
Ihmissuhdetaidot /Interpersonal skills	0	0	2	5	7	14	4,36
Rohkeus /Courage	0	0	2	6	6	14	4,29
Ongelmanratkaisukyky /Problem solving skills	0	0	0	8	6	14	4,43
Riskienhallinta /Risk management	0	1	5	7	1	14	3,57
Luovuus ja innovaatio /Creativity and innovation	0	1	1	6	6	14	4,21
Joustavuus /Flexibility	0	0	1	4	9	14	4,57
Ennakkoluulottomuus /Open-mindedness	0	0	5	3	6	14	4,07
Optimismi /Optimism	0	0	4	3	7	14	4,21
Intohimo /Passion	0	0	3	6	5	14	4,14
Yhteensä	0	3	25	55	57	140	4,19

Yrittäjän tärkeimmät ominaisuudet

- Luovuus, innovaatio ja joustavuus ovat eräitä yrittäjän tärkeimpiä ominaisuuksia, miten yrittäjä aikoo ylläpitää näitä ominaisuuksia itsessään?
- Miten yritys aikoo ylläpitää yllä mainittuja ominaisuuksia työntekijöissä?

Salon Osaamiskeskittymä pähkinänkuoressa



- Ensisijaisesti Salon kaupunki ja Salossa toimivat yritykset ja yhteisöt ovat rakentamassa mallia, jolla globaalisti merkittävä osaaminen saataisiin säilymään Salossa.
- Saloon suunnitellaan osaamiskeskittymää, jonka tavoite on olla kansainvälisesti verkostoitunut, valtakunnallisesti merkittävä teollisen internetin (IoT) keskittymä.
- Päämääränä on luoda maailmanluokan tekninen ja tuotannollinen innovaatiokeskittymä, joka yhdistää asiantuntijoita ja yrityksiä innovoimaan ja kehittämään kaupallisesti menestyviä ratkaisuja kohti parempaa digitaalista maailmaa.



Salon Osaamiskeskittymä

- Osaamiskeskittymä muodostuu toimiala ja innovointi ekosysteemeistä ja palveluista. Minkälainen palvelukokonaisuus auttaisi yritystä nopeasti alkuun?
- Mikä on ollut sinulle hankalinta löytää nyt yritystä perustaessa?
- Mikä tulee olemaan yritykselle ongelmallisin tulevaisuudessa ja tarvitset apua/palvelua sen ratkaisemiseen?
- Minkälainen verkostoituminen on ollut yrityksille tärkeää?
 - verkostoituminen oman alan toimijoiden kanssa
 - verkostoituminen muiden toimialojen kanssa
- Mitkä ovat kolme tärkeintä asiaa mitä odotat Osaamiskeskittymältä?
- Jos osaamiskeskittymä tarjoaisi tarvitsemasi palveluja, niin mikä olisi mielestäsi paras malli osaamiskeskittymän toiminnan rahoittamiseen?
- Jos yrityksiä pitäisi rahoittaa palvelu, niin mikä olisi hyvä malli siihen?



SYVÄHAASTATTELUIDEN YHTEENVETO

2.6.2016

Taustatietoa syvähaastatteluista

- Nettikyselyn yhteydessä vastaajien oli mahdollista jättää halutessaan yhteystietonsa syvähaastatteluun osallistumista varten
- Haastatteluihin osallistui yhteensä 9 start-up yritystä (1 omistaja/perustaja/per yritys)
 - Haastateltavien yritysten toimiala vaihteli ohjelmistoista aina puutarha-alaan asti
- Jaoimme haastateltavat yritykset kolmeen ryhmään:
 - Ensimmäisen ryhmän haastattelu pidettiin 29.4.2016
 - Toisen ryhmän haastattelu 3.5.2016
 - Kolmannen ryhmän haastattelu 17.5.2016

Yleisesti yrittämisestä (motiivit jne.)

- Haastatteluista kävi ilmi, että usealla start-up yrittäjällä on ollut jonkinlaista kosketusta yrittäjyyteen jo ennen nykyisen yrityksen perustamista
 - Joko suoraa esim. kokemusta sivutoimisesta yrittäjyydestä
 - Epäsuoraa esim. perheenjäsen tai ystävä toiminut yrittäjänä
- ➡ Kynnys yrityksen perustamiseen on pienempi, mikäli yrittäjyyteen on jonkinlaista tuntumaa
- Oikealla ajoituksella, yrittäjän taloudellisella tilanteella ja jossain määrin yrittäjän korkealla iällä on vaikutusta yrityksen perustamisen motiiveina
- Mahdollisuus riippumattomuuteen ja itsenäiseen työskentelyyn nähtiin houkuttelevana tekijänä
- Muiden työllistäminen nähtiin myös palkitsevana asiana erityisesti Salon heikossa työllisyystilanteessa. Työntekijöiden palkkaaminen nähtiin myös eräänlaisena mittarina, joka kuvastaa yrityksen toimintakykyä.
- Pitkäaikainen sitoutuminen yritykseen oli selkeästi perimmäisenä tarkoituksena, mutta yrityksen myyminen jossain vaiheessa ei tuntunut täysin pois suljetulta vaihtoehdolta.

