



Università  
Ca' Foscari  
Venezia

DEPARTMENT OF MANAGEMENT,  
FONDAMENTA S. GIOBBE, 873, 30121 VENEZIA

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FINAL THESIS:

WHAT ARE THE MAIN SUCCESS DRIVERS FOR  
START-UP?

**SUPERVISOR:** CH. PROF. MARCO TOLOTTI

**CO-SUPERVISOR:** CH. PROF.SSA FAVARETTO DANIELA

**GRADUAND:** NICOLA MICHIELETTO

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*Alla mia famiglia,  
per la serenità.*

*Ai miei amici,  
di supporto e stimolo.*



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# INTRODUCTION

The aim of this thesis is to highlight what are the main successful drivers for start-up. There are two main sections: the first regarding the theories behind the various steps and variables affecting how a start-up can grow; the second regarding the analysis of questionnaires distributed to selected start-ups. Actually, a bibliographic part and an empirical research part.

In the **first chapter**, I define the main characteristics of a start-up, from the mere economic definition to a broader one, considering the different actors involved in a start-up life. I introduce what a Business Plan is, how to validate it and the main actors in these initial phases. The relation between start-up and innovations, how a start-up or a company are responsible of the economic development. The different concept of failure and success in the start-up and in the academic world. Another point to highlight in order to understand the entire scenario, from the macroeconomic to the microeconomic points of view, is the whole data set regarding the start-up.

In the **second chapter**, I analyse the actors responsible for seeding, helping and mentoring the start-ups, from the initial phases to the last ones. In fact, there are different types of possible sustainment coming from these principal actors: incubators, venture capitalists and business angels. Apart from these economic actors, there are also different possibilities and steps an entrepreneur has to perform, from the fund seeking to the last phases. Considering different methods to finance a start-up, there are different examples in order to better understand the dynamics.

In the **third chapter**, I better analyse what an entrepreneur and a start-up are, from different perspectives: there are internal and external forces and competences affecting the possible steps of a start-up.

The entrepreneur has to be considered from the psychological aspects, from his past life and working experiences to the environmental variables. I introduce the social capital and network in order to achieve the goals. All the competences he must possess in order to reach the external world.

In the **fourth chapter**, there are all the strategies an entrepreneur can perform in order to better thrive and be reached from the customers, both potential and affectionate ones. Beyond the traditional marketing campaign, crafted for established companies, a start-up has to follow different marketing and communications strategies: the digital ones. There are clear examples from established companies and start-ups on the power of those instruments that should be considered.

In the **fifth chapter**, there is the analysis coming from the questionnaires distributed to some selected start-ups. In here, I data-mine from the bottom-up research looking for trends and hints. Most suggestions and hints from the literature need to be verified on the field, other trends can emerge directly by asking the start-upper. All the collected data are then organised in charts and evidences to have clearer ideas about the success drivers for start-ups. Mathematic and empirical analysis are combined together in order not to ignore relevant data or evidences from one part or the other.

# 1. THE START-UP

## 1.1 - INTRODUCTION

It is commonly accepted that the development of an economical system has to rely on the creation and growth of firms. It is not only a variable of the development, but also one of the most important ones. These new-born firms are not only a way of creating jobs, they are also the mean to renew the whole industrial system and a channel for the spread of innovations. Firms are also a way for people to climb the social ladder, to express themselves and definitely a way to strengthen democracy. A relevant problem is the creation and rise of new firms: consider that from 2001 to 2014, the death rate of start-up was more than a third in the first three years of their life<sup>1</sup>, and just a few of the survivors are able to expand their market share and to consolidate their positions.

Since the years 40s, with the introduction of the concept of “creative destruction” by Schumpeter, a strong link between innovation and the creation of new businesses was established (Dringoli & Boccardelli, 2004). The entrepreneur is, in fact, the actor who initiates this process. Through his actions, he becomes a key figure in linking innovation and market, as well as one of the main actors in boosting the economic development itself (Dringoli & Boccardelli, 2004).

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<sup>1</sup> <http://www.unicusano.it/infografica/Start-up.jpg>

## 1.2 - DEFINITION OF START-UP

During these years, lots of definitions about start-up have been proposed and most of them are influenced by the economical system, the environment or the country. Considering Italy, what we have now from “Restart Italia!” definition is:

“All those companies, resident or subject to taxation in Italy, which meet the following criteria:

- They are held directly and at least 51% by individuals
- Engaged in business activities within the last 48 months
- Their turnover is less than 5 million euro
- They do not distribute profits
- They have as business scope, the development of innovative products or services,
- They use a transparent, simplified accounting balance which does not require the use of an internal cash flow, except for refunds.”

After December 2012, in particular after the *Law 221/2012* (19 December 2012), only start-ups that meet the following requirements can be considered as innovative:

- have been operational for less than 4 years;
- have their headquarters in Italy;
- have a yearly turnover lower than 5 million euros;
- do not distribute profits;
- develop and commercialise innovative and high-tech products or services;
- are not the result of a merger, split-up or selling-off of a company or branch;

- have an innovative character which can be identified by one of the following criteria:
  - A. at least 15% of the company's expenses can be attributed to research and development activities;
  - B. at least 1/3 of the total workforce are PhD students, holders of a PhD or researchers; alternatively, 2/3 of the total workforce achieved a Master's degree.
  - C. the start-up is the holder, depositary or licensee of a registered patent (industrial property) or the owner of a programme for original registered computers.

Companies that were already established upon the coming into force of Law 221/2012 (19 December 2012) and that meet the requirements provided by the law in question, may register at the special section of the Companies Registry and are entitled to the same benefits as innovative start-ups. Compared to their original version, the requirements have been simplified and extended by Decree Law 76/2013, which was subsequently amended and ratified in Law 99/2013 (the so-called “Pacchetto lavoro”, *labour package*).

The following changes have been made:

- it is no longer compulsory that natural persons be in majority in the shareholding structure;
- the three optional criteria identifying a start-up's innovative characteristics have been changed: the minimum required expenditure in R&D has been lowered from 20% to 15%; access to start-up status has been extended to enterprises where at least 2/3 of employees are holders of a Master's degree and to companies which own an original programme registered at the Italian Society of Authors and Publishers (SIAE).

Another possible definition is due to Steve Blank (2013), an American entrepreneur who opposes the definition of “company” to that of “start-up”. In his opinion, a start-up cannot be considered a company, not even a new-born in the economic panorama of a country. If a company should be considered as a business-oriented organisation, that sells products or services in exchange of money, a start-up has to be considered like a temporary organisation seeking a way to implement a Business Plan that must be *scalable* and *repeatable*.

The keyword in this case is “*temporary*”: a start-up has to validate its Business Plan (BP) first, get the necessary seed funding and then transform itself into a proper company, selling products or services. So, once a start-up has validated its business model and has the consistency of a scalable and repeatable way to create profit, it can be called a company.

The term start-up can also refer to the initial phase that characterises the start of a new economic activity; a situation commonly characterised by a strong propensity to growth, a negative cash flow (the absence of revenues is a common characteristic), first contacts with customers and subsequent acquisition, development and modification of prototypes thought to become products and services. In other words, it is an extremely delicate moment, which repercussions are intended to influence the later stages of the life of a start-up.

## 1.3 - THE BUSINESS MODEL

The Business Model (BM) is the basis of a start-up: “it’s the mechanism by which entrepreneurs create the possibility to grow and exploit.” (George & Bock, 2012)

Formally, “a business model, describes the basis by which an organisation can create and capture value.” (Osterwalder & Pigneur, 2010)

In order to achieve this growth, it’s fundamental to create a repeatable and scalable BM. Without these two conditions it will be hard to successfully manage and foster a firm.

Considering the word “*repeatable*” we have to think about a business that, temporarily talking, has the possibility to reiterate in the future, with success, the processes, the services or the products in charge of creating returns.

The second condition, as we said before, is related to the word “*scalable*”, which means the capability to increase returns faster than costs.

We also have to consider the word “*research*”. There are hints regarding this word and they lead to the concept of innovation: a start-up needs to validate a BM, which means the non pre-existence of a similar business. Considered this, we have to let the word “*innovation*” being part of the start-up definition.

Innovation can relate to service, product or process. Innovation can be defined as “new processes, products or services that are significantly different from pre-existent ones.” (Dringoli & Boccardelli, 2004)

It is also possible to differentiate two types of innovation: incremental ones and radical ones. (Afuah, 2002).

*Incremental innovation* improves something that is currently in use and known to the market. A company operating in this field faces lower uncertainty.

*Radical innovation* is the breakthrough of the market: something that has never been experienced from users, companies or competitors.

Considering the classical literature innovation should come from the R&D labs in big companies: they have money, tools to protect innovation and scientists paid just to do it. Hammel (2007), claims that the innovation process should start from the bottom and involve all people in the company. This means a need for sharing information and a structure capable of conveying and redirect information in the right way: striving to let all the people in the company to have their possibility to suggest ideas that can turn into innovation. A bottom-up process that should be fostered in a more significant way: a reward of the process of thinking outside the box can be money or other types of compensation.

This should be the way in which innovation usually takes place, which is partially true. Nowadays, new markets and innovative products, processes and services have been created principally by SMEs, Start-ups and Spin-offs<sup>2</sup>. In the need of investing in the right direction without wasting critical resources, the R&D department of big players tends to follow guidelines from above. Big companies are becoming more risk-adverse than in the past and in the following chapters there will be a detailed explanation about it.

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<sup>2</sup> *Spin-offs are divisions of companies or organisations that then become independent businesses with assets, employees, intellectual property, technology, or existing products that are taken from the parent company.*

## 1.4 - FAILURES AS A STIMULUS TO LEARN AND SUCCESS

Failure is the main burden and fear to consider when it's clear that we are not innovating enough. Operating in a new market or in a context of high uncertainty rise up the possibilities of failing. Even in big companies, where different lines of products or services are injecting liquidity, the fear of falling and failing is high. There are also other obstacles to overcome: hired people who are afraid of losing their job in case of an unsuccessful innovation achievement, the waste of the budget, the lack of willingness to radically innovate. Thinking about radical innovation, the company may need to structurally change its working system, which means acquiring capabilities and competences, usually from outside the company (Christensen, 1997).

Considering the history of radical innovation in big companies, only 1 project out of 5 is carried out. So, 4 out of 5 projects are discarded or rejected during their development life (Asplund & Sandin, 1999). The Management tend to reduce risk in high uncertainty conditions, to avoid the waste of critical resources like money, time and human capital in projects that show a high percentage of failure (80%). It is not that easy for a start-up too: there are obstacles that define the difficulties a start-up can encounters: the fast and continuous technological development, the volatility of the markets, the short life time of a product (Picot et al., 1989; Egelin et al., 1997; McDermott & O'Connor, 2002). Despite all the statistic research telling the start-uppers how difficult is to validate their business model and becoming a company, failure, sometimes, can be considered as a celebration (Hwang & Horowitz, 2012).

Failure, is not always seen as a limit: it may suggest lots of possibilities to innovate, to create something new, something successful. Learning from past errors seems to be a verified driver for success.

Learning from failing processes is considered a particular way to reach exceptional performances or innovative solutions (Dringoli & Boccardelli, 2004). Considering the mistakes of the past is a way to learn how to avoid them in the present, or in the future. The most likely reasons for a failure, are various types of difficulty that arise during the early stages of life: the need of a flexible human resources structure, the need of an efficient and scalable marketing system and a lean production system. These issues are strictly connected to the availability of resources and competences, the labour division and the process by which the entrepreneur have to coordinate the whole production process (Dringoli & Boccardelli, 2004). Another interesting vision about the reason why start-up fail comes from Ries (2011). He suggests that, usually, a good and strong business plan, a solid strategy and a carefully crafted market research usually lead to success; for start-ups, however this approach does not work. These firms operate in a too much uncertain market contest to forecast sales or customers, a start-upper usually does not even know what his product or customer will be. Planning and forecasting only work if there is a solid and strong operational tradition in a stable environment. Traditional forecasting models usually work just relying on pasta data. The silver lining is that from Ries (2011) point of view, in the process of Build-Measure-Learn, failure is not considered as bad as it is usually supposed to be, it is rather a sort of routine by which the start-up can achieve success.

## 1.4.1 - ACHIEVING SUCCESS

Considering Lean Start-up (Ries 2011) methodology, failure can be a sort of pre-requisite for success. The learning process is the main driver in the set of operations to perform in order to successfully penetrate the market we have targeted.

In the Silicon Valley, in fact, there is a different concept of failure. It is not considered as a burden anymore, rather as a virtue. There, entrepreneurs are automatically fostered to try, experiment, fail, learn and then reiterate. Having an innovative business means having all of these phases in your start-up history. The philosophy of embracing failure in a positive way must be one of the leading lines for a country in need of fostering entrepreneurship; a country that recognises, as the United States have done during the '80s, that helping entrepreneurs is one of the best way to have an industrial Renaissance.

Ries (2012) in his "Lean Method" has a different approach on managing a firm, and in particular a start-up: rather than planning with a huge amount of hypotheses, it's better to continuously keep on changing, basing our future steps on feedbacks and acting with a Build-Measure-Learn approach. Thanks to this process, we can drastically change direction just when it's the right time, or keep on pushing through the actual road if no change is needed. Thanks to this method, we are constantly informed about the path ahead without committing too much effort on just one way or another. A simple example comes from his book: "If you are going to work and you find some kind of traffic or road yard you will take another road, you must go to work, no matter what happens." Start-ups must find the polar star that keeps them following the right way. But start-ups also need a vision, to follow through a strategy that must be simplified in a roadmap to make the customers, the product and the idea spread (Ries, 2012).

When we talk about success, we have to better define the meaning of the word “success”. There is a lot of literature regarding the concept of success, excluding just the word meaning or the semantics. Outcomes from researchers are various and different: they had different goals and objectives. Considering actors, (Schutjens & Wever 1999) there are discrepancies in the results because some studies have focused on new firms, others on the new entrepreneurs.

Generally, there are different factors that can help predicting the success or the failure of an entrepreneur. What has to be highlighted is: coming from a precedent job, being able to learn from failures as well as from successes, the team (Wadhwa et al, 2009). And the most important is from Virgilio: “*Audentes fortuna iuvat*”. We also have to consider the entrepreneur’s characteristics and soft skills, the attributes of the new firm we want to create, the geographical factors and the industrial features of the market (Schutjens 2000, Franco & Haase 2010). We can merge these factors and many others - widely described in the following chapters - in two main fields: the internal competences and factors and the external ones. The first aspect to define is the reference market, the actors and the players involved in these processes. All the evidences about the development of an economic system are confirming a particular factor: the economic system has to rely both on the creation of new firms and the growth of existent ones.

There is an interesting story about entrepreneurship and economy, involving the USA at the end of ‘80s, when the Americans thought to be in a descending phase of the economy, compared to the Japanese, who lead the global economy. They shouted: “We are sinking, we are sinking, we are sinking!” By then, the economic program guidelines of the USA was quite clear: fostering the entrepreneurship. The creation of new businesses and the economic support coming from injecting liquidity in the system, resulted into a higher employment rate and more innovation (van Praag & Versloot, 2007).

## 1.5 - THE REFERENCE MARKET

### 1.5.1 - THE DIGITAL START-UP

In this chapter we focus on Digital start-ups (DSP) (not entirely because the relative difficulties arise from getting questionnaires back, and data or literature from just a too narrow kind of start-up), a subcategory of ICTs that contains all the new entrepreneurial activities focused on Internet (both Web Development and Web Design), Smartphone and Tablet App Development, Software development and New Media. Usually, a DSP needs a lower amount of money to set up a product that works, or just a mock-up with essential features.

Internet lets great ideas to become great firms in a relative short period of time, entrepreneurs can become millionaires in a while, because time in the Internet era is deformed. Imagine you merge Salvador Dali drawings and the infinity of Space: you will obtain the possibility to create unicorns<sup>3</sup> in a second, and these unicorns can also disappear in exactly the same lapse of time.

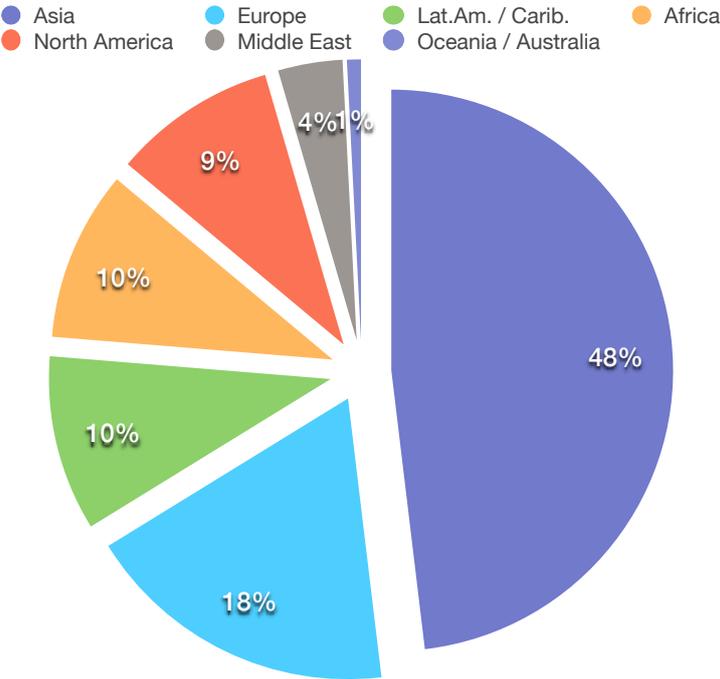
Considering the small amount of funds needed to start your DSP, compared to other sectors (e.g. electronics, pharmaceutical and so on.), the go-to-market strategy is very fast and painless, it takes usually a couple of months to let the product landing on the referral market. In this way you can validate, or not, your business plan. The reason beyond the emerging ICT sector among all the others is quite easy: an investor can see his ROI (positive or negative) in a relatively short period of time. That's one of the main reasons why Venture Capitalist (VC) and Business Angels prefer to invest in this kind of start-up. Considering the Internet scenario, we have seen that its growth has been steady and exponential over the last 30 years: from a few thousands internet users during the early '90s to three

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<sup>3</sup> One billion dollars start-up

billions nowadays. In the last thirteen years Internet activity has become ten times greater, and doubled in the last six.

Considering countries with more than one million hosts count there is something that needs attention: in 1999 there were just 6 countries in the world (2 of them in Europe), in 2000 there were 10, in 2001 13, in 2002 17. In 2003 they rose to 20, then in 2005 to 26, in 2007 they were 37, in 2009 41, in 2013 we had 49 (26 in Europe, 10 in North and South America, 10 in Asia, 2 in Oceania and 1 in Africa). In 2001 we finally had Italy in the top ten, but as all the data suggest, the world is far away from being flat: Internet has concentrated only in some parts of the Earth. The majority of hosts and internet activities are concentrated on the two coasts facing the Atlantic Ocean. The number of websites and hosts increases as much as the number of abandoned websites and hosts: a kind of internet cemetery.



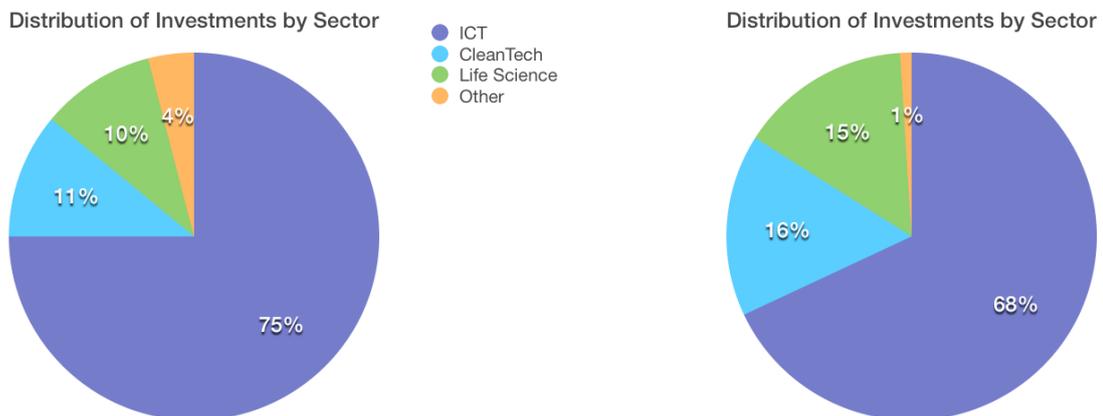
Internet Users in the World - Distribution

Source: My evaluation from OECD (2015)

## 1.5.2 - THE ITALIAN SCENARIO

Considering the “*Early Stage Report in Italy 2015*” we can see how investments are made:

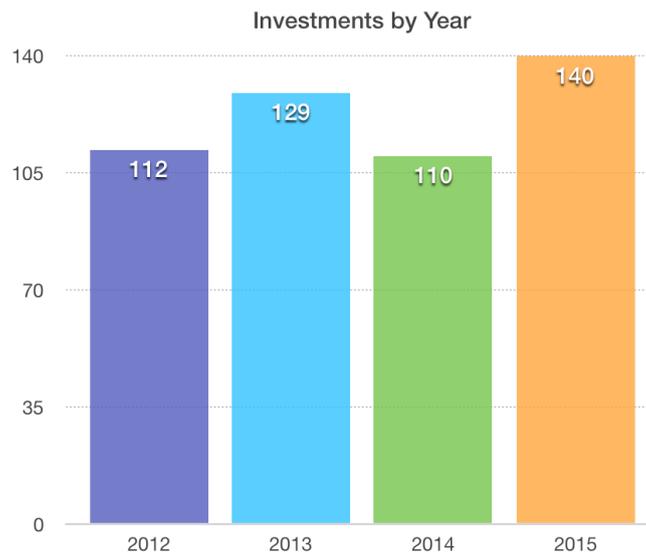
- ICT at the first place, attracting every year around a 1/4 or a 1/3 of the total
- Industrial goods
- Health Care
- BioPharmaceutical



Source: My evaluation from Early Stage Report (2015)

What we can confirm from 2008, in 2012, in 2015 and on May, 2016 is that the number of start-ups is quite high in the North of Italy, hosting more than a half of them; a poor 20 to 25% in the Centre and less than 15% in the South, including the Islands, and a few founded abroad by expatriates.

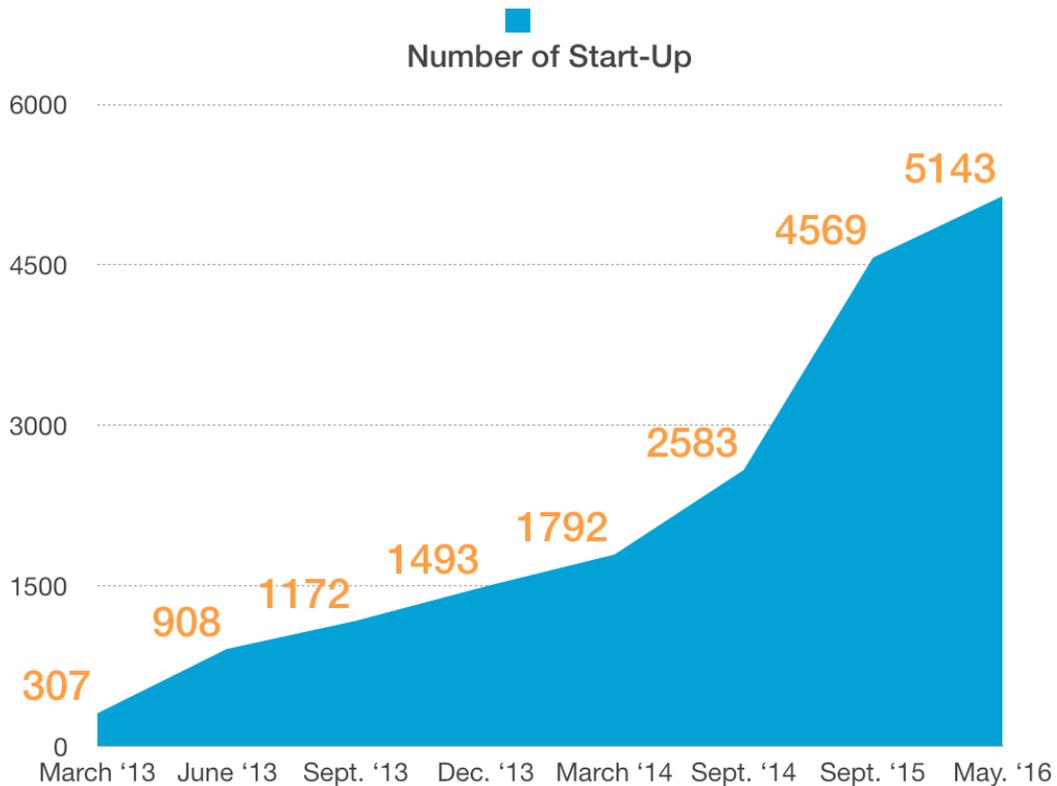
The research from Italia Start-Up named “*The Italian Start-up Ecosystem*” shows that there were no specific trends over the years: in 2012 we had 112 million invested, in 2013 129 millions, in 2014 we got back to 110 millions and in 2015 we finally have 140 millions.



Source: My evaluation from “*The Italian Start-up Ecosystem*” (2015)

Beside this disappointing trend, investments were also fairly small in absolute terms, compared to those of other countries: investments made in high-tech start-ups in Italy are one-eighth of the investments made in France and Germany, one-fifth of those in the United Kingdom and slightly less than a half of those made in Spain.

In 2014 we saw a decrease in investment, so definitely bad news about it. We had some good news in 2015. Considering September, we have more than 4500 new innovative start-ups, rising at a 76% rate compared to 2014. Lombardia has the first rank, then we have Lazio and Emilia Romagna. And from the last data by Start-up Italia (27 May 2016) we have now as many as 5143 registered start-ups. According to some preliminary observations, the typical start-upper is 35 years old, male and with a high degree of education, typically a Master of Science - Arts, ergo “Laurea Magistrale”.



Source: My evaluation from *"The Italian Start-up Ecosystem"* (2015)

Apart from the entrepreneur and his start-up, different actors are involved: investors, universities and the Government. The creation of successful start-ups in our country should be more encouraged, certainly more than what has been done so far.

These activities have a double effect:

- they can sensitise the public opinion, and increase the credibility of start-up to people reluctant to invest in innovation and new ideas (typically risk-averse investors).
- they can foster the creation and proposal of innovative ideas, therefore they can found their own start-up.

The Government should be one of the main actors. Through its legislative power to promulgate decrees and laws, it has the means to lead the economic system to be more start-up-friendly. It also has the power of injecting liquidity in sectors that need more investments.

Another important actor, as the Government is not enough active in this field, is the University: unfortunately, there are too few entrepreneurial and start-up-oriented courses.

According to a survey in which investors had to judge Italian start-uppers compared to foreign ones, the lack of education of our compatriots is clear. Investors would be glad to finance educative initiatives to teach entrepreneurs how to better succeed in their start-up activities (Dringoli & Boccardelli, 2004). Compared to USA, we are quite late, if you think about Stanford or M.I.T.: they have promoted and sustained lots of different start-ups. An example is the *Information System Laboratory (ISL)* at Stanford, born during the '60s. Their goal was to develop technologies and applications that now are the basis of all technologies offered by the Silicon Valley, particularly regarding semiconductors, computers, communication networks and Internet (Dringoli & Boccardelli, 2004).

Concluding, there are three main actors who can promote start-up funding and investment. Even considering all that has been done so far in this field, it seems there is still a lot of work to do before even thinking about Italy as an ecosystem in which start-ups can rise and thrive. Beyond the ecosystem, investing in start-ups is not enough. The urgent need is investing in human capitals, in educating people to think out-of-the-box and in an entrepreneurial way. If we do not have people able to create innovation, it's quite useless having funds for start-ups. There should be more education regarding the possibilities that can arise at a certain point of our life. We often think about getting this job instead of that one. But it's time to try and set-up something; it's more risky than having a job, but this country is full of risk-adverse people, and considering how richness is distributed, (our father will be always richer than our generation of the years 80's and 90's), we should start talking about entrepreneurship.

## 2 - THE TYPICAL START-UP PATH

### 2.1 - MAIN ACTORS

Considering the typical start-up path, we have to define who are the actors – other than the sole entrepreneur - who will usually participate in the process of creating the company, from the beginning to the maturity phases. First you have to validate the Business Plan, and this process is not so easy or painless. Someone, usually an incubator or a venture has to prove that it's reliable, scalable and repeatable. For a company, and especially a start-up, the first phases are the most difficult ones. As a matter of fact, after the validation of a Business Plan, there is the need for a series of procedures and actions that must be performed by the entrepreneur. These first operations are riskier compared, for example, to operational ones, once the firm is running. In these first phases you have to prove that you are solid, strong and able to successfully penetrate the market. You should also set a proper HR, Logistics, Marketing etc. structures in order to tackle the difficulties that can arise. Fortunately, for a start-up, there are lots of actors involved and able to help during these phases. We can summarise them as follows:

INCUBATORS

VENTURE CAPITALS

BUSINESS ANGELS

FAMILY OFFICE

Through this chapter we will analyse all of them, considering what are the main characteristics, the provided help and the relationship with the start-up. Especially from a financial point of view, in fact, this is the main burden that usually obstacles the start-up path towards a successful firm.

## 2.1.1 - INCUBATORS

According to the literature, there are different similar definitions for incubators. Following some of the most interesting authors, the term has become a kind of *umbrella word*, there are many varieties and types of programs and structures that provide support to start-ups. Since the establishment of the first incubator in the Sixties, the topic has been the subject of considerable attention by the academic literature; despite this, there isn't a really shared definition, yet. Here are some examples of definitions (all collected by Dringoli and Boccardelli, 2004):

Aernoudt (2004) – “An interactive development process where the aim is to encourage people to start their own business and to support start-up companies in the development of innovative products. (...) Besides accommodation, an incubator should offer services such as hands-on management, access to finance (mainly through links with seed capital funds or business angels), legal advice, operational know-how and access to new markets”.

Peters et al. (2004) – “Business incubator's role is to provide support environment for start-up and fledgling companies, thereby promoting local job creation, economic development, and technology transfer”.

Grimaldi & Grandi (2005) – “The incubation concept seeks an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate the development of new companies, and thus speed the exploitation of technology. Incubators assist emerging businesses by providing a variety of support services such as assistance in developing business and marketing plans, building management teams, obtaining capital, and access to a range of other more specialized professional services”.

National Business Incubation Association (NBIA) – “Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalise neighbourhoods, commercialise new technologies, and strengthen local and national economies”.

Aaboen (2009) – “An incubator provides resources like space, goals, marketing, management, structure and financing to knowledge- and technology-intensive new technology-based firms (NTBFs). In other words, an incubator is an environment for initiation and growth of these firms”.

Maalel & Mbrarek (2011) – “We define incubator as a structure for entrepreneurship support that offer to potential creators a set of services and an entrepreneurial network in order to relate them to different partners. The incubator is a catalyst for entrepreneurship that promotes the best conditions for development and growth”.

Soetanto & Jack (2011) – “Today, BIs are perceived more as intermediary organizations that support firms by helping them establish and develop networks with a broad range of economic actors. In doing so, BIs continue to play a fundamental support role because they provide a facility where the personnel of incubator firms can come together, interact and mobilise resources”.

The main principles from each author can be summarised as follows:

	Goal 1	Goal 2	Goal 3
<b>Aernoudt</b>	Encourage people to start their own firm	A set of various operational services	Links to capitals
<b>Peters et al.</b>	Support environment for start-up	Promote local and job creation	Foster the technology transfer
<b>Grimaldi &amp; Grandi</b>	A link between technology, capital and know-how	Assistance in developing Business and Marketing Plan	Obtain capitals and building team
<b>NBIA</b>	An array of targeted resources and services	Let the firm be financially sustainable	Strengthen local and national economies
<b>Aaboen</b>	An environment	Logistic facility	Financing technology and knowledge
<b>Maalel &amp; Mbrarek</b>	A set of services	Develop a Network	A catalyst for entrepreneur
<b>Soetanto &amp; Jack</b>	Establish networks	Logistic facility	HUB for Start-upper

Source: Personal Elaborations on Dringoli & Boccardelli (2004)

Then, the principal factors considered in incubation programs and facilities are: creating networks to successively help the entrepreneur along his path, providing an HUB to facilitate start-upper to interact with each other and among different teams, promoting different services and encouraging star-tups' financial autonomy. Despite some shared characteristics, what we surely know is the period of time by which incubators work: usually the incubators are responsible of the period between the first mock up or virtual prototype of the product, service or innovation, until a certain and stable economic position. This period according to NBIA (National Business Incubation Association, 2006) usually lasts 2 years and a half.

These operators give to newborn firms or start-ups the resources needed to survive in the first period, when they are usually more vulnerable.

Incubators' activities do not just include giving the start-up a defined amount of money in exchange for shares, that usually means giving assistance in legal, marketing, financial, technical and even logistic related issues. Incubators are also in charge of giving the start-up the right professional network through which the entrepreneur can develop skills or competences for a future growth. According to AIFI (2000), there are three types of incubators: *profit oriented*, *non-profit oriented* and *academic* ones.

The *profit-oriented incubators* are usually operators of the risk market (like the VC) who think about the injection of liquidity in the seed phase as a valid help for the start-up to scale and for the investment to have a positive return. Beside the VC, there are other types of profit oriented incubators, such as private operators, offering money in exchange for equities (like the business angels) or the consultancy enterprises opening their own incubators.

*Non profit oriented incubators* are usually public or institutional operators using public resources to give services to start-ups with the goal of pursuing general economic wealth objectives as a country or a region, for instance. Technological, science park and business innovation centres, to give some examples.

*Academic incubators*, which have recently developed in our country, are different from the other ones. They are usually field oriented, created for the University students, research and patent oriented. They are often in charge of fostering applied academic research. University incubators are more likely to provide less financial support and more *smart money*, like knowledge, free laboratories and consultancy from professors. Academic incubators were born from decree that lets the university gaining from patents obtained through academic laboratories or instruments.

Incubators are important and the survival rate of incubated start-ups is higher: during the years 2000s, according to an AIFI research, 65% to 80% of start-ups supported by an incubator have survived at least 5 years (AIFI 2000-2005).

To sum up: it's quite clear how the relationship between an incubator and the newborn firm makes the start-up avoid the first obstacles that typically arise.

This means that there is a positive correlation between the incubator and the start-up performance.

## 2.1.2 - VENTURE CAPITAL: A HISTORIC INTRODUCTION

The first signals of Venture Capital come from USA, and in particular in the late 19th century when wealthy families were seeking different ways to invest their money. The main problem about this early Venture Capital Market was the disorganisation. The first modern society of Venture Capital was founded in 1946 when the MIT president, Karl Compton, the chief of Massachusetts Investors Trust, Merrill Griswold and Georges F. Doriot, professor at Harvard Business School, decided to set up the *American Research and Development (ARD)*, which objective was to finance technological start-ups during the World War II. Doriot was the main actor in the ARD and nowadays he is considered the “father” of Venture Capital (David Lample, 1989). First investments coming from ARD date back to 1947, and were directed to the *High Voltage Engineering Company*, a company set up by a MIT Professor to develop an X-Ray technology to treat cancer. In 1947 the company entered the NYSE with a capitalisation of 200.000 dollars, the equivalent of 1.8 million dollars nowadays, (ibid.,1989). Two main regulations encouraged the increase of venture capital business: the *Revenue Act* (1978), that reduced taxation on capital gain from 49,5% to 28%, and the “*Prudent Man*” (1979) that allowed retirement funds to be invested on risky financial tools. Until the end of the '80s, Venture Capital investments remained a typical American phenomenon, but later they spread to both Europe and Asia.

Even if there isn't a clear definition of Venture Capital, most authors agree that it corresponds to the professional funding of start-ups in exchange for equities. There is a difference between Business Angels (rich people who, sometimes, invest in start-ups) and Venture Capitalists, who are professional investors, organised in companies that collect funds from rich people and public investors and address them to different kinds of investment like start-ups or other high-tech companies.

### 2.1.3 - VENTURE CAPITAL

Venture Capital funds, according to EU regulations, are complementary to Private Equity ones. They focus exclusively on the first phases of the company. In America, we have Venture Capital merged to Buy-Out activities creating the Private Equity funds. Venture Capital funds invest in very high risk start-ups and generally share risks that other financial intermediaries do not assume.

We have funds in which different cash-flows come from different clients and partners. All these funds are managed by people who have competences in these fields of the economy. There are different funds in different sectors of the economy, from different intermediaries or banks. Investors have shares of the entire fund made of shares of different start-ups or high risk companies. In here there is no vote options: they just buy shares of this fund and get or lose money depending on the managers' far-sightedness and capabilities.

The role of Venture Capitalists on financing SMEs has been cleared by the theories regarding financial intermediaries: this kind of financial investment helps on tackle informative asymmetry and adverse selection that derives from the perfect knowledge of the entrepreneur about the project and the incomplete information package possessed by investors.

Therefore, Venture Capitalists act as intermediaries selecting the most interesting and profitable project, to propose a portfolio of investment with a risk degree balanced with the possible return on the investment.

Considering venture capitalists, we can assume that they are involved in lots of activities related to start-up, such as selecting the board of direction of the newborn firms or participating as external consultant (Rosenstein, 1988), they are involved in the IPO organisation, thanks to their financial competences (Lerner, 1994) and they act as head hunters (Dringoli & Boccardelli, 2004).

The influence of venture capitalists on start-ups can be considered in two different ways: if the mere presence of the venture capitalist intermediation has a positive effect on a start-up and if a deeper involvement of the VC in financial, operational, marketing or other fields can positively impact on the performance. We can quite surely affirm that the relationship with a VC has a positive effect the market performance of the start-up (Dringoli & Boccardelli, 2004).

In Italy, we have the SICAVs (*Società di Investimento a Capitale Variabile*). SICAV investors are not only buying shares, they have the ability to vote in the board meeting. There are also differences about the managing costs and taxations. The subject in charge of paying taxes is the owner, usually a bank, with a “geotagged” taxation, instead of the investor: e.g. Pioneer Funds are in Luxembourg, so they are paying to Luxembourg, every day. In the SICAVs you will pay taxes once you close the relation with the investing subject and they are based on how much you’ve earned.

The SICARs (*Società di Investimento a Capitale di Rischio*), instead, can invest even in a single asset and it’s a closed fund: there is no way to get in after the investment session and to get out before the expiry date or before the minimum investment time. These are usually long term investments.

Usually, when a firm wants to be part of one of these funds, it must show some characteristics and features:

1. A high potential of growth
2. A skilled, honest and valuable team
3. The willingness to grow with new partners on board and modify the juridical status of the company
4. Defendable technology
5. Products or services offered to the growing market
6. Ambition to go globally

The AIFI (*Associazione Italiana del Private Equity e Venture Capital*) defines the Venture Capitalists as contributors on medium and long term projects to companies not yet on a Stock Exchange Index, with high probability of positive ROIs in terms of new services, processes or products.

The NVCA (*National Venture Capital Association*), the American equivalent, stands that Venture Capitalists focus only on really innovative products, services and processes. That's why venture capitalism differs from other types of investment: investors here are not looking for getting the control over the board, they are only funding a company to have a ROI in the future. Investing on a company having just a mock-up is usually a good idea, but only for a few people who can risk capital loss, because it is very risky. A CVC (*Corporate Venture Capital*) is typically a series of investment strategies on entrepreneurial companies. Usually the start-up shares its technology and know-how with the CVC, in exchange for funds, and later they can become partners. The difference is in the final objective: CVC has a strategic goal instead of a mere high expected ROI, (MacMillan, Roberts, Livada, Wang, 2008).

## 2.1.4 - BUSINESS ANGELS

The first approach usually comes from Business Angels: we are talking about minor amounts of money that are easier to come, and usually correspond to the initial capital the start-up needs to begin.

Business Angels are people who directly invest their money in the very first step of the entrepreneurial project, usually taking part in the decisional processes and waiting for the Venture Capital to seed the start-up and get their ROI (AIFI 2011).

There is an association called IBAN (*Italian Business Angel Network*) that is the main player regarding Business Angels, and also other groups like Angels for Growth, that has more than 100 partners and a 20 million euro of capital to invest.

It was born in 1999, following the EBAN (*European Business Angel Network*), and it performs different activities, such as:

1. develop and coordinate investment activities of risk capital coming from informal investors
2. encourage the exchange of experiences between Business Angel Networks
3. promote the importance of the business angels as actors in the Economy
4. foster the connections and relations between business angels, entrepreneur, net-entrepreneur and firms
5. contribute to realise local, regional and national programs finalised to create and develop and encouraging and thriving environment for start-up and informal investors
6. keep relationships with international and European organisations to better accomplish these objectives

Diane Mulcahy has divided Business Angels in (Mulcahy 2005):

- *Technological Gurus*, they have worked in this sector so they are attracted by the investment in technology and innovations
- *Ex-Entrepreneurs*, usually successful entrepreneurs who are seeking for new challenges and wants to help younger ones
- *Investors*, they are logical and rational human beings seeking for the right investment, they are interested in the way the cash start to flows.
- *Portfolio Managers*, they don't have entrepreneurial experience but they are wealthy or they manage large stock of money, so they are differentiating their investment and allocating liquidity.
- *Virgin Angels*, they have never invested in something, so they are unclassifiable.

## 2.1.5 - FAMILY OFFICE

When we talk about *family office*, we refer to a high qualified structure capable of better conveying investments in relations with personal needs and of developing younger education, investment on charity associations and philanthropic activities. The Family office is based on confidentiality, independence and the ability to coordinate different competences to increase the whole capital.

Investment companies are specialised on investments through micro-seed capital, seed capital or venture capital on different start-ups operating according to international rules and standards, respecting EU regulations or internal promoted behaviours from trade associations.

The investors described so far share a common final goal, that is profit. There are some exceptions: no-profit foundations investing private money for public interests or charities.

## 2.2 - INVESTMENT PHASES

Investment in start-ups can involve different intermediaries, modes and timing. Usually, the first step is made to build up the productive capacity of the firm like machineries, immobilisation and all the investments needed to assure the operational capability of the firm. Different company's phases need different investments and capabilities or skills.

The early stage financing is a kind of investment in which the capital is focused to seed the very first step of the start-up, to experiment a product, a service or a process. In the first case, called *seed-financing*, the investor guarantees a low amount of money just to develop a project and to try to validate the *Business Plan* draft. We have called it draft because, usually, during this phase, we do not have a reliable *Business Plan*, which will be left the team sustained by mentors or entrepreneurs. In this phase, highly specialised investors validate the team and the market sector in which the start-up is going to operate. During the start-up financial round, the investor gives large amount of money to foster the productivity phase. The commercial value of the idea is not yet sure at this step, but once the experimentation test has been passed, we usually have a mock-up or a prototype that is working and sometimes even patented (AIFI 2011).

In these phases, there are different actors involved in the process of seeding and funding: both venture capitalists and business angels. Otherwise during the seed and start-up phases highly specialised operators, competent in different fields, are involved: from economic ones to scientific ones. The last phase is the *expansion stage*: in this phase the goal of investors and entrepreneurs is to invest in a way that the start-up will be able to grow by itself after the first 36 months and to reach the break-even point (if it has not been reached in the past months).

This intervention aims at increasing the initial results of the company and fostering it to the stars.

Now, the goal is to let the start-up, by that time a real company, to be attractive for bigger investors with financial power and tools to exploit the referral market and go internationally.

## 2.2.1 SEEKING FUNDS TO VALIDATE THE BUSINESS PLAN

The initial resources can be found through different channels:

- Investment through debt, that is asking a bank to lend you money against interests
- Bootstrapping, that usually occurs when we are dealing with digital start-ups and resources come either from the founders or from the combination of Founder, Family, Friends and Fools, that is called the 4F group (Kawasaki, 2010). The only F that needs suggestions is the last one: someone that really wants that idea work so they are willing to lend or donate money.
- Equity investment, there will be someone that in exchange for shares will lend you the amount of money needed to start. It's the way incubators work, they give you resources like money, expertise and mentors for 5 to 15 percent of shares of your future company.
- Public or private contributions, when there are grants coming from some public organisation, like government or local investments on innovative ideas. Usually they focus on certain categories of start-ups, e.g. Internet of Things, Sustainability, Healthcare etc.

Considering all these sources, the first one is less likely to occur when you face a start-upper: it's too risky for the bank and even for the entrepreneur to invest in something that may not succeed, at least in the short term. There can be awkward situations in which the entrepreneur is not able to give back the money from the loan or the opposite in which the bank is not giving you money even if the Business Plan seems good, just because it's too risky and you are a start-upper.

The funds coming in exchange for equities are more likely to occur, usually they are long term investments with low or zero interest rates because you are committing shares of your start-up. In this case, we have two kinds of investors: Venture Capital companies and Business Angels.

They usually structure their investment in this way:

- Seed Capital, which means trying to have enough funds to realise a mock-up, the essential functions of the product.
- Start-Up, usually to sustain the start-up during the first steps after the seeding phase, in this phase funds are needed to structure our firm, from a logistic, personnel, advertising and marketing points of view.

Venture capital societies can manage different amounts of money (chips) to finance one or another start-up. Their funds come from banks, insurance institutes, assurance companies and private investors. Regarding the second main actor, the Business Angels, we are talking about investors who are not institutional, they are more likely to be worthy people with a high degree of education.

Considering the Italian market, we can observe how the bootstrapping is the simpler way to collect money to start business. In fact, more than an a half start-ups have collected money from the founders. Just 16% of all Italian start-ups have collected money thanks to external investors (Start-up Italia Report, 2015).

The Italian system has been compared lots of time with the American and European ones, from the 90's till today: it's quite clear how less venture capitalists and incubators are involved, if compared to other countries (Birley et al, 1990).

Compared to other realities, like other European countries, Italian start-ups have been financed (as said in the previous chapter) for -the best comparison- a half, and -the worst comparison- one eighth of Spain and Germany.

Apart from financial help, the presence of a mentor, or a venture capitalist in the team or board of direction is very important. Despite all the economical and financial issues, their presence can be crucial. Having a mentor or a venture capitalist in your team becomes essential - in a positive way - because they can provide for a series of tools called "Smart Money". They have a network of professionals and they certainly know how and when it's time to develop or structure yourself up (Dubini and Aldrich, 1991).

Referring to the *Smart Money* Fried and Hisrich (1994) point out 6 valued added activities:

- operational services and support
- networking, all the activities related to connecting interested and interesting people to the entrepreneur
- image, when the investor is valuable and respectable in the market, that means having greater credibility thanks to a mirror or halo effect
- moral and psychological support, there will be dark skies at the horizon, therefore, having a mentor trying to find silver linings can be a good idea
- business information, all that regards information and intelligence about this particular sector or for the following moves
- discipline, considering the investment, it will help to lead the team through the right way, helping in respecting objectives, rules and goals.

As said, Smart Money refers to different services and help tools from above. In particular, being part of networks, especially high value networks, will not assure the finalisation of the objectives but it can configure a starting point from which you can transfer, exchange and integrate valuable resources like technological skills which competences usually depend on the degree of complementarity and heterogeneity of the team or the networks of firms in the same cluster (Nooteboom, 1999).

In this sense, the presence of complementary assets in the local cluster is a positive externality, capable of retaining and attracting new firms or skilled human resources. A fundamental characteristic of a reticular architecture is the presence of stable relationships that accrue the value generated by every single firm and by the cluster itself. Thanks to this networks it's also possible to keep on expanding relationships because every successful relationship inside the cluster can potentially bring new partners or firms in the cluster (Dringoli & Boccardelli, 2003). Particularly, for SMEs, the relationship capital is based mainly on the leveraging opportunities that can arise, especially the possibility to access to external competences for the firm, but inside the cluster.

The integration of heterogeneous technological skills from different organisations is usually not so easy because it means aggregating know-how skills that are usually tacit or inside the firm (Dringoli & Boccardelli, 2003).

This know-how is usually quite difficult to transfer through the space or time because it usually describes routines or procedures inside the firm, that are usually private or secret. The integration of technological competences and the dynamics that usually distinguish each of them, appears to be extremely complex because they derive from different events, with an unknown start and end (Dringoli & Boccardelli, 2003).

The change at the base, both of evolution and integration of technological competences, derives from a series of interdependent and interconnected events of successes and failures that do not always lead to optimal situation because usually the resources in charge of this are also interconnected with other enterprises in the network.

This means that usually every actor in the process can only benefit from his own errors or successes to select the following steps to perform (Teece et al., 1997).

The negative side effect is that, the more you can rely on your past, the more you will not be able to change the steps you thought to be the right ones.

All these considerations mean that in the competence leveraging, costs and burdens on R&D activities for the SMEs are usually bypassed thanks to other firms in the network or to the development of joint solutions from other small and medium actors. The major difficulties arising in this processes do not come from the communication process or from the type of relationships, but from the transfer of the know-how from one subject to an other. This means that when a particular type of knowledge needs to be transferred, there should be different and more efficient types of relationships in order to properly transfer the know-how. In fact, in order to transfer particular types of knowledge there is also the need of a particular type of knowledge in order to transfer the technological knowledge, like the integration and coordination to achieve a proper and successful merge of knowledge (Iansiti and Clark, 1994). This usually happens in co-working spaces and hub of innovations, places which are not so much developed in Italy, but in other countries are a kind of heaven for start-ups.

### 2.2.2 Start-up path example 1: PizzaBo (IT) - *BootStrapping path*

Christian Sarcuni is not the first man in the world who has become rich thanks to pizza. Surely he's the only one who has never prepared or delivered one, he does not even have a "Pizzeria". He has only written the code of a website and in 2014 he has managed more than two millions of customer orders. His start-up "*PizzaBo*" was an *idle champion*, no advertising or media covering until 6th February 2015: PizzaBo was bought from Rocket Internet, a German group, for 50 millions.

Christian was born in Matera, he is now 31 years old, he attended the "Alma Mater" of Bologna and got the Bachelor in "Internet Science". He started thinking about his idea in Bologna in 2009 and, as has happened to lots of entrepreneurs, everything started with the observation and the successive discovery of an unsatisfied need or a way to improve an existing service.

His idea comes from observing his mail box full of pizza-delivery flyers and offers. He suddenly thought: there should be a better way to do that: there is space for improvement!”.

This is what he said about his idea when he talked about it to Riccardo Luna of Repubblica<sup>4</sup>:

“Actually, a web site is nothing special but I’ve created a way to let students -our main customers- to book and get pizza delivered at home in a while.

So, apart from creating the website, I’ve modified an SMS-Printer in a way that the order coming from the Internet platform went directly to the “pizzaiolo” aka the pizza maker, so that he could directly answer with the estimated delivery time.

Later I’ve convinced a friend of mine to be part of this project. I needed someone who took care of the marketing and commercial factors: at that time he should convince Pizzeria’s owner to adopt this service. At the beginning it was quite easy and traditional: we put some inflatable advertising in our city and the same night we got the first orders.

And, by the way, we are not delivering pizzas, we are just managing the online orders; in doing so, we charge a small percentage, for every delivered pizza, the negative side about this business model is that it only works with large numbers. Fortunately, in 2010 we had 60 thousand orders, in 2014 more than two millions. We spread our business in different towns, like Padua, Pisa, Parma, Ferrara, and finally in Milan where someone (Rocket Internet, ed.) spotted us. We didn’t ask for large investments from incubators or venture capitalists: we started from a small amount of money from our relatives because we didn’t want to lose equities. Sometimes we won some award and prizes but with a mere award or a card prize...

Fortunately, in January we got an offer we couldn’t deny, they took 100% of the share with the essential condition to keep on working in the company and to expand the network to 20 more towns. The only thing I now regret is about the shares: a start-up in the “pizza” field is not Italian anymore, it’s German...”.

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<sup>4</sup> [http://www.repubblica.it/economia/2015/04/04/news/christian\\_sarcuni\\_io\\_milionario\\_grazie\\_a\\_una\\_app\\_per\\_ordinare\\_la\\_pizza\\_a\\_casa\\_-111185993/](http://www.repubblica.it/economia/2015/04/04/news/christian_sarcuni_io_milionario_grazie_a_una_app_per_ordinare_la_pizza_a_casa_-111185993/)

This interview was from 2014. Today we know that there have been other issues affecting the start-up and the path of the founders, the employees and the new members of the board. In fact, in March 2016 we have the following situation clarified by StartUp Italia<sup>5</sup>:

“Last year there was one of the most important exit considering the Italian Start-up ecosystem, PizzaBo was bought in 2014 from Rocket Internet for 51 million and later sold to JustEat for 125 million, we couldn't have imagined how difficult and intricate the path towards the start-up has been.

We have different sides and players: the founder, the employees, the *Bolognese* workers party and the new owners. Sarcuni, left as a CEO of the start-up saying that there are no reasons for him to remain: Just Eat wants to move the HQ from Bologna to Milan and the majority of the employees are not in condition to leave Bologna. According to the worker's party, moving the firm from Bologna to Milan seems just a game to fire the unwanted employees”.

In this start-up path we have seen different actors involved, from the first day to nowadays. In fact, there has been a continuous growth and exchange of equities through different actors. What we have to highlight is the initial Sarcuni's fear of losing equities and the bootstrapping process that -as we previously said- is quite common among Italian start-uppers. These two characteristics let us think about the constant fear of the entrepreneur to lose control over his firm, and is actually one of the main burden when you are thinking if applying for incubators or asking money to venture capitalists. Surely, not being part of an incubator or not having a mentor, has not prevented the start-up from being successful but, maybe, he could have got different recommendations or insights from actors in the sector.

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<sup>5</sup> <http://startupitalia.eu/53632-20160330-sarcuni-pizzabo-justeat-sindacati>

### 2.2.3 Start-up path example 2: Green Rail (IT) - *Incubation Path*

Green Rail, a start-up founded by Giovanni De Lisi and other Sicilian guys, is a start-up that exploits innovation and sustainability in the railway industry. To be more accurate it's a producer of the basement in which the metal rails lay down, also called the sleeper. The sleeper is made by dismissed tires and recyclable plastic. A plus is that once a train passes it can produce electric energy thanks to a piezo-electric system, or it can implement solar panels along the sleeper or electronic equipment inside. Replacing a kilometre and a half of railway with this new product would mean recycling fifty tons of plastic or tires. Apart from the mere ecological aspect, the sleepers used today deteriorate too fast and produce lots of vibrations, without considering the high maintenance costs.