Start-up maailmasta sanottua:
"Mikä on tänään, ei välttämättä päde enää huomenna."

Kansainvälistyminen

- Yleisesti haastateltavilla yrityksillä ei kansainvälistyminen ollut juuri tässä vaiheessa ajankohtaista tai se oli lähinnä ideatasolla muutamaa poikkeusta lukuun ottamatta
 - Haastateltavista yrityksistä useimmat ajattelivat aloittaa kansainvälistymissuunnitelmat pohjoismaista, erityisesti Ruotsista. Toisena vahvana alueena toimi Keski-Eurooppa.
- ⇒ Reitti kansainvälistymiseen niin kutsutulla Uppsala mallilla tuli selkeästi esiin
- Kansainvälistymisen aloittaminen yhteistyössä esim. jälleenmyyjien tai jakelukanavien kautta nähtiin toteuttamiskelpoisempänä ja helpompana tapana kuin esim. aloittaa suoramyynti itse



Apu kansainvälistymissuunnitelman tekoon hyödyttäisi yrityksiä.



Apu kontaktien löytymisessä ja luomisessa auttaisi yrityksiä.



Yhteistyö kauppakamarien, Finpron ja muiden kansainvälistymistä tukevien tahojen kanssa voisi tuoda esiin uusia ideoita start-uppien hyödynnettäväksi.

Riskit, haasteet ja heikkoudet

- Keskustelu yrityksen haasteista ja heikkouksista oli yhteneväinen kyselyn tuloksiin, jossa myynti, markkinointi ja verkostoituminen nähtiin suurina haasteina.
- Asiakkaiden kontaktointia tai myyntineuvottelupöytään pääsemistä ei nähty sinänsä vaikeana, mutta varsinaisten sopimusten ja tilausten saaminen nähtiin vaikeana.
- Markkinointi nähtiin selkeänä heikkoutena.
 - Yritykset joilla ei ole riittävää kompetenssia suunnittelivat joko palkkaavansa ammattitaitoisen henkilön hoitamaan markkinointia tai tulevat käyttämään ulkopuolista apua.



Markkinointiammattilaisten ja start-uppien törmäyttäminen loisi edellytyksiä yrityksen markkinointitaidon vahvistamiseen.



Vaihtoehtoisesti markkinointikoulutuksen järjestäminen niille yrityksille, jotka haluavat hoitaa markkinoinnin itse.



Valmennus myynnissä ja asiakashankinnassa edesauttaisivat yrityksiä liikevaihdon kasvattamisessa.

Odotukset Osaamiskeskittymää ja Salon kaupunkia kohtaan



Maksuttoman tai edullisen toimitilan osoittaminen start-up yrityksille nähtiin erittäin merkittävänä edistäjänä pienen yrityksen perustamisessa.



Vertaistuella on suuri merkitys tiedon ja kokemusten jakamisen kannalta. Tämän vuoksi yksi fyysinen paikka, johon start-upit sijoitettaisiin toisi hedelmällisimmät tulokset.

- Mahdollisimman matala kynnyks eri alojen start-upien kohtaamispaikkana loisi synergiaa.



Järjestämällä tilaisuuksia, joissa start-upit voisivat verkostoitua toistensa kanssa ja tavata mahdollisia kumppaneita ja asiakkaita nähtiin tärkeäksi.



Asiantuntijapooli, jolta start-upit saisivat joko ilmaista konsultaatiota tai vaihtoehtoisesti voisivat ostaa palveluita nostaisi yritysten osaamistasoa.



Lisäämällä yhteistyötä Salon kaupungin ja lähikuntien kanssa yritykset saisivat enemmän hyötyä kontaktien, verkostojen ja kumppaneiden tunnistamisesta.



Tukivalikoiman ja niiden fyysisten sijaintien yhteen keskittämällä nopeutettaisiin yritysten asiointia eri tahojen kanssa ja yritysten tiedonhankintaa.