Every year, in Italy, we are consuming more or less a couple of millions of concrete sleepers and around two hundred thousand are made of wood. Thanks to Green Rail it will be possible to drastically reduce the maintenance costs, even passengers will appreciate the significant reduction in noise and vibrations. And thanks to the piezoelectric system inside the sleepers, it will be possible to have self sustainable railway stations. Giovanni De Lisi is part of a railway constructor's family. During his work as a normal employee in charge of laying down the sleepers, he got a brilliant intuition. Giovanni is an entrepreneur's son and, according to the literature and even to his words, this aspect was crucial. He has always dreamt about being free, not so much because of less working hours but for to the opportunity to organise his time. His words about the main success factor the start-up regard his experience as a worker in the family's firm: "The thing that was definitely crucial to mine personal experience as a start-upper was the low skilled works performed in the firm. I enrolled at the faculty of Law because my grandfather is a lawyer and he trusted on me to follow his footsteps. One day I decided that I wanted to work, in a more practical way. So my father gave me the boots and the tools and I started to work in the construction site. The experience as a manual worker definitely shaped my mind and my future."

The idea of using recyclable plastics and materials comes from Usa, China and India during the '00s, GreenRail is the only self-sustainable company thanks to its ability of

producing electricity through different ways: a piezo-electric system, a solar system, the integration of different electronic components. He has also caught the opportunity: today, lots of countries are investing in the railways, especially in constructing and developing new railways. Green Rail born after several months of Research and Development trying to find the right materials to produce sleepers. Then, thanks to the architect Fabio Guinci they have built the final prototype.

Today, this project is patented in 148 different countries. The first milestone for the start-up was the Edison Prize, thanks to their mentors, and the 100k grant they got, which represented the liquidity needed to start the project. Now, thanks to different partnerships and the prizes won, the basic sleeper is being manufactured, waiting for the piezo-electric to be developed. Investments in the railways sector, have always been important and a green railway revolution like this can definitely change the history in the railway sector.

### 2.2.4 Start-up path example 3: Scrub Daddy (US) - *Venture Capital path*

In the episode of *Shark Tank* that aired on October 25, 2012 on ABC (USA), the sharks were fighting over Scrub Daddy, maker of a bright yellow sponge in the shape of a smiley face.

“When a company’s sales are completely dependent on QVC<sup>6</sup>, that’s a disaster waiting to happen,” said billionaire Dallas Mavericks owner Mark Cuban. “I’m out.”

“What about this deal?” offered financier Kevin O’Leary. “\$100,000 for 50%?”

Scrub Daddy’s inventor, Aaron Krause, turned O’Leary down.

Then QVC personality Lori Greiner jumped in: “You’ve heard me say before, I can tell instantly if it’s a hero or a zero, and I think what you’ve got here is a hero.”

O’Leary tried again with a royalty offer, but Greiner won the bidding with an offer of \$200,000 for 20% of the company.

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<sup>6</sup> (Quality Value Convenience, a shopping channel)

O’Leary wasn’t happy. “You are dead to me and the sponge is dead,” he said, tossing the yellow plastic disc as Krause exited the studio. “Scrub Daddy, you suck!”. It turns out O’Leary had reason to be bitter.

Since first appearing on *Shark Tank* three-and-a-half years ago, the \$3.99 Scrub Daddy sponge, made of a polymer produced in a German factory and then cut and packaged in Krause’s Folcroft, PA plant, has made its way into hundreds of stores, including Wal-Mart, Home Depot, Bed Bath & Beyond and CVS. It’s also a regular on QVC, pitched by Krause himself, who says he can sell 200,000 sets of 10 sponges in a single 24-hour period. Total retail sales hit \$50 million in 2015, he says, which translated to an annual revenue of more than \$20 million for the company. He won’t divulge its margins or profits but says it has no debt with a staff of 55.

Scrub Daddy boasts the most revenue of any business to appear on *Shark Tank* since the show first aired in 2009.

Aspiring entrepreneurs, mostly in the start-up phase, appear on the reality show and pitch to a panel of so-called sharks, who then negotiate a deal, usually a flat sum in exchange for a percentage of the company and the promise that the shark will help the business as a senior advisor.

The show airs on ABC and is syndicated on CNBC and other stations around the world. Its ABC viewership is some seven million per episode, which contestants say gives them a supercharged jolt in sales. “My episode re-aired in March,” says Krause, “and I instantly had 5,000 people on my site.”

## 3. INTERNAL AND EXTERNAL COMPETENCES

### 3.1- THE ENTREPRENEUR TRAITS

During the '80s, Gartner (1985), highlighted how the creation of a business can be affected from different points of view like: human resources (entrepreneur and team), organisation (the goal of your business), environment (externalities and market conditions) and the process (what entrepreneurs have to do).

Focusing on the very first part of point one, we have to consider different factors affecting the creation of the new business, such as psychological traits, scholastic background and past experiences in business. There is also another perspective to consider when we talk about team, entrepreneur and human beings generally: the “social capital” (Dringoli & Boccardelli, 2004), the ways that let the start-up have an easier path forward or the power of the network.

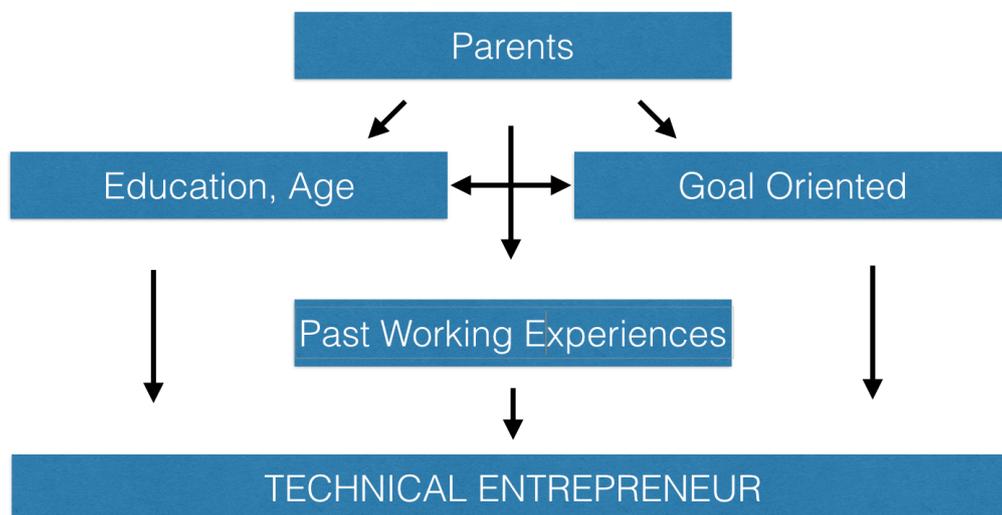
The role and the influence that the entrepreneur has in the start-up process, and previously in the firm, has always been interesting, from an economical point of view. MacMillan and Katz, in their studies started in 1992, focused on how, till the '70s, there was no sufficient research about this subject. A brief review from the past dates back to Schumpeter (1934) defining the entrepreneur as “captain industry”, or Liles (1974), who talks about a “capitalist”, or McMullan and Long (1990), for whom the entrepreneur is the person who organises the activities of the company and fosters productive capacities.

Considering the past analysis of the entrepreneur, we can observe how there are typically two ways of studies: one focused on the individual and personal characteristics of the entrepreneur and one interested in the behavioural variables of the entrepreneur (Dringoli & Boccardelli, 2004).

The first approach is studying the scholastic background, family, past working experiences, motivations and goals. There is an implicit hypothesis that some common traits are shared by entrepreneurs instead of managers (Brockhaus, 1979).

An extreme synthesis is that every entrepreneur on Earth has similar traits that can isolate him from other people. Considering these personality traits, there is a problem that arise: who is the entrepreneur? Without a clear definition of the entrepreneur and not being able to define him through a scientific and certain method, we have a huge amount of common personality traits, so that almost everyone can be considered an entrepreneur by some studies or point of views.

One of the main responsible of the studies in this field of the economy surely is Roberts, in his main essay (1991) has highlighted four essential traits that every technical entrepreneur must possess: family, education, past working experiences, goal oriented (Roberts, 1991).



Source: Personal analysis based on Roberts (1991)

According to the first field of study, the parents are the main influent factors, deeply affecting the development and the growth of the new entrepreneur, his goals and objectives (Collins and Moore, 1970). Having a support, or better, growing up in an entrepreneurial family definitely plays an important role on who you will be. Considering psychology and sociology, we also have to consider that parents and relatives are the main source of personal success. We can also observe how the correlation between the willingness to start a new firm and the backup or the help from the relatives is positive (Cooper 1973).

The cultural beliefs, father's work, religion, number of people in the family and the birth order are usually selected to control how relatives have influenced the entrepreneur (Shakero & Sokol, 1982).

Particularly, we can observe how the father's career is the most important driver, especially if he is a manager or an entrepreneur. This is due to different causes like: the transferable know-how from father, a positive stimulus to achieve results and goals and a leverage to foster children to have goals and objectives (Utterback et al., 1983).

Considering the education results by grades there are different opinions about it: some empirical researches suggest that entrepreneurs had fair grades during high school and college, or they had even drop out of college. Others have suggested that there is a positive correlation between grades in college and the ability to develop highly innovative products (Stauss, 1944).

We can even observe how the correlation between the size of the start-up and the degree of education is positive: the higher the education is, the bigger the start-up is (Carland et al, 1984).

Another interesting thing to consider is about how university do not let people actively participating in the work field, in fact the low amount of college-entrepreneur is due to the relatively low aggressiveness of people attending Universities, delaying their entrance in the job field. This lead to a late contact with the foreign world, impeding to really understand what the real needs of people are (Cooper & Dunkelberg, 1984).

Considering the type of start-up it's proved that people coming from scientific, engineering or technical universities usually start business in related fields, people coming from managerial or business background establish firms in all the other sectors (Braden, 1977).

Following with the analysis, we have to focus on the age at which an entrepreneur starts his business: 35 years old. The major concentration of start-up owners is around 30 and 40 (Vesper, 1981).

Considering Italy, we can observe how the usual foundation process is delayed, this is due to the fact that America is more entrepreneurship oriented than Italy, considering both regulations and mentality. Going back to psychological characteristics of the entrepreneur, we have to highlight that there is no homogeneity in this kind of studies: lots of different variables have been analysed. Different characteristics have come out so far (all the traits are from a work of Carland et al, 1984) that we can sum up in the following table:

<b>Year</b>	<b>Author</b>	<b>Characteristic of the entrepreneur</b>
<b>1848</b>	Mill	The ability to take risks
<b>1934</b>	Schumpeter	Innovation and initiative
<b>1959</b>	Hartman	Being authoritative
<b>1961</b>	McClelland	Need of achievement
<b>1971</b>	Palmer	Evaluation of the risks
<b>1973</b>	Winter	Need of power
<b>1974</b>	Borland	Internal locus of control
<b>1974</b>	Liles	Need of achievement
<b>1977</b>	Gasse	Personal Value Orientation
<b>1978</b>	Timmons	Creativity, innovation and self-confidence
<b>1980</b>	Sexton	Energy and ambition

Source: Personal elaboration from Carland, Hoy, Boulton and Carland, 1984.

One of the most useful contribution about psychological traits comes from McClelland (1961) defining the three typical human needs: need for social life, need for power, need for achievement. The need for achievement is usually the most valid predictive trait of being a successful entrepreneur. Usually this need is correlated with a need for self-fulfilment and this combination leads people with these two traits to risk more than others.

Thanks to some empirical research, the author has found that people with a high need for achievement usually prefer to set their goals by themselves.

Another important consideration comes from the “*locus of control*”. Entrepreneurs usually think both events and fate are under their control. In personality psychology, *locus of control* refers to the extent to which individuals believe they can control events affecting them.

An entrepreneur is sure about being able to control the events of his personal and business life better than other people (Rotter, 1970).

The psychological approach became even more important from the ‘90s after the massive empirical research performed by Miner. The starting point of his job was a massive review of all the psychological literature about motivation, from different point of views like: hierarchical, professional, functional and of the group. He demonstrates, through different empirical researches that hierarchical motivation is determinant in managerial success but not for entrepreneurial success, functional motivation is not in charge of defining a good manager but it’s responsible of outlining entrepreneurial success.

Roberts (1991) have found similar empirical evidences, he wanted to better define what the motivations in funding a start-up are, and he found that the need of independency and autonomy were, and probably are, the most important traits even beyond the motivation itself.

It’s important to consider that the past working experiences are considered in two ways: the cultural, scientifically or economical background from the previous works that is now useful for the start-up and the motivations that lead people to leave their precedent work to start a new business, to re-born entrepreneur. In all these two fields we have to highlight that the number of the past working places and how many years have been spent for a firm or another are predictive for the future of the entrepreneur (Roure & Keeley, 1990).

Referring to the causes and motivation of leaving the past jobs there are no clear evidences in one part or another, there are people tired of working for a particular firm, tired of waiting for never-coming promotion leave their jobs and follow their dreams. And there are people that working in a very stimulating environment or a firm that they admire, they decided to move a step forward trying to found the firm of their dreams. In fact, being in contact with stimulating and positive entrepreneurial situations foster your need of becoming an entrepreneur (Thorne and Ball, 1981).

In situations like these, it's also common to meet interesting and stimulating people that later can become your team, your partner or your co-founder. In fact, it's quite common to have team from the same firm having similar professional background, founding start-up in their competent market sector (Shapiro, 1975). Considering a positive and stimulant environment we have to consider even the externalities arising from meeting competent people in different fields of the same firm. Team with heterogeneous competencies leaving the same firm are quite usually to see (Vesper, 1980).

From another point of view, we have to consider how negative past experiences are positively correlated with future results: the worse the experience was, the better the new experience will be (Brokhaus & Nord, 1979). In this case negative is considered in different ways: no clear career paths or uncertainty about the future in the firm.

Acquiring the necessary skills in the precedent job is usually a good starting point if you are planning to set-up a firm in the related field (Cooper, 1973).

Working experiences have to be considered critical when we have to acquire operational and functional competencies needed to be successful in the next entrepreneurial step, surely because the learning by doing process can be developed quite fast in a firm (McMullan & Long, 1990).

Considering the size of the firm by which the typical entrepreneur comes from there are different hypothesis and empirical researches about.

The main hypothesis is still that a small-medium enterprise is the better place to become an entrepreneur because you are every day in a strict contact with entrepreneurial problems and usually your boss is the entrepreneur. SMEs are so the firms with the major potential of creating future entrepreneurs (Miner, 1990).

### 3.1.1 - WHO IS THE ENTREPRENEUR?

Considered all these theories, research and hints from various points of views, there is still a question that needs to be answered. All authors or research teams provided for their definition -or non definition- of entrepreneur, so we have different results considering how, when and where the entrepreneur is based, defined. Trying to identify a possible set of personality traits of the entrepreneur has its lack in the non consideration of the social, cultural, geographical, juridical and political context in which he operates (Aldrich et al., 1989). Not considering psychological traits of the entrepreneur as exogenous, detached from the environment or the social context is a limit: the entrepreneur is a mix of psychological traits and exogenous variables (Bird, 1989).

Another fact to consider is about the success or the un-success of the entrepreneur: it's not easy to define with objective and mathematical metrics if an entrepreneur can be considered successful or unsuccessful.

Therefore, even after deep research and empirical evidences, we do not have many non-psychological variables inside these studies, because the heterogeneity of the environment, context and life of every entrepreneur is quite important, even within similar countries, people or social contexts. An important contribution to this field of study comes from Burton. He has highlighted that personality and psychological traits of every entrepreneur change during his personal and business life (Burton, 2001).

Considered all the literature regarding the trait-based analysis of the entrepreneur, we can summarise all the variables and measurements in the following table by Dringoli and Boccardelli (2004).

<b>VARIABLES</b>	<b>MEASUREMENTS and INDICATORS</b>
<b>Relatives</b>	Father's job
	Religion, cultural belief
	Income
	Number of people in the family
<b>Education Background</b>	Years of studies
	Type of education
	Degree and Master: type
	Average grade
	Out-of-course years of studies
<b>Age</b>	
<b>Professional Background</b>	Years as an employee
	Certificates and qualifications
	Size of the previous firms
	Satisfaction about previous jobs
	Competences acquired
	Work relationships
<b>Psychological Traits</b>	Risk Taker - Adverse
	Need of achievement
	Self Control and Self Responsibility
	Innovation and Creativity
	Ambitions

Source: Personal elaboration from Dringoli &, Boccardelli, 2003

Going back to all these researches and empirical studies, there is another lack that needs to be highlighted: they consider the entrepreneurial activity as a single related process, dividing the idea from the entrepreneur. By operating in this way, they consider that opportunities often come from the network and the competences of someone: it's not just about psychological and background traits.

Trying to overcome these lacks, in the following year, another approach to the question has been developed: a behavioural field of study. In this case we have to consider the entrepreneur not just for his psychological traits but for what and how he/she is able to do. It's a different logic: a dynamic and operational logic.

So, we have to move from the entrepreneur alone to the whole organisation, from the birth to the rise of the start-up: we will now consider an entrepreneurial process as the sum of the activities, operations and beliefs, because people change during their life, thanks to continuous learning and development process.

### 3.1.2 - THE ENVIRONMENTAL VARIABLES

If we consider the organisation and the environment as a system like two interdependent and interconnected variables, we notice that the new comer in this approach is the environment: it is now a crucial factor talking about start-up. It can positively and negatively affect the opportunities. It's also important to consider that the environment cannot be considered just an exogenous variable. In fact, the firm is able to modify it or, at least, choose in which environment it is better to pursue its goals (Carter et al., 1996).

Depending on how you perceive external variables, in a positive or negative way, that will influence your idea about the feasibility of your project (Gartner, 1985).

All of these studies consider to look at the environment in a dynamic way. Even after having carefully planned, only once the firm is set up you can intervene and modify the environment, changing as much as you can at your willingness and profitability (Larson & Starr, 1993).

During the late 70's, it was clear how research centre, university structures, scientifically and technological parks, besides being a mere logistic aggregator of start-up and working as a hub for skills development and acquisition, were in charge of providing knowledge, attracting investors and creating new business opportunities. Considering America and the MIT, it is clear how the universities clusters foster the development of firms lead by high qualified entrepreneur (Birch, 1973).

Another important aspect is considering how, even if there are people with all the psychological traits to become an entrepreneur, in absence of opportunities, there are no start-up. Besides the motivations and the individual capabilities, it's clear how there is a need of valid ignored market opportunities that are waiting an entrepreneur to satisfy them (Dringoli & Boccardelli, 2004).

### 3.1.3 - THE OPPORTUNITY TO CATCH

Valid market opportunities have to be caught by the entrepreneur, and usually the proximity of the subject to market niche or share is crucial (Dringoli & Boccardelli, 2004).

The spatial proximity leads the entrepreneur to better catch interesting people and low cost information to better define the opportunity and successively the discovery. The actions performed by the entrepreneur are designated to the exploitation of a positive market share, or "blue ocean", in which there is an unsatisfied need waiting feasible product to solve this problem.

Besides this consideration, it's also true that the opportunity itself is not a business opportunity till someone goes and gets it, the entrepreneur is the person in charge of satisfying human needs. In this case, the intuition and the ambition of a human being is the trigger.

And once the need is highlighted, there is an entrepreneurial need to be satisfied: you have to know on who, where and what know-how you can rely on, to properly set-up the company (Stevenson & Gumpert, 1992).

A crucial factor to consider, in fact, is what you need to properly tackle the environment, to catch the opportunity and to satisfy the need, from tangible resources to intangible ones (Venkatamaran, 1997).

Considering the market analysis and the competitors, the suggestion is: the deeper the analysis, the better the future format of the start-up.

Let's try and split the idea in three main topics: the *external environment*, the *vision and the strategic plan*, the *evaluation of the strengths and the people to rely on*; all in all to create valid prerequisites to obtain competitive and stable advantage during the following year of your start-up (Venkatamaran et al, 1992). Having the self-consciousness of your strengths and weaknesses, allows you to better choose which activities should be externalised or to better concentrate your efforts on finding the right people to complete the team, especially in highly uncertain and fast-changing market situations (Stevenson & Gumpert, 1992).

We should definitely not consider the outsourcing of special activities, as reducing internal control, contrary to popular beliefs of having external consultants in sectors in which we are not so competent, helps on focusing on what we are able to do better than others.

### 3.1.4 - THE SOCIAL CAPITAL

The whole picture cannot be completed without considering another important variable: the "social capital". The network of the entrepreneur is, in fact, very important for all the start-ups, you can use people in the network to try and validate your business plan and, as usual, hints and suggestions from skilled friends are welcome (Coleman, 1990). Another interesting fact to consider is due to the exploitation of opportunities. It's not so clear how these opportunities arise: there can be just the eye of the entrepreneur catching the need for people or the need to satisfy a particular problem that can arise from a chat with a friend or relative.

The image of having start-ups growing and thriving in an isolated context is quite ancient and cannot represent the reality.

Nowadays firms are more a network of interdependent agents connected through networks of social and professional relationship (Grannovetter, 1973; Gulati, 2000).

From the *social capital*, we can assume that the theoretical earth of the question relies on how every actors is embedded in an organisation or another, otherwise how big and complex his network is. Studies on social capital relate the ability of the entrepreneur to get what he wants in terms of benefits and favours in virtue of his network complexity and quality, as being part of different and various networks (Bourdieu, 1985; Coleman, 1988). The studies by Granovetter deals with network performance, analysing job search in case of weak relationship or network (Granovetter, 1973).

We also have to consider these relationships through different aspects like: morphology, nature of the relationship, logistic distribution, the content. The important thing is that from every kind of studies related to social capital, it's quite accepted among all the actors in this sector that social capital leads to better cognitive learning, to fresher and newer information We also have to consider all the business related issues that a skilled person in your network can solve in a free and easy way.

There is not only one authoritative definition of social capital, because it's quite difficult to embed all these variables into a single statement but it's ascertained for every actor in this field that this resource is intangible because it resides in the quality and the structure of every relationship and because it's not only important to posses it, but also to envisage the way by which you activate your network when needed (Bourdieu, 1985). We have a quite recent and clear definition from Nahapiet & Ghosal. They think about the social capital as the sum of the resources that the entrepreneur can activate, or potential and valuable resources from the network or the asset in this network (Nahapiet & Ghosal, 1998).

Another version comes from Dringoli and Boccardelli (2003), in which the authors summarise the importance of the *social capital*, and how it affects entrepreneurialism in three ways:

- As a resource to access free information to exploit opportunities
- As an active resource capable to stimulate the entrepreneur itself or the achievement of goals
- As a social resource through which cultural beliefs, norms and support is transferred from one person to another. This is a process by which the entrepreneur can gain the loyalty, confidence and trust of people in his network.

Summing up, we can observe how the social context affects the entrepreneurial success or willingness to experiment, thanks to these variables:

- the level of unemployment, the quality and the presence of infrastructures, the environment, the net income of the family and friends, the population, the urban and territorial development etc.

Regarding the relationship, we can consider these variables affecting the entrepreneur:

- The informal networks: friends, relatives, friends of friends, normal people and business companions
- The formal networks: relations with banks, universities, local authorities and firms.

Networks activated by start-uppers in the early stages of the development are usually more informal, because at the beginning of these processes, the word of mouth is more common than active relationship with investors or banks.

It is also very important for start-ups to consider all previous relationships activated in the process of gaining feedback and information about the product, the service or the innovation. In a broader context we have to consider the social network of people, not just as a business related relationship, but as a whole context in which the business idea is developed (Reynolds, 1991).

We have also to consider the social capital in two different ways. In economics there are micro and macro factors. If we think about micro social capital we have to consider the network of friends or relatives who can foster, stimulate or give a feedback to your idea. If we think in a more macroscopic level, we have to consider the network of entrepreneur or people being able or as much motivated to set-up a firm or a start-up.

Spontaneous and natural cooperation between entrepreneurs and enthusiasts are a sanctions for opportunistic behaviours. In this case, in fact, trust and the loyalty are the basis of relationships. We have to rely on competent and honest people because we share a common dream, and this leads to a virtuous spiral in which relationships become stronger and stronger.

Relationships in this field are a driver to a mutual cooperation to achieve goals that can be different in the business field but similar in terms of self-achievement. This fosters people to better share information and to improve the communication level.

## 3.2. EXTERNAL COMPETENCES

Start-ups based on highly technological processes, products or services are based on a business model in which the assets are mostly intangible resources like the know-how of the people involved in the production process (OECD, 1993).

Being successful in a highly innovative sectors is riskier than in other ones, because there are too many variables to consider: the technological constraints, financial issues and the lack of the needed human capital. Usually there are also complications due to the scarceness of all the necessary resources and competences inside the firm, forcing the entrepreneur to externalise activities or hire specialists. Having access to external resources to survive appears to be critical. Integrating these resources inside the firm is an important factor for innovation. Regarding innovation clusters, we can observe how the presence of universities, research centres and institutional actors, business angels and venture capitalists, all operating with the same goal and objective, is an important and crucial factor (McKinsey&Company, 2001).

Considering the relational capital of the entrepreneur, like all the relationships he can rely on -mainly external formal relationships-, we can assume these resources as among the most significant expansion factors (Dringoli & Boccardelli, 2004) and a great tool for learning (ibid., 2004). It's quite unclear what types of external relationships are better to help the entrepreneur to thrive: he can have relationships with firms, external investors, banks or friends as consultants. Despite this, it's clear that the better and wider the external relationship are, the higher is the possibility for the entrepreneur to successfully launch his firm. We are now going to analyse all these types of relationships between the entrepreneur and the external subjects of interests.

### 3.2.1 - THEORETICAL FRAMEWORK

The development of new firms in market context is examined by different branches of the economic literature: from industrial relationships through finance and intermediaries to managerial and organisational studies. Recently, the relevance of the social capital has been studied to give evidence to the external relationships impact on the ability of the entrepreneur or the firm to produce wealthiness. This is particularly due to the leveraging of resources, both tangible and intangible, that the firm has to obtain in order to overcome the limits coming from the size of a newborn firm or start-up.

Currently, the economic literature mainly focuses on two main topics: the phenomena of the creation and rising of new firms and the role of incubators and venture capitalists. These last topics are the ones examined by the literature regarding the leveraging of resources. Regarding the first topic, we have a lot of literature about success drivers for start-up and critical factors. Trying to achieve the success, we have internal factors like entrepreneurial characteristics, composition of the team, products, patents etc. (Certo et al. 2001), and external factors like environment, market, time, competitors, technology and financial problems (Dringoli & Boccardelli, 2004). Other studies have focused on the lack of managerial competences needed to analyse the market and properly foster the products. These are problems that arise mostly in highly technological and innovative sectors (ibid., 2004).

In these sectors, it's more critical to get the necessary highly technological resources needed to maintain the market leadership or share before your products get obsolete or your technological process makes you be stuck behind your competitors.

Usually, beyond the mere size of the company, it is technology that makes the difference between a SMEs or an MNC: big firms usually look for systemic knowledge to be spread, SMEs look for the real application of these technologies developed by bigger players (Nooteboom, 1999).

Therefore, being part of a network of firms capable of successfully integrating all the technological competencies in which institutional, technological and economical actors happily live together, is as much useful to compete as a cluster against other firms, especially in high competitive markets, usually not approachable by the single firm. So, in this cluster we have local or regional economies acting as a single actor against the biggest in the market (Dringoli & Boccardelli, 2004).

Participating at these networks does not mean an automatic success for the firms inside the network, rather it's a prerequisite to activate a process of technological and economical flow of information among the parts involved in the network. Especially because reaching the technological capital needed usually depends on the assets complementarity in the network, one of the most important positive externality (Boccardelli, 2000).

We can see how a young firm or a SME can get the needed resources thanks to network internal actors, focusing on expanding their best skills and integrating the complementary ones (Boccardelli, 2000).

Thanks to the characteristics of the network, the main benefit for start-ups and young firms is the opportunity to leverage, the practice by which you can complete your team or firm resources through external competences in order to reach the perfect allocation of human resources, a crucial characteristic to achieve the success, especially in high competitive markets (Boccardelli, 2000).

The importance of the social capital in SME development, as already explained, is a crucial characteristic, whatever the new firm is created through promoting organisations - like university spin off, a research centre or a pre-existent one -, or from an idea developed outside any pre-existent organisation, thanks to financial, technical or managerial help - in this case we can consider start-up and young firms -, or even a firm born from an idea and directly financed from its members.

Despite the category, but with particular attention to start-ups, one of the most critical factors among the others, is the social and relational capital of the new firm. We have literature reviews on the benefits arising from the University relationship; authors like Boccardelli (2000) focusing on the importance of the relationship with the incubators and venture capitalists, other ones like Birley (1985) on the benefits arising from the relational and social capital from the cluster or territory. Considering how the new-born firm can leverage the needed resources and the feedback from outside, we should consider how a firm can access the external feedback or promote itself outside the small network or community. Considering the SME or the start-up of the Internet World, thanks to an empirical analysis of Demers and Lev (2000), we can assume that the larger the strategic relationships, the higher the possibility to be successful. We can assume that strategic alliances with competitors and suppliers can foster our firm's growth (Boccardelli, 2000).

There are lots of possibilities to achieve and develop profitable relationships with customers: the presence in the Web, a correct and honest behaviour, the word-of-mouth, a valuable product and an ethical corporate responsibility and crafted digital marketing strategies.

# 4. DIGITAL MARKETING FOR START-UP

## 4.1 - INTRODUCTION

In May 2016, according to a report by StartUp Italia<sup>7</sup>, only 2998 out of 5143 start-ups have their own website, just 58%. According to the above mentioned analysis, we have 3 out of 10 websites currently not working: 60% are not reachable, 41% are under construction and a 2,5% are currently selling the domain. In conclusion, just one start-up out of five has an active website, that is 1000 out of 5000. We can look at the digitalisation of start-ups also by an other point of view: only one out of three has a mobile responsive website. And, considering that web research on mobile from October 2015 have overcome traditional from-desktop research, maybe some improvement should be done. Among the problems start-ups face, one is getting their business out there. Once the financial basis is good, employees are ready to work and everything else is in place, there it comes the difficult bit – spreading the word. Marketing is important for all businesses, but it is vital for start up. Businesses need to include Search Engine Optimisation (SEO), social media management and email marketing into their marketing mix. However, before embarking on digital marketing and traditional techniques, you must be sure you have at least the minimum: your website. A website is a business online shop front; it shows off your brand, what you are offering and provides a place where all your marketing results are driven in the same way a physical store would do but instead of people walking past and being enticed in, they browse the web and they stumble upon your website. It is likely that a start up will be lacking in customers or clients. This isn't a reflection of the personal business, it is simply that people do not know the start up exists, yet.

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<sup>7</sup> <http://startupitalia.eu/55023-20160427-startup-siti-registro-imprese>

The importance of a website for a startup:

- Websites are the first place someone will go to find out more about your business; without one, how will people find out who you are and what you do?
- If someone hears about a product or service a start up is offering, where will they go to find out more? The Website
- With more and more people going online to shop, businesses without a website can miss out on a number of business opportunities.
- A website can be a blank canvas that allows you to show off your brand, create brand awareness and show people you mean serious business.
- A website reflects a company; a professional website can make a small startup appear as a much larger and successful company.

We can consider Social Media Marketing (SMM), as the part of marketing campaign in charge of giving visibility to a brand or a firm in the social media, web platform and 2.0 Web. One of the main aspects of the SMM is that, thanks to these instruments and tools, the relations between customers and the firm or the brand are fairer: comments, likes, following and private messages are the main ways to create engagement among the community. So once a website is established, the following procedure is to identify your target and set up a proper Digital Marketing Campaign especially on Social Media. In fact, it is omnipresent. It is so powerful that has simultaneously spawned millions of bloggers and inspired political action.

It has the ability to connect, to compel, to convert. By the end of 2010 there were 0.97 billion social media users worldwide<sup>8</sup>; by the end of 2016, there will be 2.13 billion.

Social media has had a real and irreversible impact on our lives, both personal and professional. In a marketing context, the priority given to social media continues to grow, as marketers and managers seek to reap the benefits of its unique potential for virality, for their own businesses.

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<sup>8</sup> <http://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>

## 4.2 - USERS AND MOBILE INTERNET

### 4.2.1 - MOBILE INTERNET DIFFUSION

Another thing to keep in mind is the internet traffic coming from the mobile sources like smartphones and tablets instead of personal computers. There is an interesting annual report from GSMA Intelligence<sup>9</sup>, following some data from the 2016 report: talking about web-mobile we have roughly 2 billion user on mobile. Messages, emails, social networking and photography are the main field of use of smartphones and tablets. About half social media users check Social Media from a smartphone and a quarter from tablets. Mobile subscriber base set to reach almost three-quarters of the world's population in 2016; 2015 has been a year of steady growth in the mobile industry, with more than 7.6 billion mobile connections (representing 4.7 billion unique subscribers) and operator revenues of more than \$1 trillion. The acceleration of 4G has been a major highlight; the global 4G connection base passed the 1 billion mark in late 2015. 4G networks are now available in 151 countries across the world. There is an accelerating technology shift to mobile broadband networks in the world. Mobile broadband connections (3G and 4G technologies) accounted for almost 50% of total connections at the end of 2015, and are set to increase to more than 70% by 2020. The factors driving this migration are greater availability and an affordability of smartphones, more extensive and deeper network coverage, and in some cases operator handset subsidies. The greatest impact of this technology migration to date has been in the developed world. Here, mobile broadband already accounts for more than 80% of connections and, by 2020, this will reach 92%. In contrast, around 40% of connections are currently on mobile broadband networks in the developing world. However, this is projected to reach two-thirds of connections by 2020. An additional 2.5 billion people will be connected by a mobile broadband network across the developing world over the next five years.

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<sup>9</sup> <https://www.gsmaintelligence.com/research/?file=97928efe09cdba2864cdcf1ad1a2f58c&download>

The increasing proportion of higher speed connections and proliferation of 3G and 4G networks largely reflects the accelerating rate of smartphone adoption. Adoption rates reached 65% of the connection base in the developed world at the end of 2015, ranging from 59% in Europe to 74% in North America. Smartphone adoption is accelerating across the developing world; smartphone connections reached 40% of the total connections base by the end of 2015 (up from 5% in 2010), largely due to growth in Asia Pacific and Latin America. The number of smartphone connections will increase by 2.6 billion by 2020, with more than 90% of that growth from developing regions. China is already the largest smartphone market, but India will be the real growth driver; it is set to add almost half a billion new connections over the next five years. Talking about infrastructures, we can deduce that investments on high speed internet connection (both mobile like LTE and optical fibre) can positively impact on our GDP. The correlation among GDP and increasing in Internet Speed connections is positive. We have seen how South Korea has got huge benefits from investing on 100Mbps as a minimum standard. Business talking, the Mobile ecosystem is creating a new powerful relation channel between firms, public administration and consumers. It is fostering other markets like: Mobile Internet, Content and Apps, Marketing, Services, Commerce and online Payments.

#### 4.2.1 - A NEW SOURCE OF CUSTOMERS

Thanks to both the increasing diffusion of mobile devices and the role of social networks, we have seen an evolution of the customer from a mere “*Consumer*” to a “*Prosumer*”. With prosumer we want to highlight how traditional consumers are shifting to a more active way of using products: now they are actively feed backing and collaborating in different ways with the brand or the firm. They are producing contents and reviews for other consumers and they are letting firms know how to improve their products or services. In doing so, they are producing a double positive effects: both for the brand and for users.

Besides, we have different motivations about why social networks and mobiles are a happy marriage: Tweeter is meant to be used lots of time during the day so it has to be on your mobile. Facebook is the same, there is space for more than one or two photos or posts per day, and it's the same for all the others. Regarding the Mobile Content and Apps, we can say that is steadily increasing due to different factors: the number of smartphones is increasing and new shares of market are now fully penetrable thanks to low cost Android-powered phones, nowadays even a 100€ has the possibility to access to internet and the Google's Play Store. This market is for the majority a Pay market (for the normal Internet via pc is not the same: web sites are usually available for free), in here we have a cash flow coming directly from the App sales, a mere 10-15%, depending on the market and OS, from the advertising inside the App. Another face of the same coin is coming from the in-app billing system: it's quite powerful, it consists of offering a free-version of the App but without offering the best contents or features or limited in time or quantity. Once you get in the App and you start to like it, you are just in the middle of the marketing funnel crafted for your mind: you will want more and you will spend more and more. Considering the on-going trend and trying to forecast about the future of the mobile market we can say that there are lots of factors that can affect the market in the next years.

Let's try to summarise the main ones:

1. the *Distribution Model* and the contents usability: there are more and more mobile Content&Service providers offering services HTML5 based. This programming language is very platform-friendly, it looks more or like the same whatever the device you are using, so there is no need to keep on developing Apps. There are also lots of cross-platform ways of programming. Therefore, once you have programmed one version of your App, then it's quite easy to "translate" it to Android or iOS, so even App are reluctant to die. There are different new marketplaces for the Apps. There is the US Amazon Store or the Facebook Centre, there are also illegal marketplaces that are thriving quite easy and fast.

2. the role of *payment systems* based on telephone bill: instead of letting users paying only via credit card, not all smartphone users have one (let's think about the 100€ smartphone owner, for iPhone users it's now compulsory to have a credit card), but all of the users have a telephone bill: both pre-paid or subscribers. Considered this, it's quite easy to focus on paying through telephone bills. Lots of carrier have implemented this policy, e.g. to let users paying at PlayStore using telephone credit.
3. *OS and brand strategies*: Will Nokia and Microsoft keep on playing alone? Are they going back to Android? What about Google and its Project ARA? Has Apple made a huge mistake trying to satisfy all consumers? What about the "hump" battery pack? Is Huawei able to keep on developing killer high-end smartphone? OnePlus Two? Which will be the main market target? Countless questions about brand and firm strategies that do not have certain answers.
4. *Market regulations*: what will authorities and institutions do in terms of privacy and consumers protection? Are they aiming to introduce a new App taxation? How they will handle the greater demand of personal information from investigative authorities trying to prevent terroristic attacks or fatal events and the greater demand of privacy from users? There are lots of borderline features like geo-localisation, data mining and consumers rights, in need of getting more attention.
5. the *multi-device competition*: another point to highlight is the cannibalisation of each device in the share of wallet per App and in share of time per devices. If you spend from one to two hours per day on devices like iPhone and iPad, there is a huge difference on which app you are using and in which device because the physical constraint of the time do no let you spending more time on devices. The share of wallet is also important because there is kind of budget even for mobile app: if you are earning 1500€ per month, your expenditures per Apps will be quite fixed or slightly increasing, not infinite.

All in all, the mobile market cannot be assumed as guaranteed once you just have a website (if you are among one of the start up that has one), it needs different tools and instruments. Despite creating the App or making the website mobile friendly you should promote it, later on. Developing App or Websites cannot be one of the main tasks you are meant to do by yourself, as the lack of technical and informatic skills cannot be gapped in a while, promoting your start up via social media marketing and web marketing can be a task you will be in charge of. In fact, as seen before, the market share is very huge and the ability to do Digital Marketing, or in particular Social Media Marketing is not so difficult to acquire. The crucial factor is that you should quickly understand that unidirectional marketing campaign like in traditional marketing cannot work anymore. Nowadays, customers try to interact with firms, they want their ideas to be heard and they want to be part of the new products design and development. You should definitely start to listen to your customers, and Social Media, today, are the most efficient way.

## 4.3 - SOCIAL MEDIA MARKETING

### 4.3.1 - INTRODUCTION

Traditional marketing campaigns are largely unidirectional: the advertising agency or the company decide by themselves, create and launch an ADs campaign or modifications in the product, services etc.; on the other side we have customers receiving every kind of messages. Historically, they are considered as top-down communicators, in control of what information is released, to whom, how and when. The speed and ease of communicating via the Internet have, indeed, created a new and complex scenario: websites use technical translation strategies, blogs are associated with emotional support functions, and social media establish dialogues with all the stakeholders. Customers can suggest improvements, they can be part of the innovative process of the brand: it's exactly what we were suggesting to firms in the process of innovation (Hammel, 2007). You should include all the people who have any kind of relations with the brand or the firm, and who knows best than consumers themselves what they want. Without considering what Steve Jobs was suggesting in the past about consumers' behaviour, our customers know what they want. Ignoring them is not a good move. In particular, new social medias are a fast moving phenomena, powerful new communication platforms capable of underpinning marketing and communication strategies. In the last decade, online communications have influenced the way in which organisations share messages with the media and the public, as it's imperative to conduct timely, accurate and effective communication exchanges in the information society. The new scenario has, also, affected the personal communication relationships. In other words, in the so called knowledge society, information and innovation are crucial. Moreover, we agree with the new definition of the creative industries in terms of social network markets, where both demand and supply operate in complex social networks.

Wonderful marketing campaigns have forged the history of marketing creating milestones that will never be forgiven. Unfortunately, it's not the routine. We are sick and tired of useless television campaigns or spots on the radio: it's time to move up. These mediums are still some of the most important way for a brand - firm to promote themselves. But 60 years after the introduction of Television, and almost 30 years from the introduction of the Internet, there must be different ways to promote products, services and processes. In this direction we have Social Media Marketing (SMM) coming at a relatively fast speed. Thanks to this cultural revolution, now companies and brands are so near to us as never before, and we will certainly say the same about SMM in 10 years. It's like never being satisfied and wanting more: nothing better than this.

The success of SMM comes from the fact that, someone named Seneca, in the past said "*Every men is a social animal, people are made to stay together*", so if we have human beings who want to socialise, we have to exploit this "weakness". If we had only people like Zarathustra seeking for the mountain, it would have been quite difficult to spread social networks.

What Social Network have outperformed considering the other channels from the past is the possibility to flatten the world. When Friedman thought about why the world is flat (Friedman, 2005) he introduced lots of thesis and opinions regarding this, but he couldn't know about the forthcoming revolution of Social Networks. If the way by which messages are transmitted by people and friends has changed, we should reconsider even the way of transmitting promotional campaigns or marketing messages. Social Network are the turning point in this sector: they have changed the way people communicate, they have changed also the way people relate each other, without considering the way how people express their feelings and emotions. We could write an entire dissertation about the improvements, the benefits but also about the negative sides. We are also not so sure about the balance sheet of this introduction. As usual, it's not the right time to evaluate without any doubts how our world has been changing.

Other students, economists and people chatting at the bar or via the social network, in ten years, will decide if it was a positive or negative revolution. For sure, such a big change in the communication cannot be considered just as an incremental innovation in this world.

### 4.3.2 - HOW SOCIAL MEDIA HELP START UP

If we're looking for an irrefutable proof that social media makes sense for start up, it can certainly be found in numbers. Consider that Facebook is now responsible for a 15.8 percent of total time spent on the internet. Let's have a look at other statistics by Rocketpost.com<sup>10</sup>:

- Nearly one out of every three Americans receives their news through Facebook.
- 40 percent of people socialise more via social media sites than they do face-to-face.
- The average Twitter user spends 170 minutes per month on the site or mobile application.
- The average social shopper spends an average of \$140 when coming from Pinterest and \$60 when coming from Facebook.

Clearly, social media has a solid foundation and is poised for continued long-term growth. As suggested by Inc.com (an E-magazine about Business and Start Up, which from 30 years is among one of the main authoritative font for start upper visited by more than 22 million people every month<sup>11</sup>) the first thing to do is clearing your primary goals.

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<sup>10</sup> [rocketpost.com/blog/33-captivating-statistics-that-could-change-your-marketing-strategy/#.VONDcym4ksk](http://rocketpost.com/blog/33-captivating-statistics-that-could-change-your-marketing-strategy/#.VONDcym4ksk)

<sup>11</sup> SimilarWeb analysis

While many large, established corporations use social media to facilitate growth in all areas of business, it's more likely that a startup will focus on one or two of the following:

- *Brand awareness.* Every startup uses social media as a channel for driving brand awareness. It happens organically with post content and engaged users.
- *Content distribution.* Many brands and businesses use social media as a content distribution and dissemination platform. If the contents are engaging and unique enough, it's possible that others could share the posts and indirectly advertise.
- *Lead generation.* Ideally, social media profiles as lead generators that drive traffic to your website it's one the goal to be achieved. This requires a long-term investment and results usually aren't seen for many months.
- *Customer acquisition.* Finally, the best case scenario is that social media profiles raise brand awareness, the content generates leads, and leads turn into customers. That is officially the best scenario.

Depending on your strategy, approach, and goals, an entrepreneur should be able to determine which social media platforms are right for the startup.

## 4.4 - TYPES OF SOCIAL MEDIA

As every internet user know, there are lots of different type of social media, but they share a common background: they have to foster and stimulate curiosity among users in different ways. We have different classifications of the social media, one of the pioneer in this field was Scoble (2007) with the “*Starfish*”.

As the name says, it is a special type of star in which there are 12 different typologies of social networks: *video, photo, blog, events, collaborative tools, wikis, audio, email, sms, microblogs, personal social networks and white label social networks*.



Source: Scoble, “Starfish” (2007)

Another interesting kind of classification about social media is the so called “*Social Media Landscape*” (Cavazza, 2012). In here, we have 6 classes of services offered to users; classes are represented inside a wheel and they consist of: *publishing, sharing, buying, localisation, networking and playing*. Now, in the middle we have Facebook, Twitter and Google+ because they are everything we can expect from a social network.

Once we have considered what is common among all the social networks, why people now prefer sharing instead of being, negatives facts and silver linings? It's time to go deeply inside every one. Because, each one of them, has its peculiar characteristics and creating a marketing mix campaign on Social Networks means targeting and using the right social channel for each action we want to start. There are also lots of differences on how people react to new ideas or innovations through one channel or an other. It's like receiving the message from the newspaper, from the TV or from the leaflet; from the radio or from an unconventional source of advertising, like in NeoMarketing. Each one of them have a different way to convey emotions and messages, you have to target everything perfectly.

#### 4.4.1 - FACEBOOK

Facebook is a social network, but it's better to call it “*The Social Network*”,. It has more than one billion users, 1 human being on Earth out of 7 communicate with his 130 friends all around the world. According to the Social Media Marketing Industry Report 2015, 90% of marketers are using Facebook and 72% of them are planning to use it in the future. Only a mere 3% of the marketers are not planning to develop Social Media Marketing strategies to better penetrate their market. This is not just for big companies, this is also for SMEs, it's a kind of mother lode for these small firms, it's quite easy to develop or successfully implement campaigns through the use of it. It's also cheap compared to other media mediums and it's often called as a way that minimise pain, maximising gain.

Even in here, it's still true that a firm has to work hard to do Social Media Marketing, but with a minimum effort you can have decent results. In this research it is also highlighted that, it is the best one if you are a newbie in this world: it's very user-friendly and all the analytics and ADs instruments are targeted for people who are not expert of this sector. Having some paid advertised posts on FB is really really simple: the manager of the page will find a very powerful user-friendly interface that will help him from A to Z. Technically, having a fan page on Facebook is like having a mini site or a blog in this social network with lots of advantages from the customer point of view: you can message directly the company, you can follow and view posts, photos, videos and even commercial campaigns. Our firm target is usually a firm working in the B2C or C2C industries, like: fashion and clothes, public places (disco, pubs, restaurants), travel agencies, VIPs, merchandise and shops, local activities and, obviously, online business like e-commerce, blogs and web news. There is no need for firm or company to work in B2B due to the limited gain and revenues achieved through SMM. If the start up is looking to reach the masses, this is the best place to start. It's also the most credible platform. Any healthy and established business has a Facebook page, and a lack of one is a warning sign to potential customers.

#### 4.4.2 - TWITTER

Twitter it's a kind of social network, considered as microblogging. It is well known across the world due to its user-friendly interface. It's currently the second one considering the West World. Steven Berlin Johnson (2009) says: "As a social network, Twitter has its main focus on following users on it: when you choose to follow someone, his or her tweets will appear in your home page, they are ordered in an inverse chronological way. If you are following, let's say, 20 people, you will see a mix of tweets along the page: new cereals for breakfast, new links, musical suggestions, personal thoughts about education and future reflections."

We have different suggestions from Biz Stone, the *Twitter Creative Director*: he says that every tweets from all over the world can be indexed and utilised to real-time research of what is happening in the world. Thanks to this feature, today you can use Twitter as a kind of personalised journal to follow all the newspapers, writers and journalists you like. Tweeter is the best way for firms and companies to keep in touch with their clients, it's very easy to inform your customers about promotions and discounts.

Research shows that 68 percent of Twitter users<sup>12</sup> are more likely to make a purchase from the brands they follow. If content distribution and one-on-one customer engagement is important, Twitter should be a key part of the social media strategy.

There are some ideas of promotions and marketing campaign that almost every company can successfully implement:

#### *Coupon campaign*

You can insert your coupon campaign in the tweets to give your clients the possibility to get discounted items thanks to codes embedded in the tweets and successfully used in their e-commerce. Dell was on of the leading firm in this field: it had a period in which getting discounted computers was just a couple of click away for any users. Just go to Dell Twitter's account and surf looking for discount codes.

#### *Customer Care*

Twitter can be used as a perfect customer care tool. It provides you a fast service, friendly and efficient with respect to other customer care tools, like phoning or emailing. It's more direct and it creates a kind of history of FAQs that people can see in the page. It's offered for free so there are no excuses to not implementing it.

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<sup>12</sup> [www.adweek.com/socialtimes/startups-social-media/495057](http://www.adweek.com/socialtimes/startups-social-media/495057)

### *Comments*

Reading with care all the notes and comments left from users and buyers, it is a successful strategy to improve and get help directly from the final user: you will better know how to get the perfect product they have always dreamt about. You also have to consider all the prospects about people interested in your company or people that are posting negative comments or feedback about competition, in their pages, in groups.

### *New customers research*

You should start following competition accounts to capture and sort up what they are doing on their pages: both from users and companies point of views. You should start considering what other company's customers think about their product, you should also consider how to attract other customers from there: there is a twitter plugin, called *TweetDeck* that can analyse tweets and gives you back all the tweets with bad vibes or feelings. If you are on a competitor page, you should later invest some time in proposing something from your firm to unsatisfied customers.

Increase visits. Posting in your profile information and offers about your web or blog is a good way to increase visits on your company websites.

### *Malfunctioning service*

There is a clear example from *WhatsApp*: you offer status updates about your platform or website functioning: if everything is ok, no need to tweet anything, if something gets broken you can tell you customers that's everything will be fixed soon or instructions about how to deal in these bad moments.

### *Funds seeking*

Lots of charity foundations and no-profit associations use Twitter to inform their followers about forthcoming activities. A surplus is that, thanks to this, other users can re-tweet (share) information to other friends and users.

### 4.4.3 - GOOGLE+

Google+ is one of the last launched social network. It was born in June, 2011 and in the first year it reaches 400 million users. It has a slightly different way of working: you should divide your contacts in circles like relatives, colleagues or whatever category you may want to create. There is also lots of features regarding multimedia and contents related to outside circles in a way that foster the creation of new circles or the entrance in existent ones.

As in the other social networks, also in G+ there is the possibility to create a company page to better manage your business. In a recent survey, it's clear how more than 50% of Social Media Marketers are using this social network. There is also the willingness to improve and increase the presence and the use of this social network, due to different reasons: it's one of the latest one, it's from Google so it seems it can positively impact on your site ranking, the SEO crawler is able to link sites and social networks pages. If you want to create and successfully manage your company page there are four steps to follow:

1. Create the page: once you are subscribed, you have to create the page adding all information relating to your activity. You must be as detailed as possible, adding all information regarding both your products and contact details. Another thing to consider is the keyword research and selection: it's better to have coherent and consistent keywords regarding your activity. In doing so, you have a double positive effect: talking about SEO you will better rank about the keywords you have defined as a must for your business, you will be better connected both directly and indirectly to related people and pages.
2. Link your G+ page to your web-link lets Google crawlers have a better idea about what your business is about. There are two types of connection you can set-up, and one does not exclude the other: first one is to connect your G+ page to your site through the site link in your personal profile. The second option is embedding social buttons or actions in your site through plugins or embedded HTML code.

3. Site optimisation: to achieve the best optimisation you should embed Social Buttons on your site, there will be all the actions you can perform on a normal Google+ page, but internally on your site.
4. Managing customers: thanks to the circles, you will see the customers in your network and you have to “feed” them with contents and Easter eggs. You should consider even how to create engaging contents to promote your page
5. Be active: there are few *golden rules* to follow to be a good Social Media Manager, quite simple, but powerful. Let’s start from the first one: check your notifications every time you can; answer to discussions and post comments. You have to perform periodical research about the brand and the field in which you are operating: imagine being in the sunglasses sector, sometimes it’s better to check how the fashion industry is moving on. Use the “*echo*” function on your posts to check out what are your main influencers in sharing or commenting your posts; remember to create *webinars* or the so called “*hangouts*” (exclusively for a few people) to share exclusive contents with them.

#### 4.4.4 - YOUTUBE

YouTube is a web site born to share and view videos. Furthermore, it’s one of the most used search engine. We always know YouTube, we have seen old and funny videos, film trailers, science fictions and whatever you want. In here, the content is pretty various: from the dumbest videos about little puppies not able to climb a step to BBC or National Geographic news.

Let’s consider this: every minute, almost 60 hours of videos are uploaded, one hour of video in YouTube per second in the real world. Every day, more than four billion videos are seen by users. There are 800 millions of new unique users every month. In one month more videos than the sum of the videos of the three main USA television networks jointly are uploaded on YouTube.

In 2011, YouTube reached the astronomical number of 1 trillion views, more or less 140 views per person on Earth per year; considering that not every people on Earth has computer and internet access, it is far more. Every tweet generates about six new YouTube sessions. Therefore, it's quite easy to say that a successful firm or company (from a SMM point of view) has to craft a successfully SMM strategy that includes all these social networks. If you use this platform in an original and clever way, there are good possibilities to increase returns. We have subdivided opportunities into 4 main categories:

1. improve firm or company awareness from consumers' point of views.
2. promote specific products, events or people
3. use this channel as a customer care channel, especially in post sales services or via tutorial or hints to successfully use those products
4. train clients, partners and employees through particular sets of videos in order to take the most out of your products both from the selling and from the usability points of view.

To improve the firm positioning, of the brand and to fetch new customers, it's necessary to create a firm's channel, you have to describe the company and the brand in an exhaustive way, do not forget to insert the link of your website. Regarding the content of the videos you have to consider a couple of things, the videos you have promoted should be: engaging but promoting or promoting but informing. There is a variable that does not have to disappear: the promoting part, then it's up to you choosing in which way. For example: a comic gag or situation associated with the use of a product, regarding the second type of video, we have to think about an "*infomercial*" one. In this type of video you have to provide your customers interesting information about your product and better ways to use it. Another important thing to consider is how you behave in YouTube: you must become an opinion leader commenting other videos or creating playlists about a specific topic.

## 4.4.5 - PINTEREST

Pinterest it's a social network, based on your interests that become photos. It's possible to upload images from your computer or highlighting the URL containing it. The selected photo will be part of your board, a kind of container in which you can put all the photos you wanted, usually related to a common topic or field. Another aspect of Pinterest that needs to be highlighted it's the possibility of inserting all the photos you wanted to create a kind of album of your products like an e-commerce web-site. It has been introduced now, the possibility to directly buy through Pinterest and the ability to get exactly the information's you want about one object or another from the photo. Imagine having a living room with lots of furniture, you will have the possibility to get information and later buy one light or that table you have seen in those photos. Consider how can improve sales and affairs of Interior Designer or Stylists. As in all the other social networks there are some actions that you can perform: instead of like you have the Pin, instead of share you have the Re-Pin, you can also comment, embed in your site, follow other users or boards. We have seen that Pinterest has got the highest number of new users from its launch. It's something around a +9500% users on a year: never seen something like this. There are some actions you can perform in this social network:

1. Expose your products: you have folders that can be organised in a personal way: one or more boards can be assigned and crafted for dedicated lines of products, e.g. a fashion company can create a board for each season or types of garment. A restaurant can divide the boards regarding the first dishes or the typology of meals. It's important do not be too much focused only on your products: it's better to create folders and boards regarding all the merchandise or products of a sector, let's say, the best shirts for the S/S '16, obviously in here there will be some of your shirts.

2. Interact with the users: even on Pinterest, the secret is to engage users offering them something in return, usually an experience, an interaction or something can be perceived as exclusive or a game. You have to leverage the sense of exclusiveness, even if it's not true. Engagement even talking about creating a board together with the users. In this way you are fostering users to interact and share the game with other users: viral contents as a mantra.
3. Know your users: thanks to the following system divided per boards, it's easier to know tastes of followers, know what they like and which are the best products of your sales line.
4. Promote your posts: Pinterest it's a social-photographic network, so let's imagine how much effort you have to put on choosing the best stunning photos for your articles and boards.

#### 4.4.6 - INSTAGRAM

Instagram it's a social platform with a high degree of growth, it's core is based on images: it's a free photo-sharing tool that nowadays have more or less 400 millions active users. Initially was created just for smartphones, then also through the Web in a better way to see and share photos. The emotional aspect of this platform is quite intriguing: more and more friends are sharing not only photos but also emotions and experiences. An example of how to use this platform, is to promote the *back-stage campaign*, the *shooting session* of your products from behind the scene. Another one is to promote how the products are carefully handcrafted and made, like Gucci shares the moments in which *artisans* are creating those luxurious bags. In here it's not easy to promote an entire collection, because there is no possibility to organise all the photos related to a specific season or marketing campaign, no folders, no boards. But as we have seen each type of social network have its own peculiarities and it's up to you to exploit each one of them. You can create hashtags related to specific events or parties, you can launch hashtags campaign and promote that tag among your users.

There are great examples on how to successfully use Instagram from different brands across the world, we can think about Gucci, Marc Jacobs, Burberry, Tiffany, Starbucks, RedBull and so on. Let's check how these major brands are using these Social Network, because as a start-upper maybe it's better to follow these guidelines, they are successfully, they are tested and maybe you are in a stressful situation in which is better to copy from the bests.

1. Starbucks: this brand is viewable in all the social networks we know and it was always an early-adopter, e.g. in Instagram it has 9 millions followers. The firm is evidencing photos that are showing production moments from across the world, like how blends and mixtures are combined to give their product this or that particular (awful) taste you are smelling. From Instagram these photos are then shared in Facebook so the cross-connection is done.
2. RedBull: in all of the Social Networks directly managed by the brand we do not have explicit references about the products, you have experiences and life moments that better represent the RedBull philosophy, in Italy it's: "Ti mette le ali". So, there are contest about trying to build "vehicles" and then try to fly as more as you can from the end of a giant slope to the sea. I've seen it in Oslo: a pretty warm sea to dive in, but it's RedBull, it puts wings on you.
3. Tiffany: this firm is using Instagram to shows you how their wonderful hand-made jewelleries are made of. From the raw materials selection to the artisans' expertise they are using to carefully craft the desired objects. It's a way to inform people about their modern craftsman philosophy. Are they really hand-made crafted? If people had perceived this, they would have definitely won.

What embrace all these campaign is the ability to foster the bottom-up participation and engagement, they are not promoting just a product, they are promoting a way of life and who better than us, Italians, know how to promote "La Dolce Vita"?

## 4.4 - SOCIAL MEDIA MARKETING STRATEGIES

Using Social Media guarantees to firms and brands a powerful tool to directly reach their customers in an informal way. Considering how users utilise social media it's easy to think about a relaxing moment in which they discover what's happening in the world or in the friend's world, so in these situations in which you are vulnerable and relaxed they engage and target you. It's thanks to this spontaneous and not forced use, the best moment to hit you.

Firms using social networks have different expectable returns as:

1. Raising the visibility of their products, services and so on...
2. Increasing visits and unique visitors on their websites
3. Creating a community of engaged users willing to create and share contents and experiences about the products.
4. Seeing an increase in sales and customers

As, for every aspect of a business, even in this field we have to carefully craft a strategy that suits our needs. Being a start-up means that there are, usually, no money to "waste" on Social Media Marketers or Managers. It's one of the last thing that is implemented, even in a SME. Start-uppers are in charge of doing the Social Network Management. The silver lining is that probably you will find it stimulating and funny. It will be easy to learn some golden rules and successfully implement a Decent Social Marketing strategy.

Some old but gold tips that can fit perfectly:

1. Offer some free services: the 2.0 company has to leave the advertising spot in lieu of the creation of exclusive and free contents that are immediately “payable” to consumers. An example come from Pampers offering hints and suggestions to net/neo parents or Dell offering discount code in their social networks profiles.
2. Focus on new online format: a 2.0 brand has to carefully select on which channels have to rely on, like podcast and video cast are relatively old but they are getting greater and greater importance and satisfactions from users. If you are conveying promotional information about your brand through social networks instead of leaflets, maybe, consumers will be more willing to hear you.
3. Donate Premium contents: if you are able to give your consumers something exclusive that enriches their usability they will be glad. You are offering your customers something different that herds your customers in a loyal tribe.
4. Interact and engage: the firm has to continuously keep on improving their products and in doing so they have to offer their users and customers (especially loyal ones) different experiences and ways to network and chat. It’s also important to convey feelings and morals about what is good or not good for the company. It’s a way to let your users know about firm’s Corporate Social Responsibility (CSR)
5. Go viral: the firm must have the ability to create viral content in the social network, once you have set up a proper emotional “message” you just have to let the net convey and transport the message for you. In here, there is no space for bad manoeuvres: if you are not 100% sure about your product, remember that these types of campaigns have a boomerang effect. Think and observe accurately before starting one of this campaigns.

6. Go Global, go Local: this reflexion works for all the firms in the world. There are lots of theories about it. You have to uniform your presence in different parts of the world (if you have a rising star start-up...) and target different places in different ways without losing your international identity. By the way, usually and unluckily it's not the start-up case.
7. Have a cross-media strategy: messages have to be conveyed through the best instruments: it does not make sense to foster the image sharing on Twitter.
8. Focus on rich media: nowadays it's quite easy to have a fast internet connection, both at home and via mobile. So, do not be shy: share contents as videos and photos. Just respect the maximum time common sense is suggesting you: we do not want a movie, a short of 1 minute it's enough to capture and not bother and bore people.
9. Get loyalty from your customers: avoid one shot campaign, aim for a larger and bigger communication project. Do you know how HBO series works? There are some zombies always unsatisfied about the fresh flesh they are consuming and there are some people striving for the right to do not being eaten alive. In every chapter and in every seasons something keeps you loyal to that series. It's giving just a little bit of story and emotions continuously but avariciously.
10. Surprise them in different ways: users want different contents to be share with the other people he cares about. These messages must be able to convey emotions and give hints about the experiences you can live.

Assuming a winner strategy is being implemented, there are lots of positive things a company or a brand can achieve:

1. Efficiency: if you are using social networks as a marketing tool of your major campaign you can aim at greater results than in any other forms of marketing campaign by the viral effect point of view. Even if we are talking about Business Intelligence and Data Mining there are greater possibilities to exploit through social networks and the analytics

2. Community building: Social networks are one of the best way to unite people and flatten the world. There is no geographical distance that tear people apart. There is no census effect or social constrictions. Everything is in order. We have to think about the social network as one of the freest and corruption-free way of informing and sharing. Due to this we have to think about social network as one of the main channel in which false news thrive, the so called “*bufala*” and contents about homicides, tortures or other sensitive materials.
3. Brand-awareness: thanks to the huge number of social users, there is no difficulty to let people know about your brand or products. To a relatively low cost you will spread your ideas and products across the .net World.
4. World-of-mouth: social networks users become part of the spreading process you have started; people love chatting at the bar.
5. Interactions and direct users’ engagement: users want to become more than a consumer, they become co-creators during the design and stylist phase, tester or developer during the intermediate phase and at the end they are the main source of feedbacks and reviews. Wants more?
6. Loyalty: engaging users is a process to foster the loyalty across the consumers. Retaining clients and people is one of the main goal to achieve.

Now, we have talked about all the positivity that can arise from Social Network but, there are also negatives:

1. An unauthorised or accidental diffusion of sensitive or protected information happens: mock-up, information about forthcoming products or leaked ones. Wikileaks has offered us a clear example of the power of social networks as a sharing community or the Torrent power of sharing files and data. Once you have let the information passing by, you lost it.

2. Negative comments and feedbacks regarding the brand. In here, there are some differences if they come from really unsatisfied customers, from the competition or even from inside: you have to take care of your employees. Most treating complications come from inside.

#### 4.4.1 - WINNING STRATEGIES FROM THE BIG

Social Media success shows us how these powerful tools are based on social relationship models, where interactions is fostered in a human way: there is no economical exchange between firms and customers based on a capitalistic model of demand and offer. The networks offer people a way to share their thoughts and to communicate with each other, even with strangers, even with geographically far away people. Strategies based on web-marketing are now focused to gain from these relations but without ruining the genuinely and stress-free environment of the social networks. Establishing a loyal relationship with the customer is the first step to later ask your consumers a premium account or to pay for some services. There are a few companies that have crafted a good social media strategy and thanks to these strategies they have generated a positive ROI, both in terms of cash flow and new customers.

Let's check some successful examples of Social Media Marketing strategy:

During the Christmas period in Australia (It's summer there), Coca Cola have sold personalised cans with the name you wanted for a price of 8\$. Then it was the New Zealand turn. They started the "*Share a Coke*" campaign in which there were all the most common names of New Zealand people instead of the Coca Cola brand. Coca Cola has crafted a marketing campaign from the TV to the leaflet but one of the turning point was inviting Australian celebrities to share a virtual bottle of Coke on their Social Networks.

Beyond this initiative, on all the major commercial centres of Australia there was the possibility to personalise your can with the name you wanted, even your dog's one, reaching roughly 400k prints. On Facebook there were 65k users that have proposed different names, so there was 870% increase on page visits and a 40% increase in the number of fans. Then, the story is well known to everybody: all the names and stupid names and abbreviations are on the bottles all around the world. Furthermore, some actions were added: "Hug your best friend", "Kiss your girlfriend" and so on.

You cannot quietly drink a coke: before there are some actions to perform, if your girlfriend is 20k kilometres away, you cannot drink it. If you don't have a girlfriend, you'll be alone and thirsty forever. Probably one of the best marketing campaign ever created. Other winning examples come from:

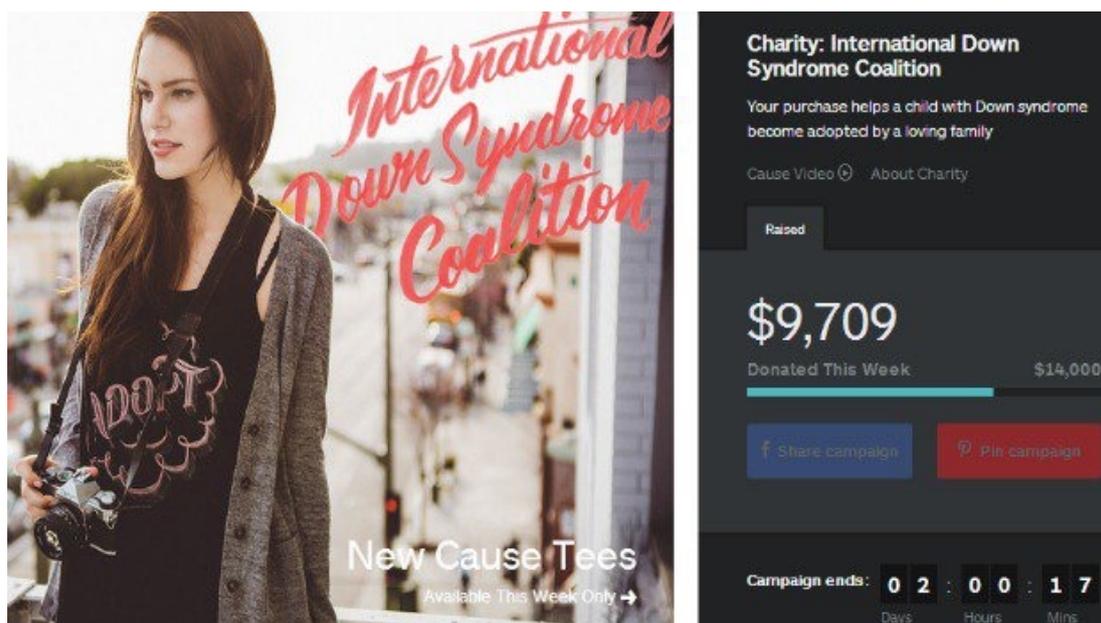
1. Dell in 2009 declares that has successfully sold more or less 5 million dollars in computers through Twitter and coupons campaign.
2. Lenovo reduces telephone and customer care costs by 20% just by creating a community in which few experts were hired to answer users' questions. The great thing is that also other users can answer questions, so it's just moderating a community of auto-sufficient consumers.
3. Nike, thanks to the Nike+ campaign, from social networks to conventional marketing, has fostered the creation of a loyal community engaged and willing to share achievement both through the official App and the socials.
4. Cisco declared a 100k cost reduction by launching a new router advertising campaign through social media and YouTube instead of traditional marketing (they have created a 3D game, a YouTube spot and a concert on Second Life).
5. Pizza Hut, thanks to an App crafted to personalise and create every type of pizzas, has got a million dollars on returns.
6. IKEA has seen an increase of 15% in sales. just after publishing their catalogue on FB
7. Every user was free to tag himself or friends in each photos. In doing so, customers became sellers.

These are some of the best example of social network use by big firms, but as you have seen there are lot of possibilities even for smaller ones. It's just a question of ideas and viral contents, there are more possibilities even for the late comers and smaller firms because most of these initiatives are relatively cheap or free.

## 4.4.2 - WINNING STRATEGIES FROM START-UP and SMEs

### 4.4.2.1 - SEVENLY

Sevenly uses social influence to raise awareness for charities and nonprofits, while also raising awareness for the Sevenly brand.



People naturally want to help when it's for a good cause, but not everyone can donate money. Sevenly understands this. Therefore, they ask people to donate to the cause by sharing via social media. The brand also has another way of leveraging its community for support. Every week, Sevenly teams up with a new charity for 7 days. They create a brand new design promoting the charity, slap it on a T-shirt and then sell it from the website. For every shirt they sell, Sevenly gives \$7 to the charity.

#### 4.4.2.2 - UNIQLO

When Uniqlo wanted to raise awareness for their new 'Dry mesh T-shirts', they knew they needed to do something big to overcome the noise of online fashion in social media. Pinterest was the obvious platform of choice. However, pinners seem to scroll aimlessly through boards until something grabs their attention.



Well, Uniqlo came up with an idea to do just that. With about 100 users simultaneously pinning, Uniqlo essentially hijacked the streams of every pinner who was logged on at that time. Users who were scrolling aimlessly got an awakening experience by seeing Uniqlo's T-shirts turning, flipping and changing colours as they scrolled. Hijacking Pinterest gained them about 55 million impressions, used no paid media and generated more than 6,000 mentions on Twitter.

#### 4.4.2.3 - PLATED

Plated gives its customers chef quality recipes and delivers the ingredients that make them. Plated uses its YouTube channel to show customers and other viewers how to make mouth watering recipes that inspire them to have Plated deliver the ingredients.



Follow their Twitter account and you'll learn about everything from creating a five-star meal, to how to photograph the meals from different angles.

Plated aspires to be utilitarian – and *that* almost always gets attention from social media.

#### 4.4.2.4 - TIPPEX



With a clever use of annotations, Tippex created a 30 second YouTube video entitled “Hunter shoots a bear” in which viewers can choose the ending. (Don’t worry, no bears were harmed during the making of this video.)

Instead, the hunter reaches out of the frame to grab a tippex and whites out the word ‘shoot’ – leaving the field blank for viewers to decide what happens next by typing in whatever they want. It’s a kind of addiction which made the clip receive more than 21 million views.

#### 4.4.2.4 - TOURISM AUSTRALIA



While promoting Australia as a holiday destination, Tourism Australia created the famous “Best Job in the World” campaign. Over the course of the campaign, the company offered dream jobs — a 6-month salary worth \$100,000 each — to six lucky people. Dream jobs included such titles as chief funster and lifestyle photographer.

To enter, applicants were asked to make a short video explaining why they were the best choice for the job. The contest quickly went viral and received more than 330,000 entries from 196 countries.

Tourism Australia’s FaceBook page grew from 400,000 to its current status of 5.5 million in the process.

## 5 - RESEARCH AND ANALYSIS

### 5.1 - INTRODUCTION TO THE RESEARCH QUESTION

Despite all the economic research and literature regarding start-up there is still a lack of empirical test and questioning. It's easy to find aggregated financial or economic data about the whole market, but it's more difficult to find psychological or path dependent variables. The team, the milestones that have forged the start-up or the difficulties arising from the idea to the established company, are rare data, that can be usually found through newspaper interviews or blog's article. Acting like a journalist, I've preferred to directly ask the entrepreneurs what are, in their opinion, the most significant variables in their personal path to the stars.

#### **WHAT ARE THE MAIN SUCCESS DRIVERS FOR A START-UP TO SUCCEED?**

Many authors have identified common paths for every company and in the last years, for start-ups. There should surely be some drivers that are not common but have meant the success or the un-success for one start-up or an other. Considering a start-up as a temporary organisation, finding its "*blue ocean*", trying to validate the business plan or continuously modifying the mock-up, it's quite difficult to forecast from the past. There can be some leading drivers, that have been successful for a start-up, scalable and repeatable even for others.

For the research questionnaires I've considered start-ups with these requirements:

- based in Italy
- validated by incubators or financed by venture capitalists (this is due to the fact that these start-ups should be more successful than solo entrepreneur ones; in fact, as emerged during the academic research there is a strong positive correlation between the incubation or financial - mentoring and the start-up path)
- most start-ups are digital due to the fact that, as emerged from papers and reports, these are the start-ups preferred by investors: the ROI can be seen more quickly than in other sectors
- most of the start-up are presenting highly innovative products, services and processes
- at least one year of life time.

The data mining process to structure the database of start-up to submit the questionnaires includes the following sources:

- portfolio of incubators (the main players in the Italian ecosystem have usually between 3 to 10 start-up incubated per round, usually 1 to 2 per year)
- portfolio of business angels (in here, it's quite difficult to estimate the average start-up per angel, because someone invests everything in just one, others diversify their investments. Both in this category are commonly private citizens and it's not so easy to investigate their business affairs)
- portfolio of venture capitalists (usually 3 to 20 start-ups under their umbrella, someone has even more than hundreds, but it's usually a global player)
- portfolio from research centre, science and technological park (usually 1 to 5 start-ups per centre, in here the R&D is one of the most crucial factors, so they prefer to focus on less start-ups, but better ones)

- start-up related blog and websites (StartUp! Italia, StartUp Scene, etc. provide for news about seeding, exit, IPO from one start-up or another, every day. Being considered by these authorities in this sector means you definitely worth a look)
- entrepreneurial magazines and economic newspapers (Sole24ore and Milano Finanza -in primis- constantly inform readers about companies, start-ups and relevant facts about this world)
- *word-of-mouth* (by trying to set up a start-up by myself, being in contact with start-upper friends, participating to start-up related events, I've learnt a lot about this world)

Thanks to these selection criteria, I've created a database of 550 start-ups, and currently at the day 13/06/2016 I've received 47 questionnaires back

Despite a *top-down* research trying to look for answers, I've preferred to set up the questionnaires in a semi-structured way, investigating what are the success drivers directly from the entrepreneurs. A *bottom-up* research investigating from the data, a process of data-mining finding significant evidences.

In these questionnaires, there are questions that just need short answers in a 1 to 10 scale, questions that require a selection from various options and open questions to let the entrepreneurs be free to answer.

I've mainly considered these variables: in the *first part* I put generic questions, in the *second part*, questions about the team, in the *third part*, questions regarding the path and in the *fourth part* the product.

The questionnaire is organised in this way:

FIRST PART (Generic):

- the *motivation* besides the willingness to launch a start-up
- the meaning of *being successful* in the entrepreneurial world
- the *market* served and the relationships with customers
- the idea and the *business model*

SECOND PART (Team):

- the *composition* of the team
- the *experiences* of each member
- the *skills* that are difficult to acquire
- the *external support* to the team

THIRD PART (Path):

- *incubation* program
- financial support from *venture capitalists*
- *contest* and competition for start-ups
- personally *invested funds*

FOURTH PART (Product):

- the *product - service* offered
- the *need*
- the *market share*
- the *competitors*

Each of these sections, despite all the relative and particular questions regarding the topic, has an indicator that will work as a control variable: at the end of the questions, the entrepreneur should evaluate the degree of happiness about the whole sector. For example, once you have completed all the questions regarding the team you have to evaluate the current team, in a more generic way:

How much are you satisfied about the actual team composition? How much are you satisfied about the team?

The questionnaire is attached in the appendix.

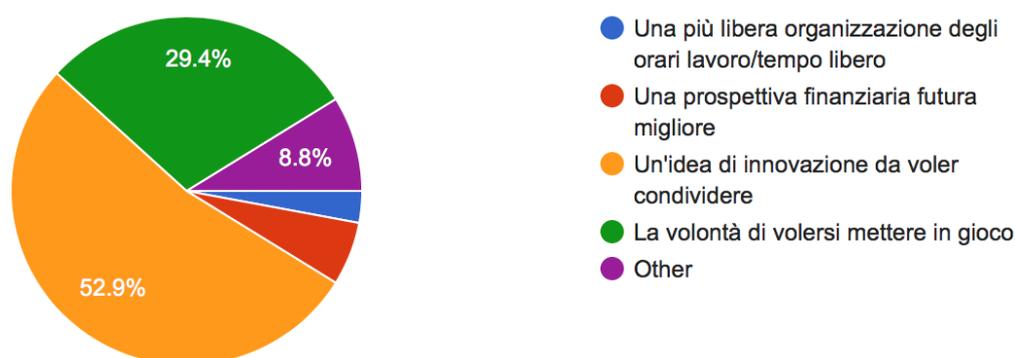
## 5.2 - AN EMPIRICAL ANALYSIS

### 5.2.1 - GENERAL PART (1 of 5)

Regarding Part 1 - the general questions - I've tried to analyse if some trends have emerged. I was not looking for answers to pre-set questions, rather I worked as a data-miner, seeking for evidences.

A3: What it is the main motivation that has lead you to launch a start-up?

Q: "A3: Qual è la motivazione che più ti ha spinto ad avviare una start-up?"



It's clear how the principal motivation is the willingness to share an innovation. Entrepreneurs are proud of their work and they want to spread it, by making their business sustainable, scalable and repeatable.

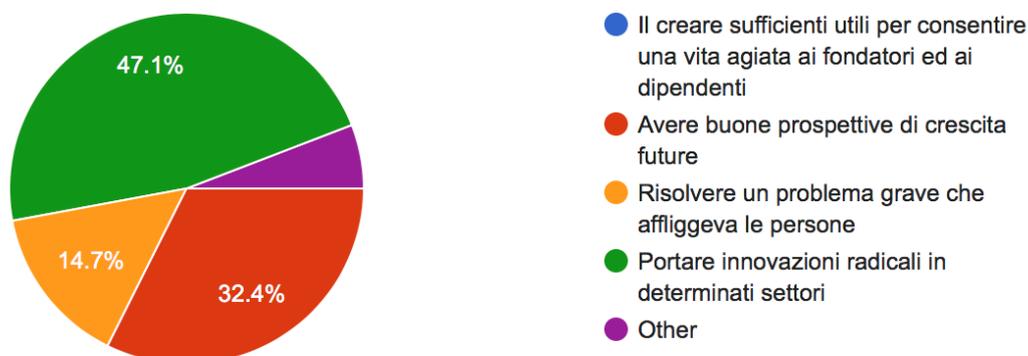
**EVIDENCE 1:** The need to spread the innovation is one of the main driver

Almost no one has started an entrepreneurial path just to hope on better financial conditions. This is due to the fact that an average entrepreneur is 35 years old. This means that he should have reached a good working position and saved some money, especially because, as we will see, the typical team invests more than 10,000 euro in the project.

**EVIDENCE 2:** No materialism, at least not as the main purpose

#### A4: What is the main success characteristic for a start-up?

Q:“A4: Qual è, per te, la caratteristica principale di una start-up di successo?”

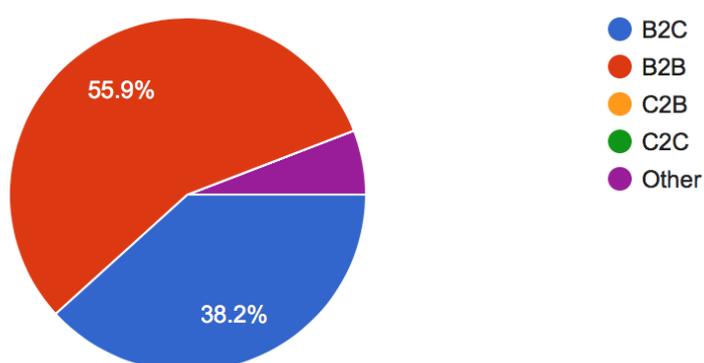


Confirming the question A3, for the entrepreneur the maximum outcome reachable is to spread a radical innovation around the world. As confirmed above, the average entrepreneur wants to innovate in a certain field, to spread the innovation and take it to be considered successful.

**EVIDENCE 3:** A start-up that can be considered successful usually spreads a radical innovation

#### A5: What is the business relations between you and the customers?

“A5: Qual è il rapporto Business e Consumatore della tua start-up?”

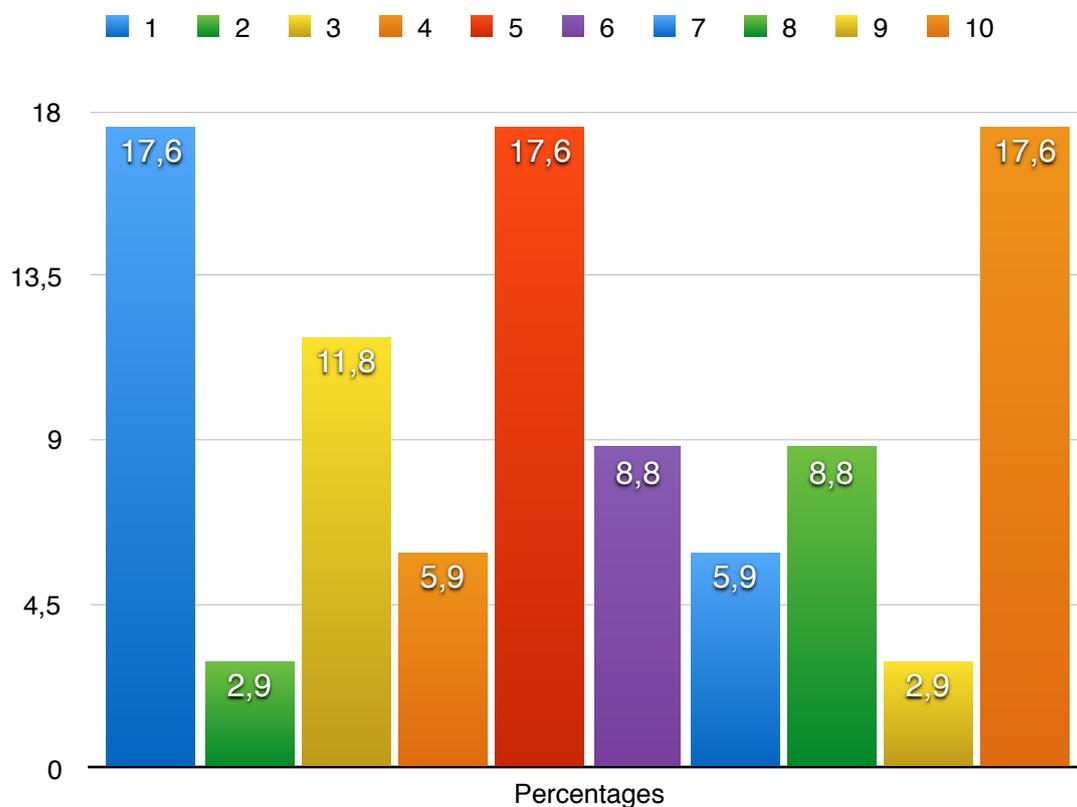


Nothing interesting arose from this question. It was intended just to keep the targeted start-up equally balanced between B2B and B2C and it's clear how the market approach and hypothesis change in these two different worlds.

### A6: Mass market or niche market?

“A6: Servi un mercato di nicchia o mainstream?”

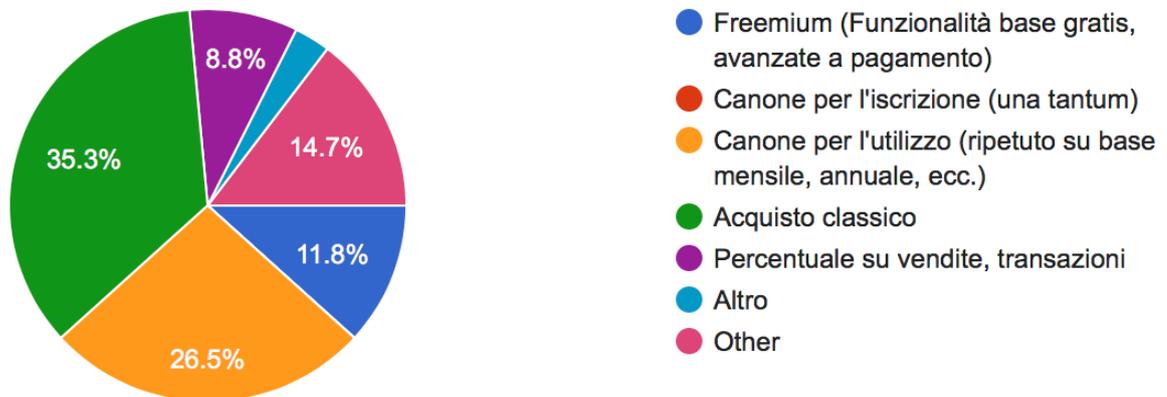
From 1 (niche) to 10 (mass):



The results confirm that a mean score of 5.37 is not so explicative. It seems that half start-ups serve the niche market and another half serve the mass market. Therefore we have 50% of the start-ups serving from 1 to 6,5, which means that more than the average number of start-ups serve the niche market.

## A7: What is the Business Model of your start-up?

“A7: Qual è il business model della tua start-up?”

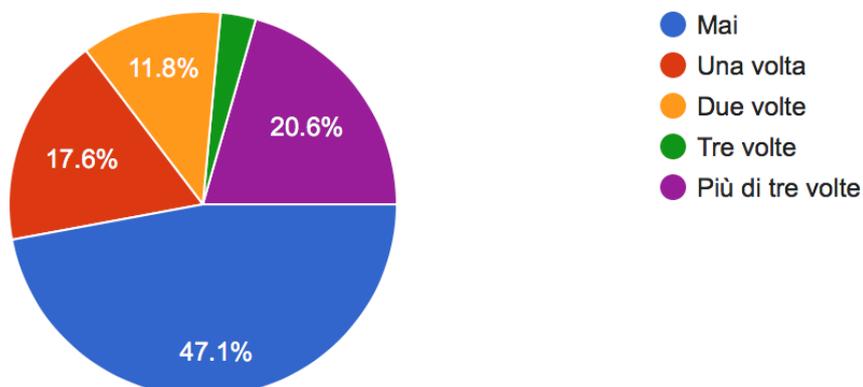


So, even if times are changing, the classic method (you pay, I give you the product) is by far the standard way for start-ups to sell their products or services. There is also a relevant part of start-uppers selling their products on a monthly basis.

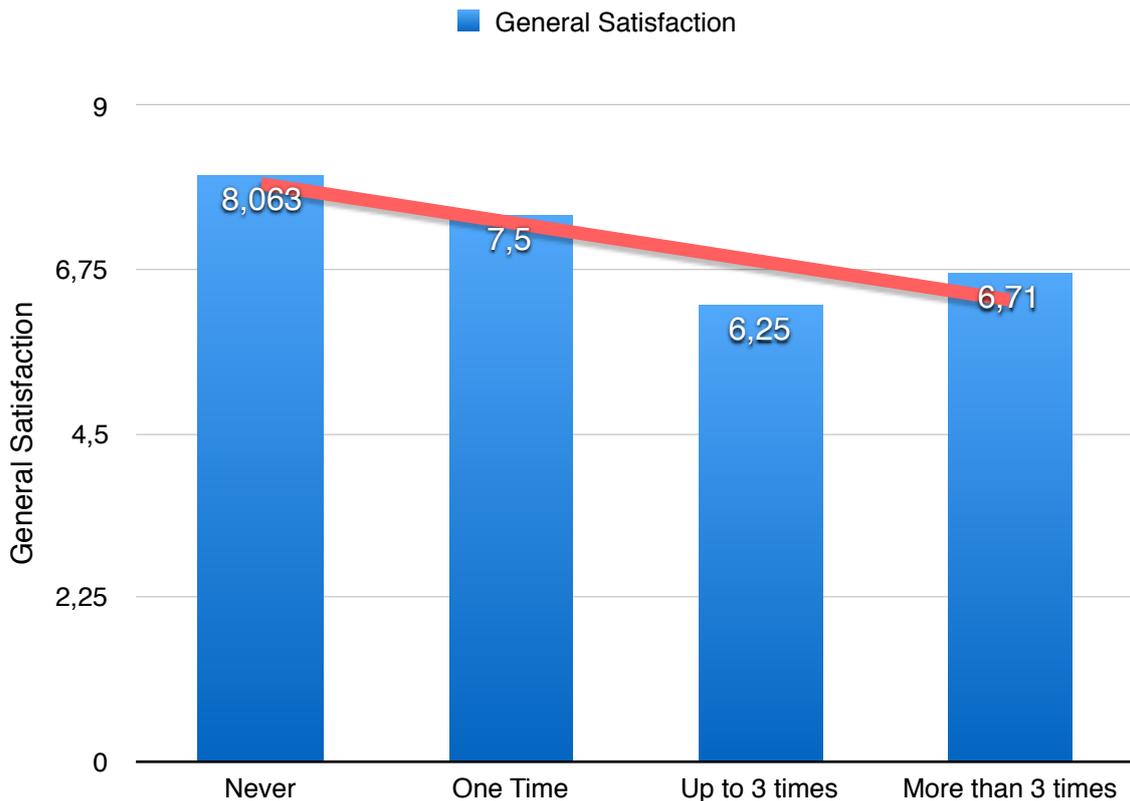
**EVIDENCE 5:** Classic buying method is the most preferred

## A8: How many times have you changed the main idea before getting the final one?

“A8: Quante volte l'idea principale è stata cambiata in maniera rilevante prima di centrare quella giusta?”



What is needed to be highlighted here is that half of entrepreneurs have clear ideas. They said they haven't needed to change their idea during the start-up path. A kind of hypothesis against the *Lean - Start-up* method explained by Ries. Another fact results from the times you change your idea and the general satisfaction of the start-up.



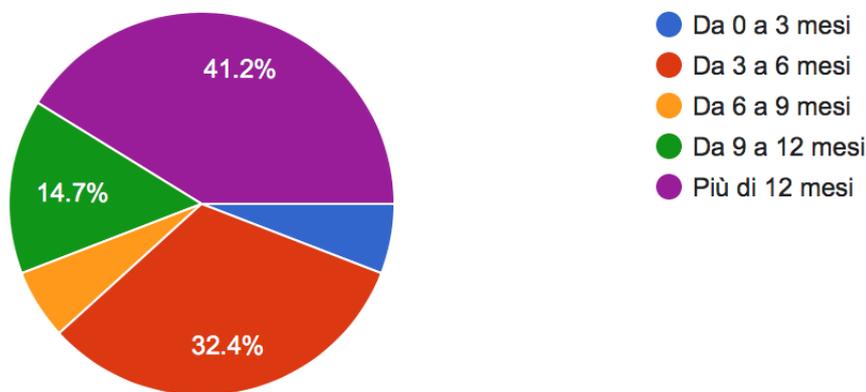
This is quite interesting. In fact, the more you change your idea the less you are satisfied with your start-up results (discarding the “three time” value, that is an outlier). It's clear that the entrepreneurs who have never changed their main idea are much more satisfied about the results, with a weighted average degree of satisfaction of 8.0625. Then, those who changed their idea just once, show a degree of satisfaction of 7.5. For more than once, satisfaction stands between 6.25 and 6.71. Definitely not a good performance for indecisive entrepreneurs. Keeping stuck to the initial idea seems to pay a lot, at least in terms of personal satisfaction. Since we cannot read start-up financial balances, we are not in a position to confirm that more satisfied

entrepreneurs are also the owners of the start-up having a better balance sheet, or it's just personal gratification.

### A9: How many months it takes to get the right idea?

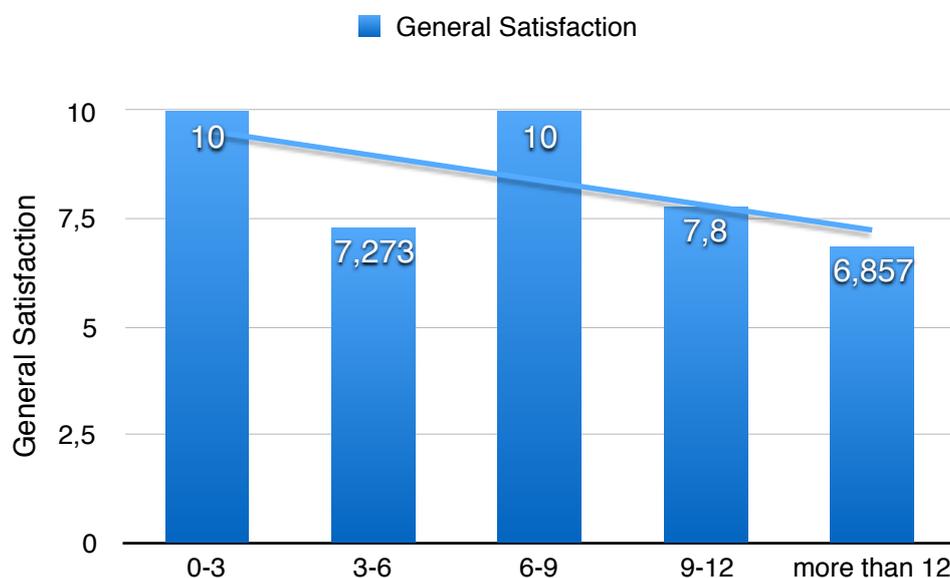
“A9: Quanti mesi sono serviti per capire che l'idea era quella giusta?”

In here, as before, we are analysing the typical path of the entrepreneur, from a different point of view: the aim is to ascertain how many months it took for the start-up to reach the right and definitive idea.



Let's combine these variables with the general satisfaction of the start-up.

Let's see graph below:



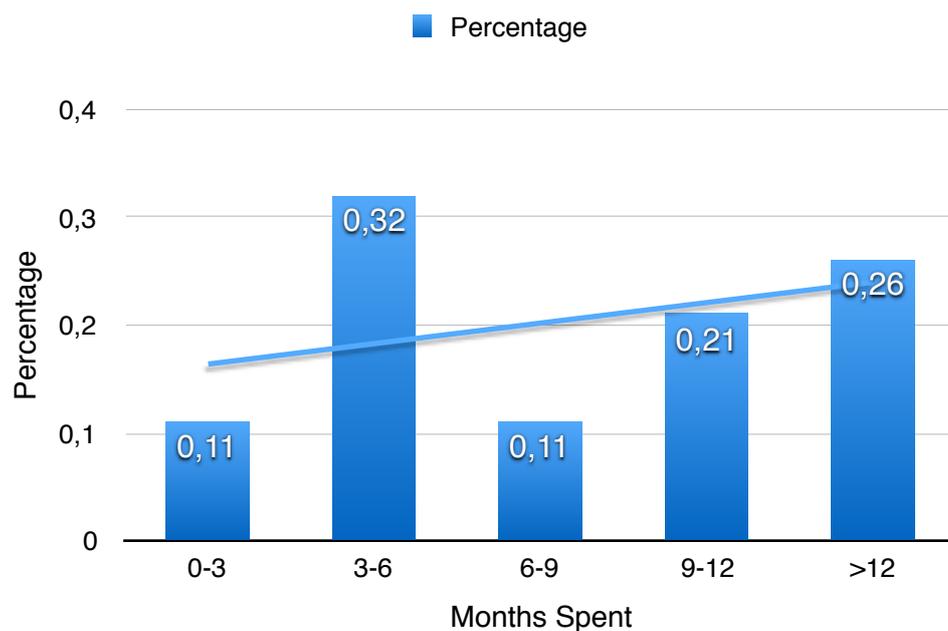
## A8 & A9 - How many months it takes to get the right idea done at the first try?

In here I've combined together two questions to obtain a different metric to judge the start-ups' results.

The questions are:

- A8: How many times have you changed the main idea before getting the final one?
- A9: How many months it takes to get the right idea?

Selecting from A8 only the start-ups sample with the answer: "Never" we can observe how many months it takes to get the right idea at the first time.



That means a quite long time before getting the right idea at the first time, in fact only less than 12% of our start-upper get the right idea in less than three months. The average is 8,13 months.

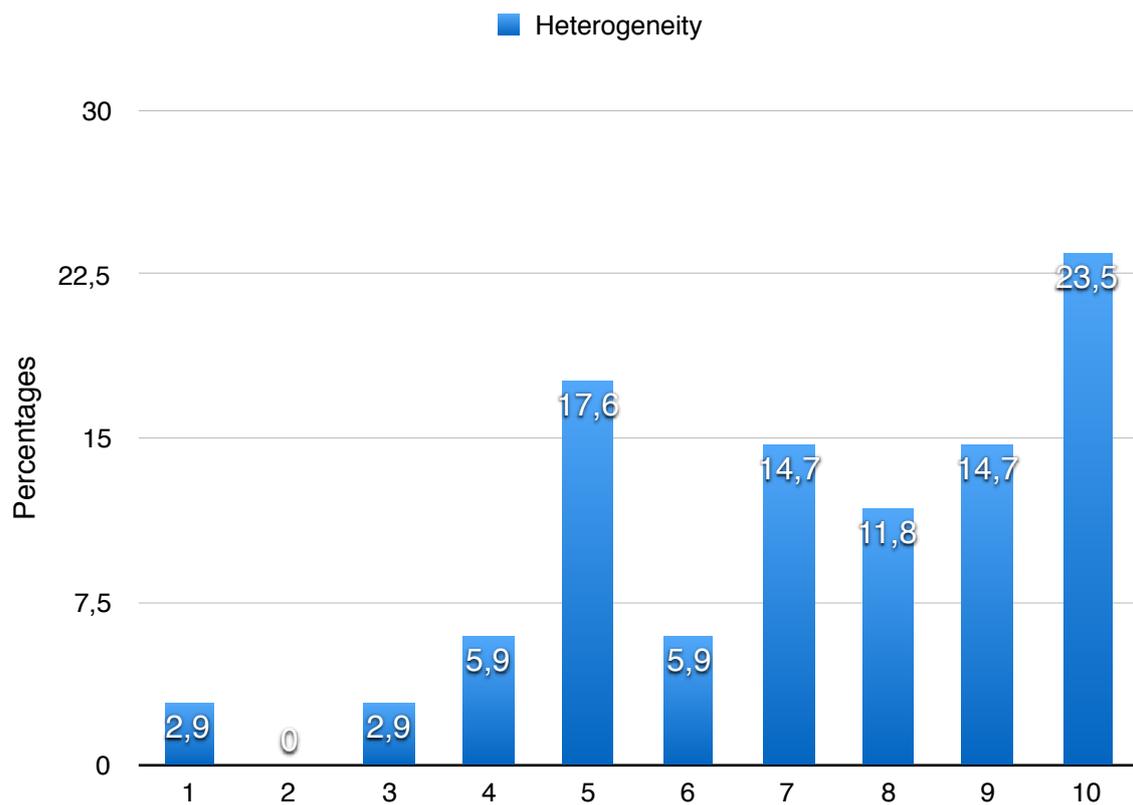
## 5.2.2 TEAM (2 of 5)

B1: Is the team heterogeneous enough to autonomously develop the business plan or idea?

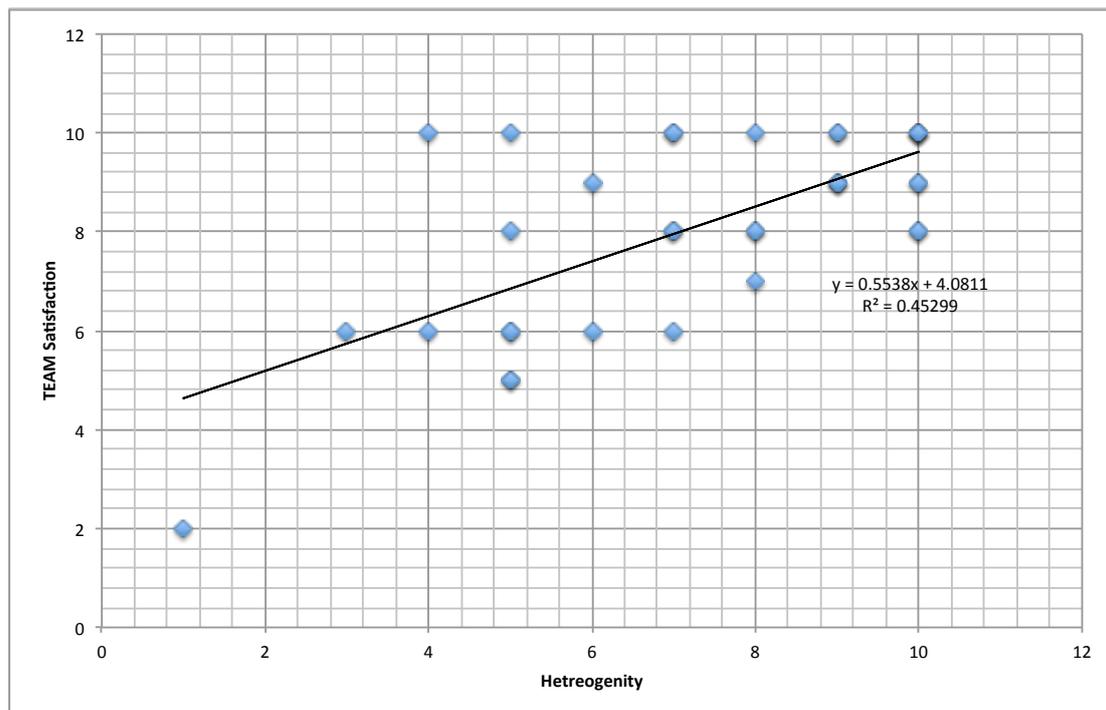
“B1: E’ il team sufficientemente eterogeneo per riuscire a sviluppare autonomamente il progetto?”

In this case, I’ve asked the entrepreneurs to evaluate the heterogeneity of the team (intended as a team capable of autonomously developing the final product with the grade 10, a team composed of just one category of workers needed as 1).

The percentages per answer are shown below:



In here, the main point to be highlighted is the focus that usually incubators and venture capitalists put on the completeness of the team: having different skills and all the competences you need inside the team is considered as a crucial factor if the way ahead is strong enough. In this cases, literature suggests that it's much preferable to have all the competences needed.

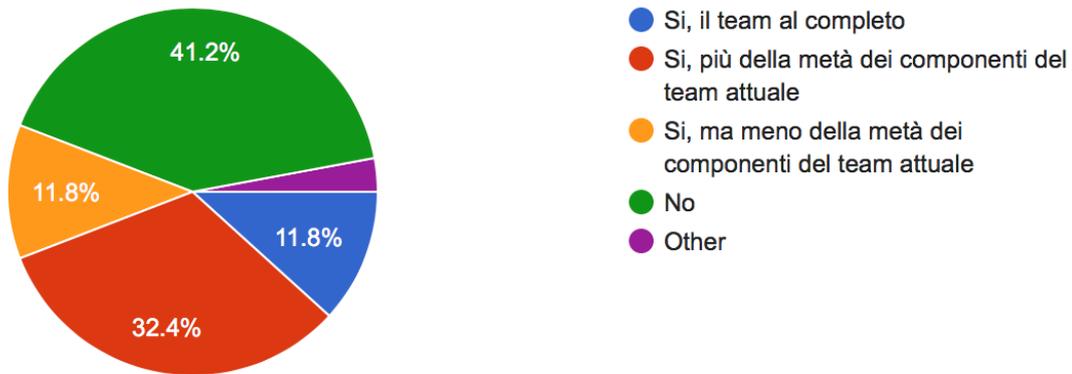


Comparing the Team Satisfaction variable and the Heterogeneity variable we can assume that through a linear regression analysis having Y as the overall Team Satisfaction (dependent variable) and X as the team heterogeneity (independent variable), the trend is quite visible even if the  $R^2$  is explaining just 45% of the Team Satisfaction. Such an important independent variable cannot be explained only because the team it's heterogeneous. It's the kind of correlation I was expecting: not so strong, not so soft.

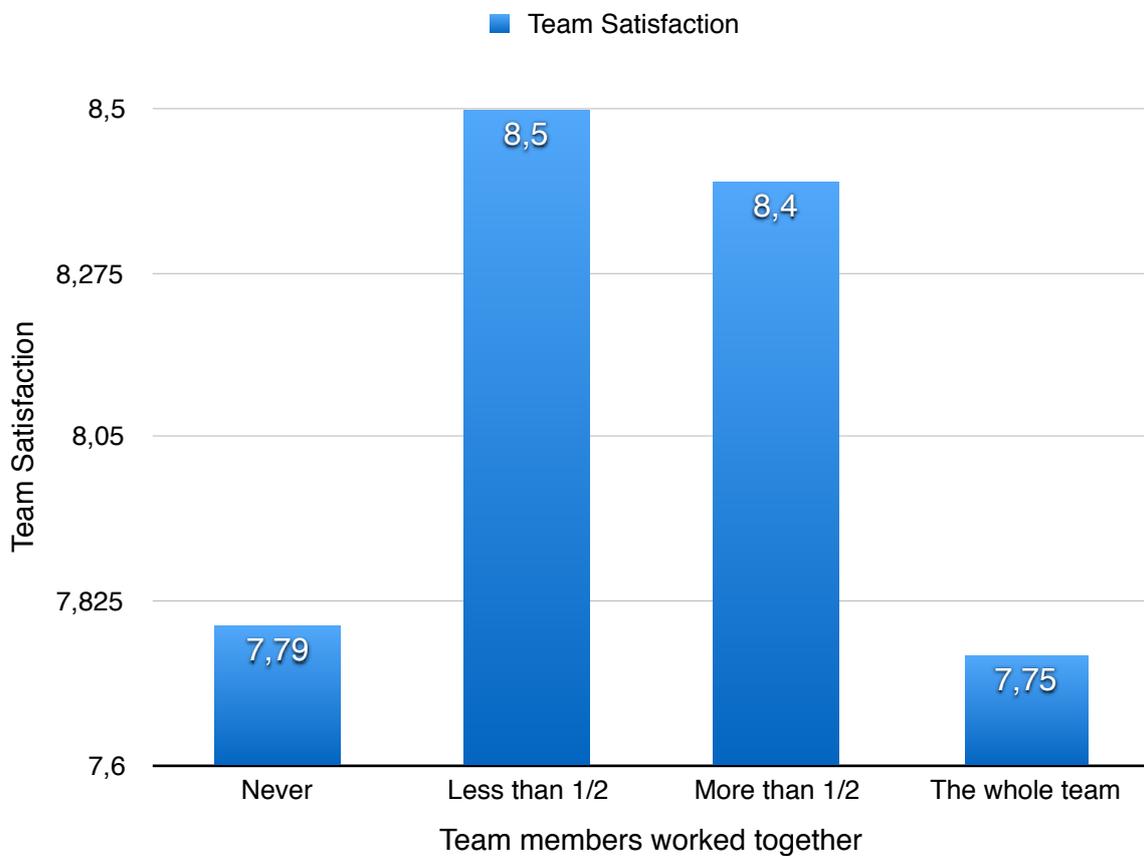
**EVIDENCE 5:** Team heterogeneity is responsible of the team satisfaction degree

## B2: Has the team, as currently composed, previously worked together?

“B2: Il team (come attualmente composto) ha precedentemente avuto altre esperienze lavorative o imprenditoriali assieme?”



In here, we have 50% of teams having previously worked together, at least some current components, and 50% of teams that have never worked together.

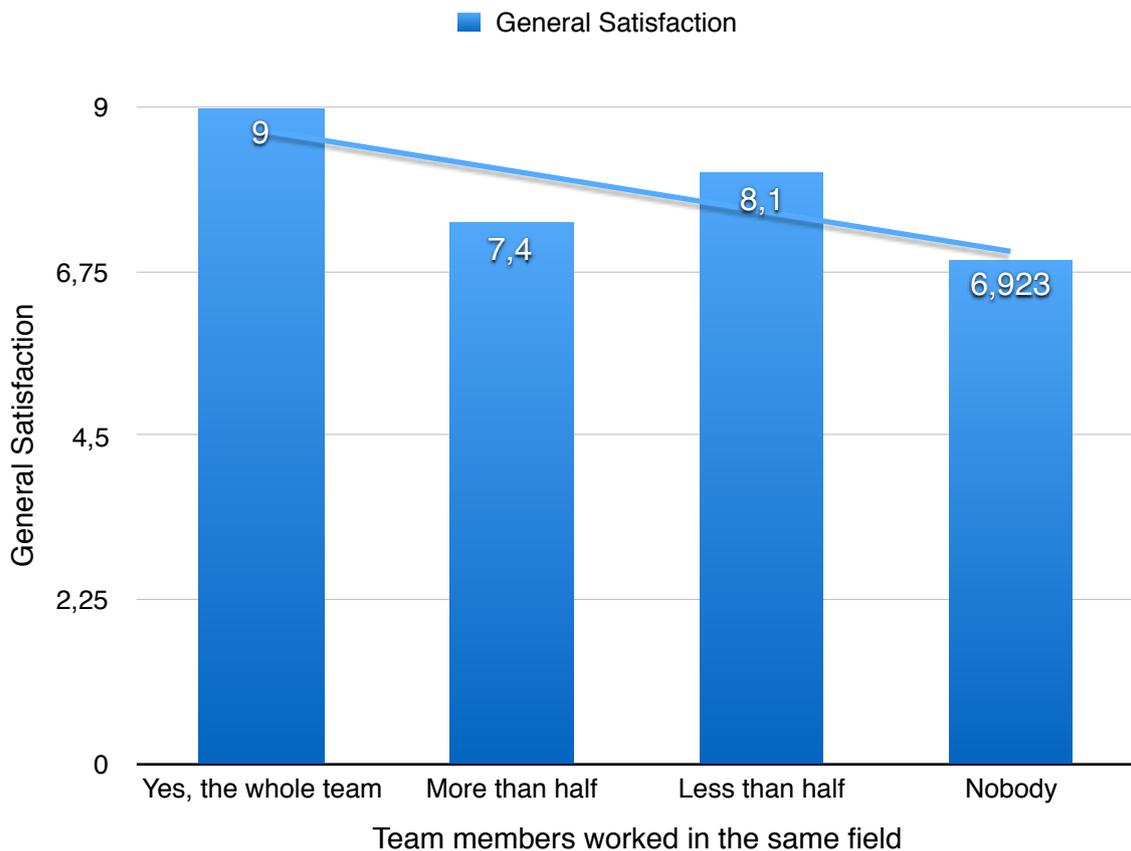


What we can assume from this chart is that having previous working experiences together means being more satisfied about the team. Those who have never worked together are generally the least satisfied.

**EVIDENCE 6:** Team members with previous working experiences are a benefit for the whole team.

**B3:** Has some member of the actual team previously worked in the same market sector of the start-up?

“B3: Alcuni membri del team hanno già avuto esperienze nell'attuale settore della start-up?”



I've compared the general satisfaction about the start-up with the previous working experiences in the related sector of the start-up.

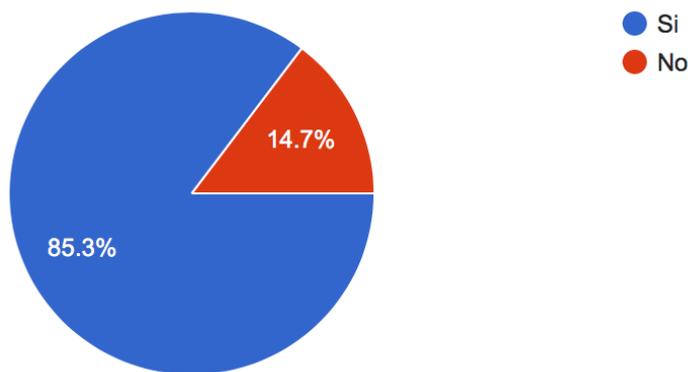
It's clear that from the whole team having previously worked in the same market sector, and having nobody from the field, it's correlated with a less satisfaction about the general results of the start-up.

The trend is negative, so the less team member previous experiences in the field, the less the satisfaction about the general results.

**EVIDENCE 7:** Having worked in the same field of the actual start-up is a plus

**B5:**Has the team a leader?

“B5: Il team ha un leader?”



What emerges from this question is the fact that almost all start-ups have a leader.

Let's check how things change considering satisfaction about the team and the general path.

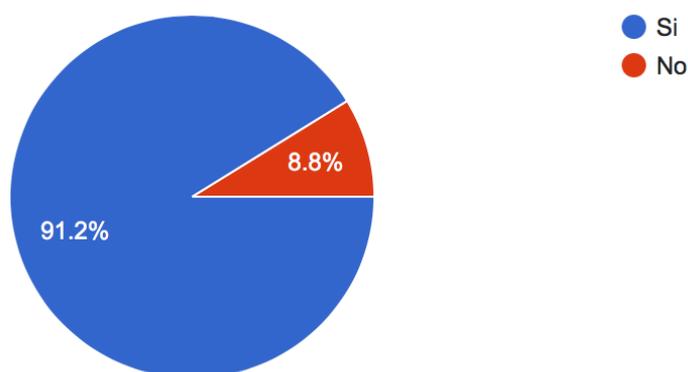


A leader-guided start-up seems to be more performant in terms of satisfaction. It confirms that a leading member can affect the performance of the start-up. It's surely better to have one instead of a pure democracy in which nobody is a step ahead.

**EVIDENCE 8:** A leader clearly increase the path satisfaction

**B5:**Has the team autonomously developed the business plan?

“B5: Il team ha autonomamente sviluppato il proprio Business Plan?”

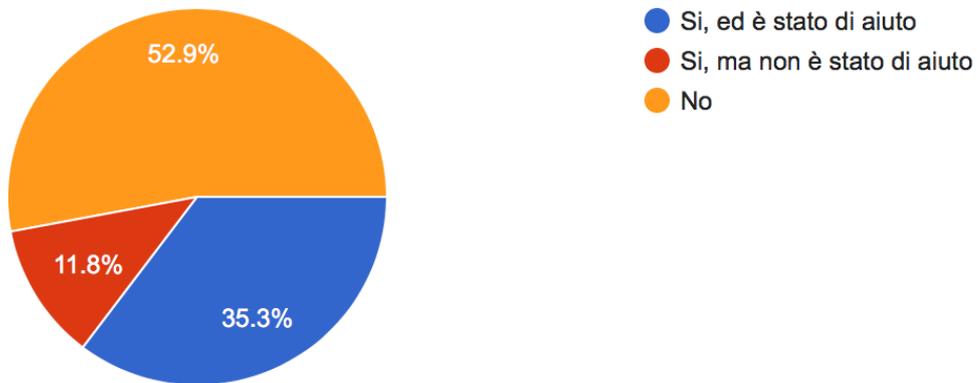


The things you will keep are the things you care: the business plan is the most important step for a start-up and there is no reason to let others do it for you. In order to successfully launch your start-up, you must validate it. The external support of mentors can be a good choice, but they cannot do the dirty work for you, because it's a way to implement and test new ideas. According to Ries, a start-up has to keep on pushing and looking for confirmations or hints from its errors.

Definitely, a start-up must arrange the Business Plan by itself.

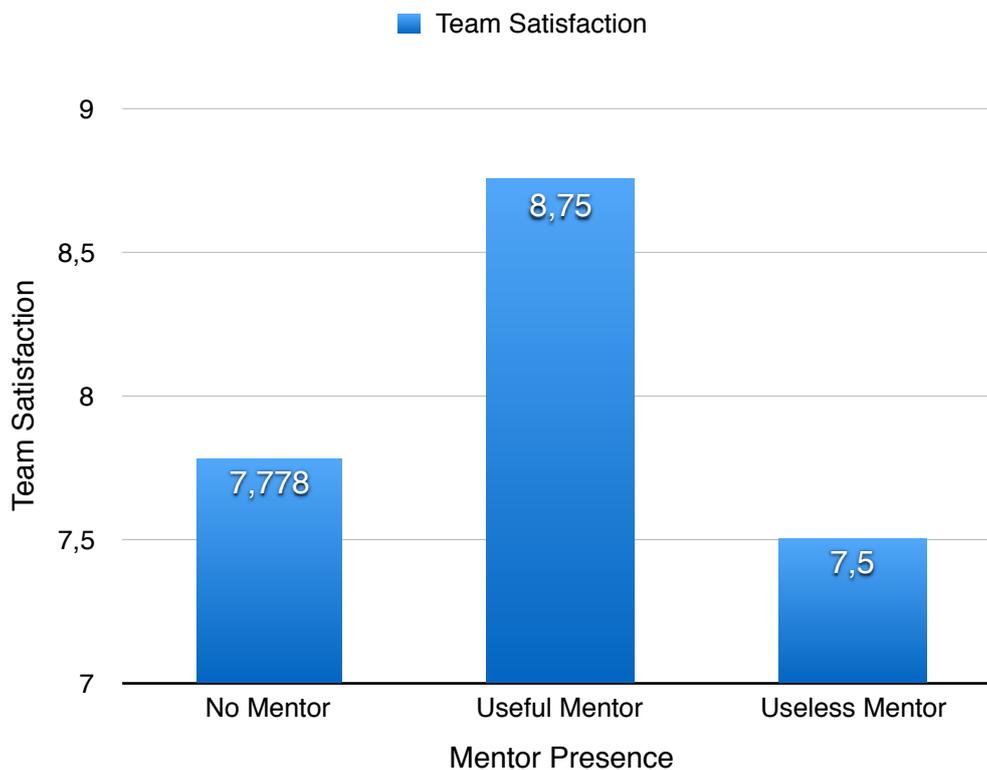
## B7: Has the team got an external support?

“B7: Il team ha avuto supporto da un mentor esterno?”



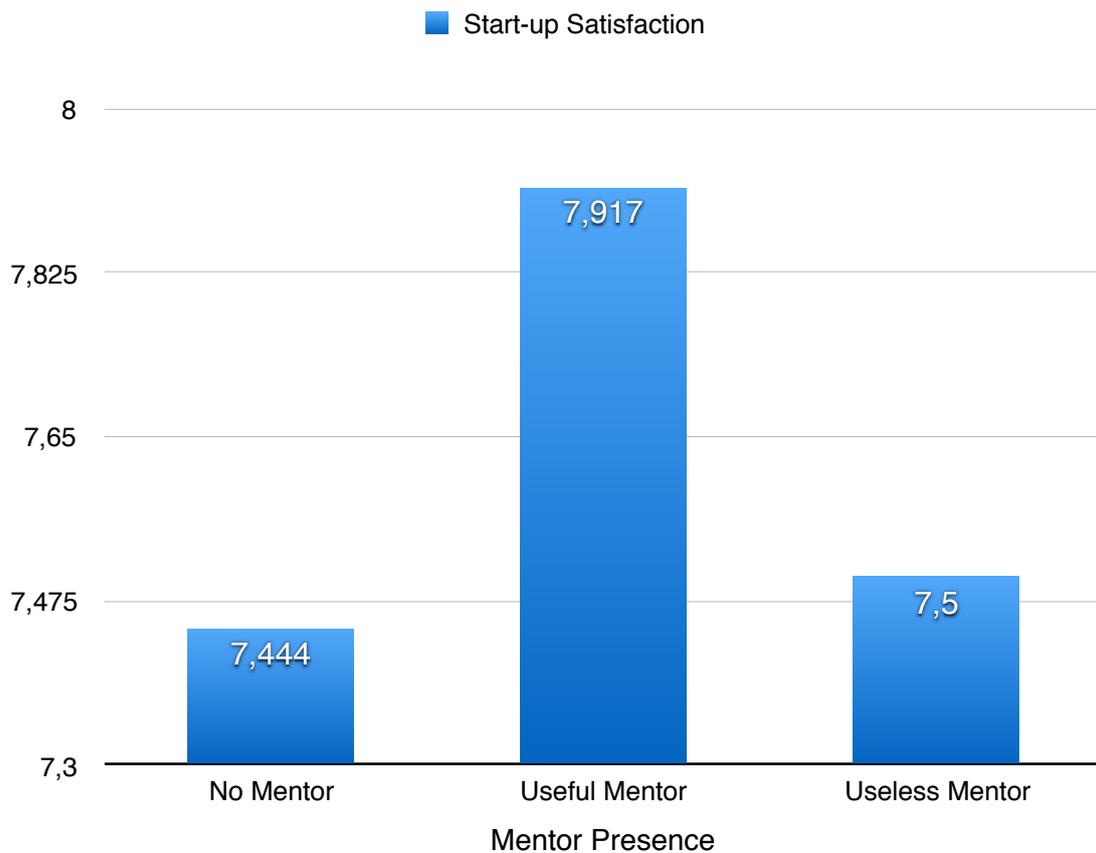
Considering no external support and helpless mentors, we have more than 60% of start-upper just relying on themselves. Let's compare this result with the team satisfaction and the start-up path satisfaction variables in order to check if going alone is always a good choice.

Satisfaction of the team compared to external support:



It seems there is not such a gap in the average team satisfaction of the start-up, between having a useless mentor or not. What has to be highlighted is the improvement on the team satisfaction considering only start-up that have incorporated an useful external mentor.

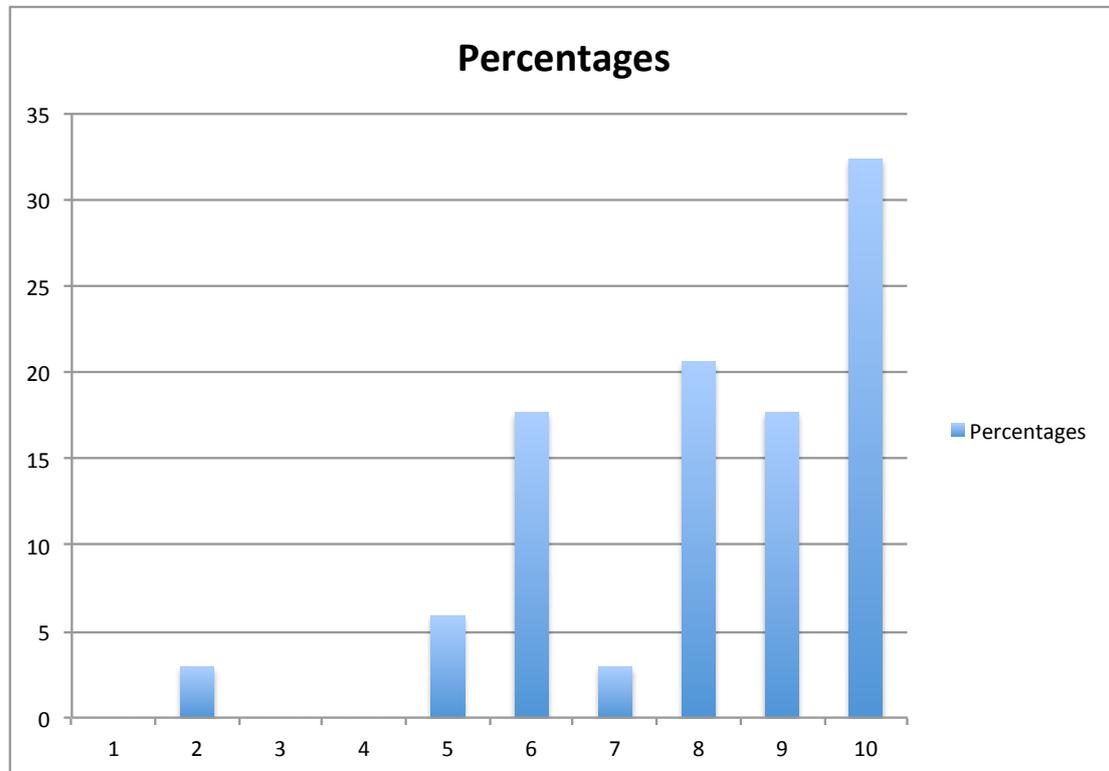
**EVIDENCE 9:** An external competent support helps the coach and foster the team



Unfortunately, the overall start-up satisfaction cannot be strictly correlated to the mentorship because the overall grade is due to different factors. Rather, we can demonstrate that a useful mentor is better than a useless mentor, as expected.

## B8: Are you satisfied about the actual team composition?

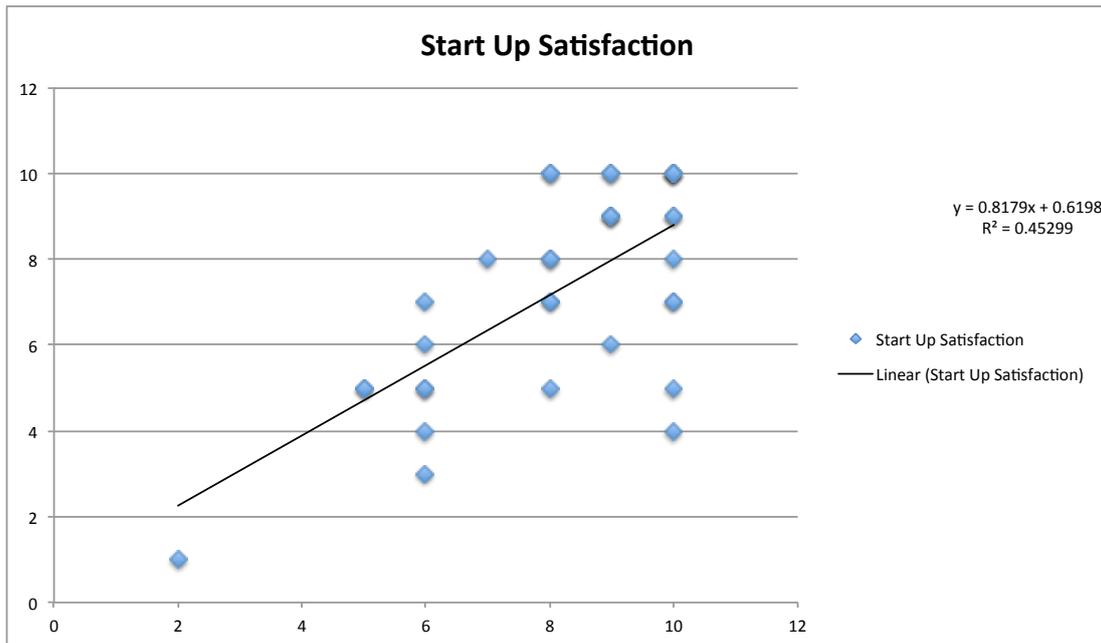
“B8: Sei soddisfatto dell’attuale composizione del team?”



On X the start-up satisfaction grade, on Y the percentage of start-ups expressing the grade

It seems that entrepreneurs are quite satisfied about the results of the group, which means that a careful selection of the members can be crucial for success.

Now it's better to compare the satisfaction of the team with the general satisfaction of the start-up. In here, we have the Team Satisfaction ( 1 to 10 grade) along the X and the independent variable along the Y: the General Start-up Satisfaction. Let's check if there is any correlation between the start-up and the team.



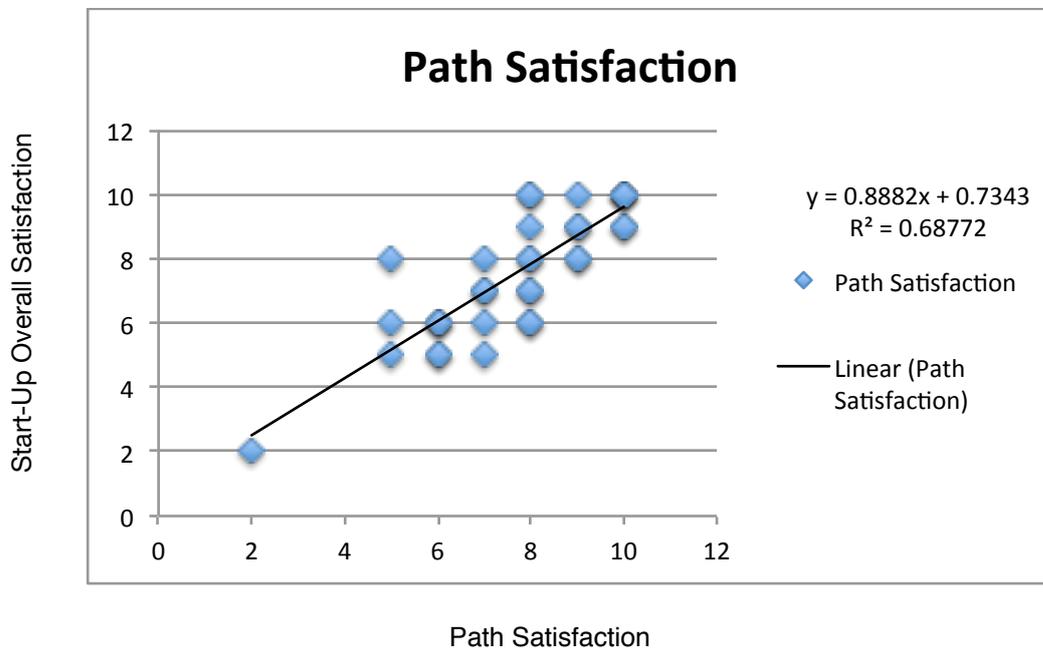
X: Team Satisfaction

Y: Overall Start-up Satisfaction

The diagram above shows the correlation is not so strong but it's worth being considered. The linear regression can explain more or less 45% of the results. There will surely be other factors regarding the general results, but the team obviously plays an important role in any start-up.

### 5.2.3 PATH (3 of 5)

Considering the path a start-up has to undertake, it's clear how this variable can influence it at the later stages of the development, considering the whole research, should be the most important one. Comparing the path satisfaction and the overall start-up satisfaction, we can observe how the correlation is definitely higher if compared to the other variables.

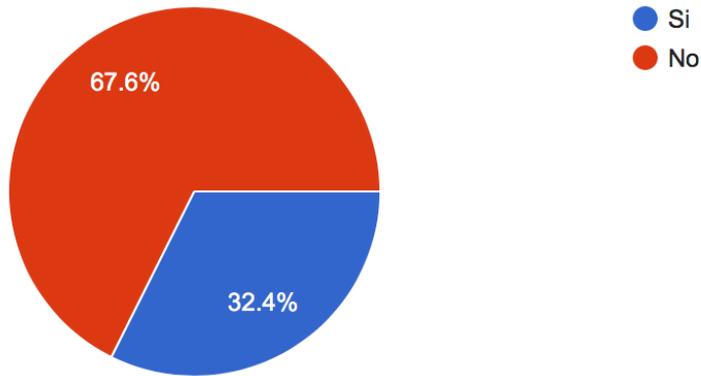


Considering the  $R^2$ , we have 68% of the Start-up satisfaction explained through the independent variable path satisfaction. This can be a useful suggestion to better evaluate and carefully think about the choices a start-up has made during its path: from the beginning to the establishment of a proper firm.

**EVIDENCE 10:** The degree of satisfaction with the decisions taken to outline the start-up path is strongly related to the general start-up satisfaction

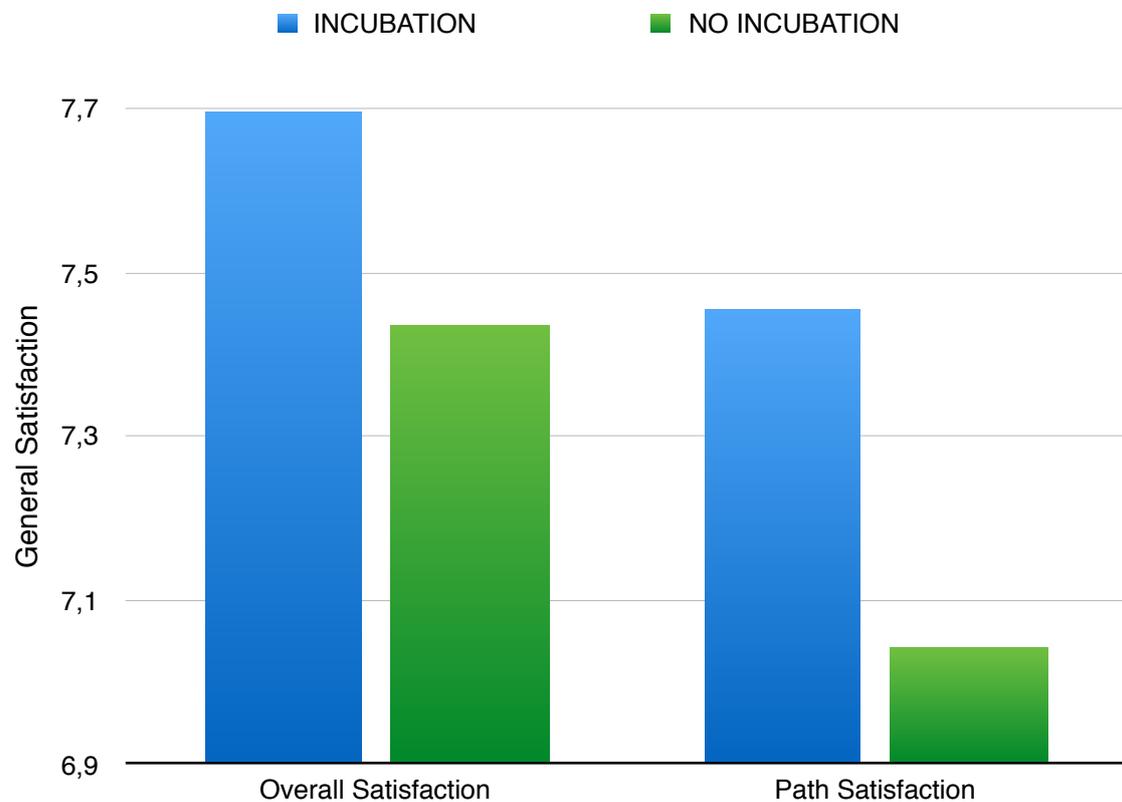
### C1: Has the start-up being part of an incubator?

“C1: La start-up ha partecipato ad un percorso di incubazione?”



Now, it's time to check how being or not being part of an incubator can affect the overall satisfaction about the start-up result, and the path results alone.

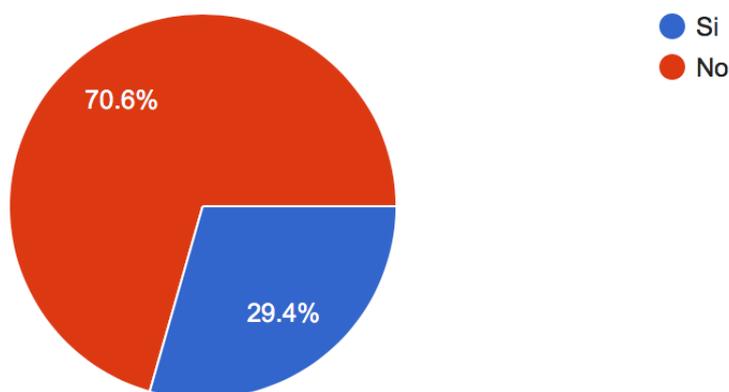
This is the average satisfaction:



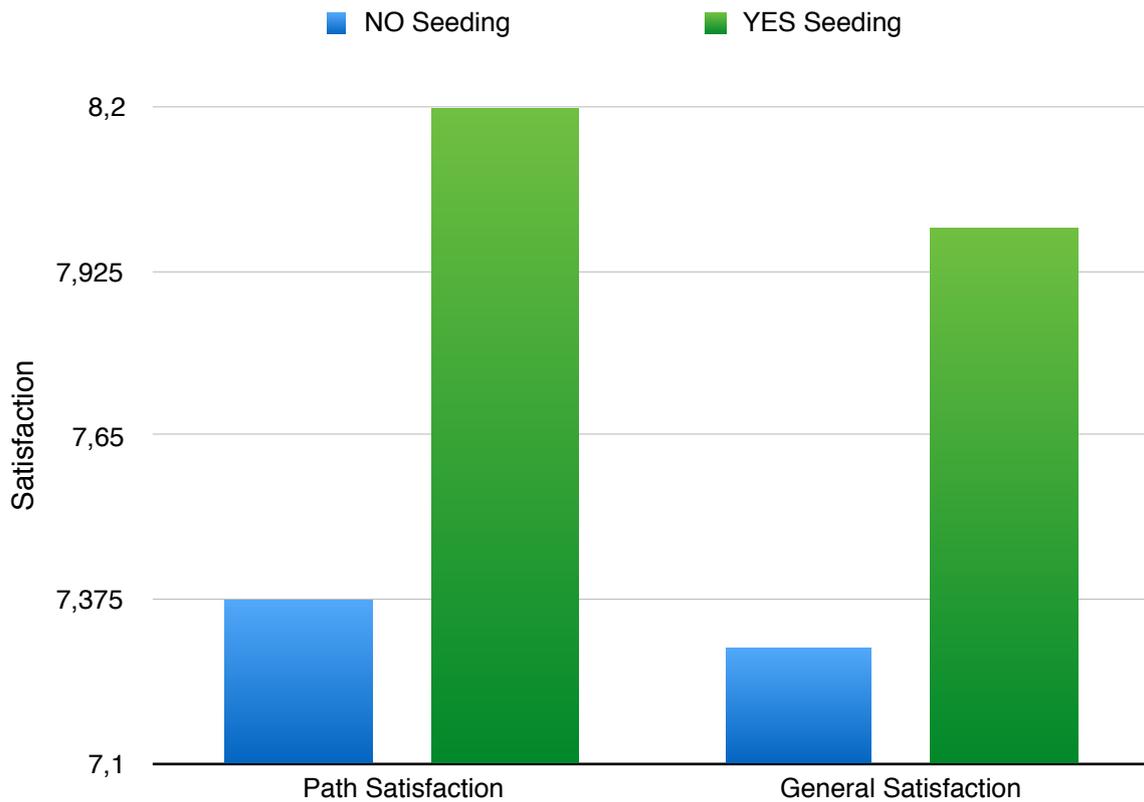
What emerge from the chart above is a little surplus in incubated start-up compared to non incubated ones, the difference is relevant but not to be highlighted in an important way. There is no strong evidences from the research that outlines a clear benefits from being incubated despite the literature is focusing and sustaining the importance of being part of this type of structure.

## C2: Has the start-up got some initial seeding?

“C2: La start-up ha partecipato a dei round di seeding iniziale?”



The economic literature regarding the initial funds needed to launch a start-up shows that, in Italy, receiving funds by external actors is not so common. Furthermore, the bootstrapping, or the action of self funding or receiving financial support from one of the four F (Founders, Family, Friends, Fools) is, by far, the most common practice. Seeding means receiving money in exchange for equities, a little bit different from receiving helps or mentoring from an incubator. It seems that Italian entrepreneurs are reluctant to share their start-up with investors. If we recall our previous data about Business Angels and Investors, we can also assume that there is a lack of money and agents in the sector in charge of exploiting possibilities of financing start-up, a huge gap between demand and supply, in terms of funds and equity, that should be filled.



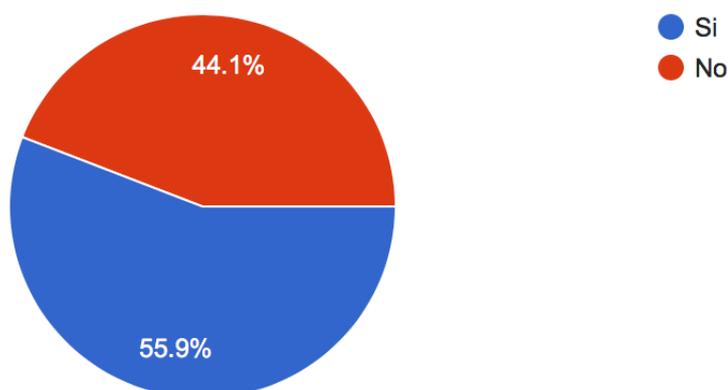
What emerges here, it's a clear increased satisfaction between the start-up that didn't get the initial seeding and the start-up that have got benefits in terms of money.

In terms of PATH SATISFACTION, there is more or less one point out of ten of satisfaction detaching the two bars.

**EVIDENCE 11:** An initial seeding lead to better results in terms of path and overall start-up satisfaction.

### C3: Has the start-up taken part in competition or contest?

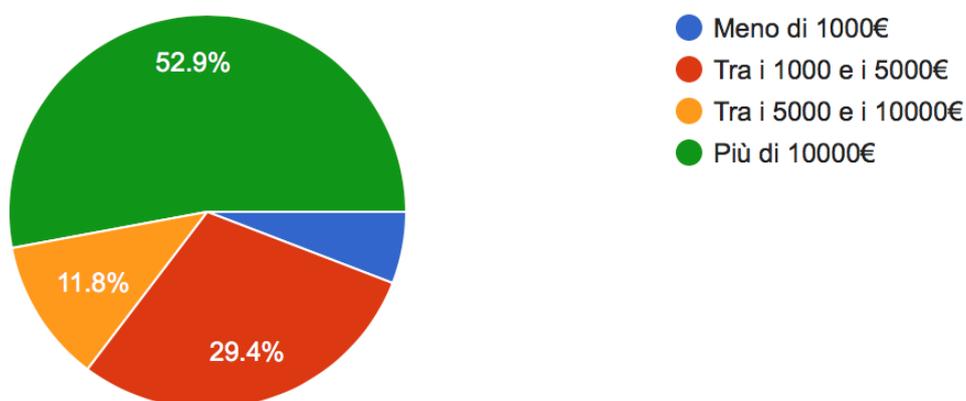
“C3: La start-up ha partecipato a delle competizioni - contest per start-up?”



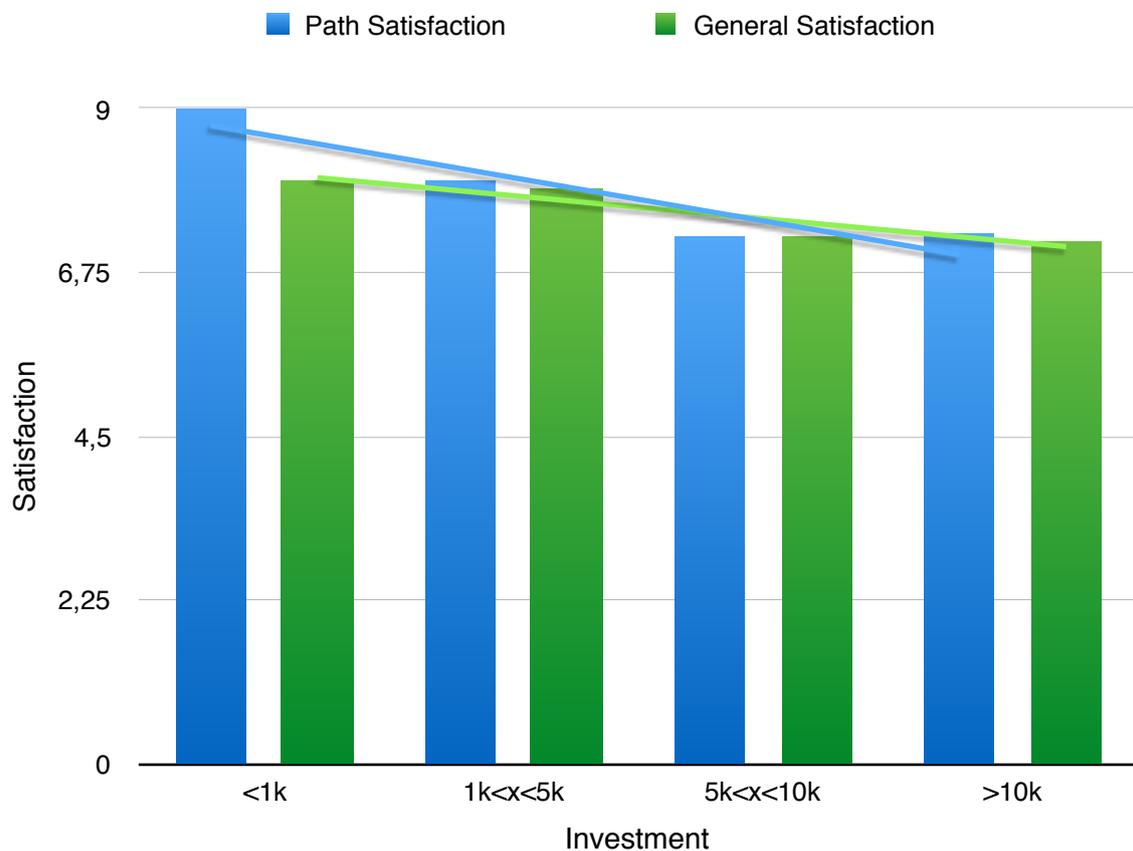
In here, comparing the data we do not have significant evidence: half start-ups took part to some competition, an other half did not participate. And the average of satisfaction is not clearly in favour of one situation or the other. In fact, being part of a competition is important, but not so relevant for all start-ups' life. According to PizzaBo owner, a competition from Intesa SanPaolo has given him just a nominal prize.

### C4: Has the start-up members directly invested their money? How much?

“C4: I membri della start-up hanno investito direttamente capitale proprio? (euro in totale, non per persona)”



The main evidence here, as confirmed from the seeding question, is that the bootstrapping is consistent, and almost all start-uppers invest more than 10,000 euro. Considering the target (a digital start-up), it is a significant sum.



Let's see some different trends emerging from these diagrams:

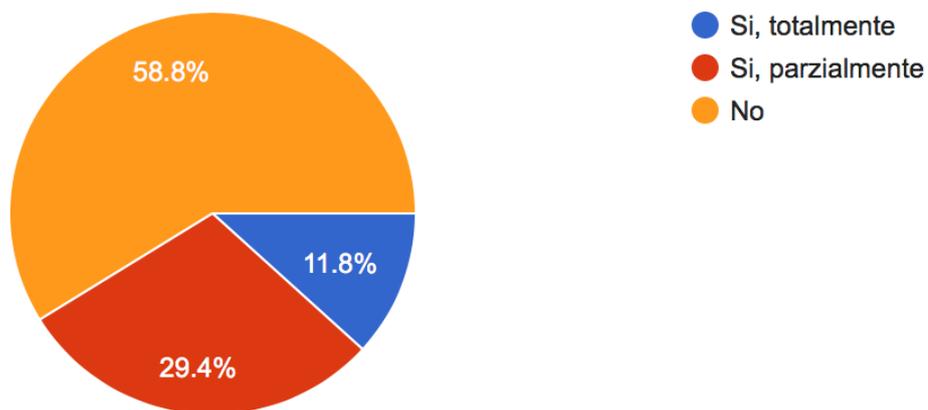
- Start-ups with the minimum investment have greater satisfaction (it means that with a low amount of money they've got good results, or the value for money is optimum)
- The level of satisfaction on the overall results of start-uppers who have invested the minimum is clearly more descendent than that of start-uppers who have invested more.

**EVIDENCE 12:** Investing a low amount of money leads to a greater satisfaction in terms of path but the overall satisfaction is definitely lower.

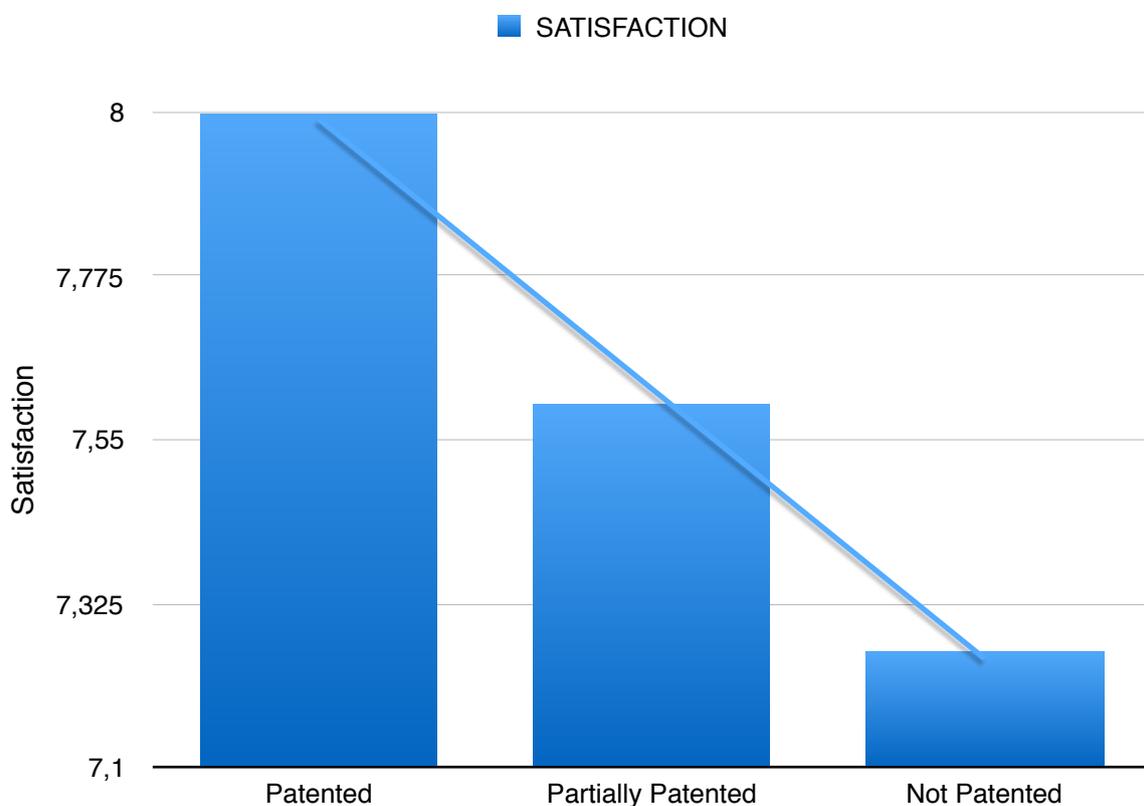
## 5.2.4 PRODUCT (4 of 5)

D1: Is the product, the service or the process patented?

“D1: Il tuo prodotto, servizio o innovazione è coperto da brevetti?”



If we consider how innovation is related to start-up and how the relationship between patents and innovations is crucial, we should examine how patents have influenced start-up life and satisfaction.

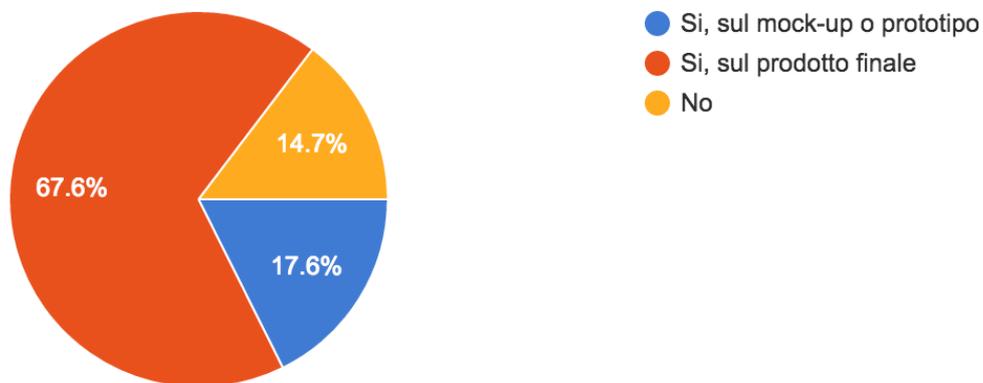


Let's observe the trend: even if it is not so strong in terms of differences from one bar to the other, there is one tenth of satisfaction between having a patented product behind the business model and not having it. As forecasted, we can assume that having a patented product, service or process can definitely help to thrive.

**EVIDENCE 13:** A patented product leads to a greater satisfaction

## D2: Did you collect feedback from users?

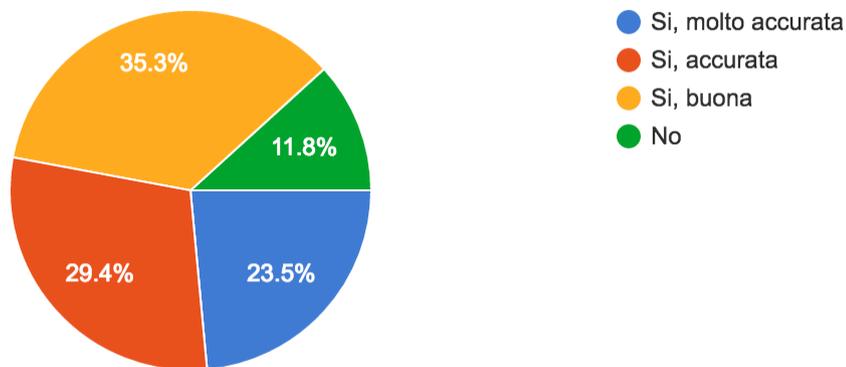
“D2: Sono stati raccolti feedback dagli utilizzatori?”



Considering feedback from users, we observe how the majority of start-uppers have waited the final product to start collecting feedback and another part did not get feedback at all. Even if more than 80% of users have collected feedback, they did in different times. According to Ries and the Lean Start-up method, you should keep on trying and modifying your product according to users and customers needs. If you get stuck to one product -the final product- this process will not perfectly work.

### D3: Did you perform a market analysis?

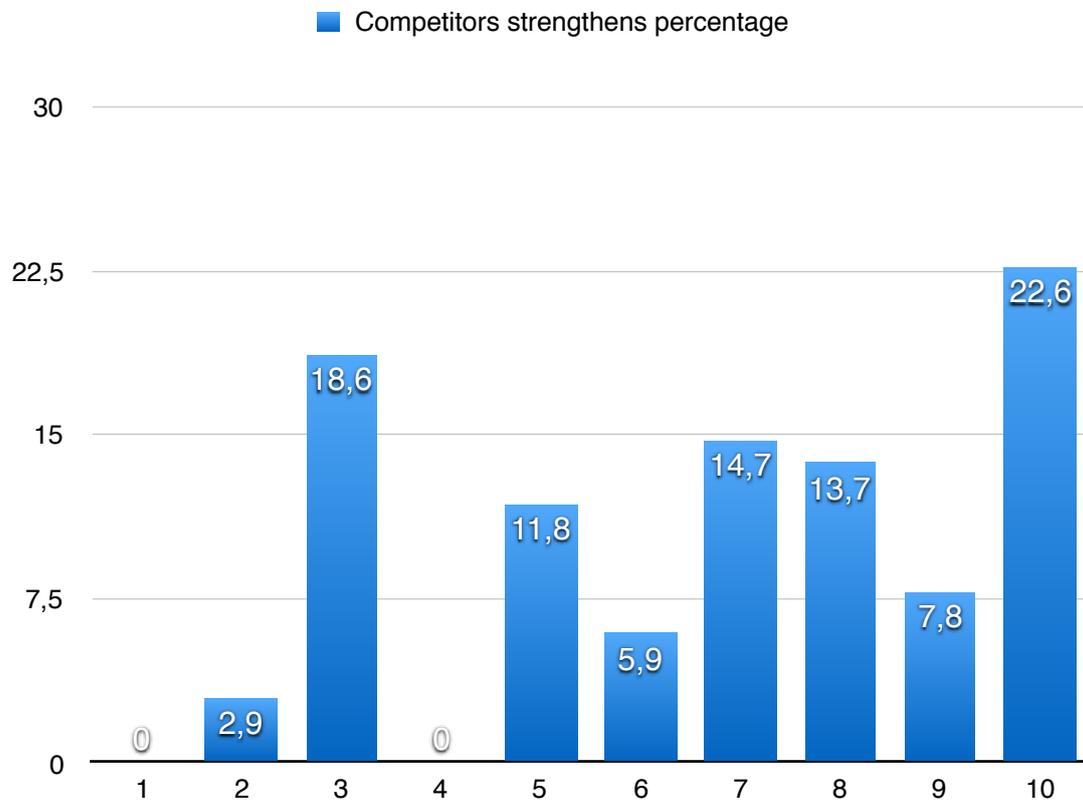
“D3: E' stata fatta un'analisi di mercato sul prodotto o servizio?”



According to the questionnaires, more than 8 entrepreneurs out of 10, have performed at least a good market analysis. In fact, according to literature, the lack of clear plans about the future, after examining the past and the present factors, can be a weakness in the future business development. What entrepreneurs have to keep in mind, beyond the need to satisfy, is the market competitors and share available for their product. We can also consider that, having the majority of start-ups incubated or funded by VC, a market analysis was forced to be performed by these stakeholders.

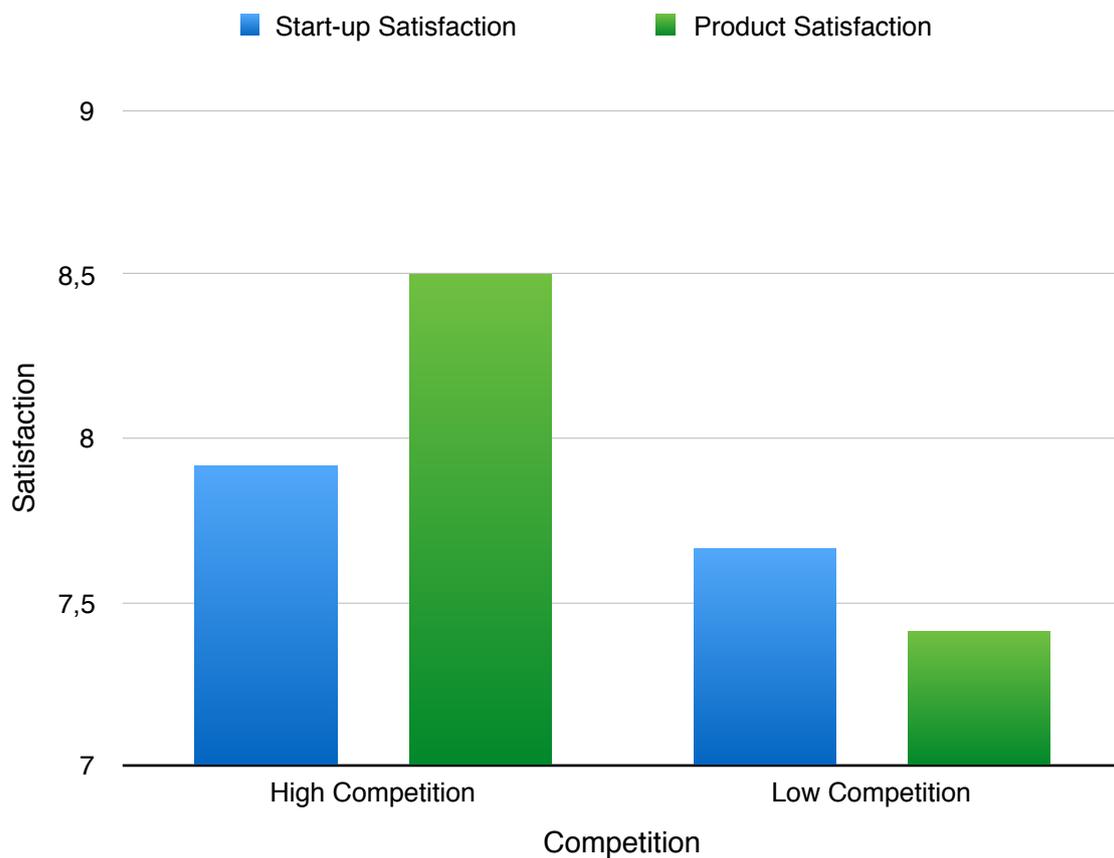
## D4: How strong is the competition?

“D4: Quanto è presente o forte la concorrenza?”

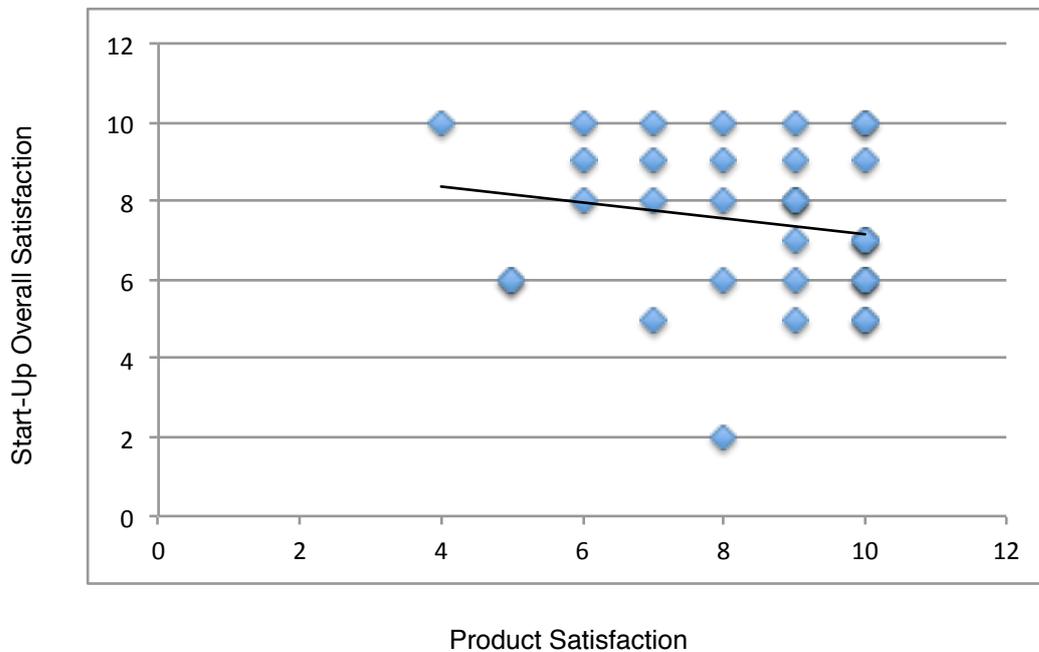


In this graph we have a 1 to 10 scale about the competition strength perception by entrepreneurs. It seems that there are some entrepreneurs who definitely think about a blue ocean and some other who are in a complete red ocean. I've highlighted the start-up satisfaction and product satisfaction for the bottom and upper part of the competition perception (1 to 5 and 6 to 10). The graph below shows that, contrary to rational beliefs, the start-ups serving high competitive markets are the most satisfied ones, regarding both the product and the start-up path.

What have emerged as shown in the graph below is that, contrary to rational beliefs, the start-up serving high competitive markets are the more satisfied ones, regarding both the product and the start-up path.



Some questions, in fact, have not lead to a clear explanation or a confirm of the hypothesis: there should be some other drivers and variables affecting the competition or the satisfaction by this point of view.



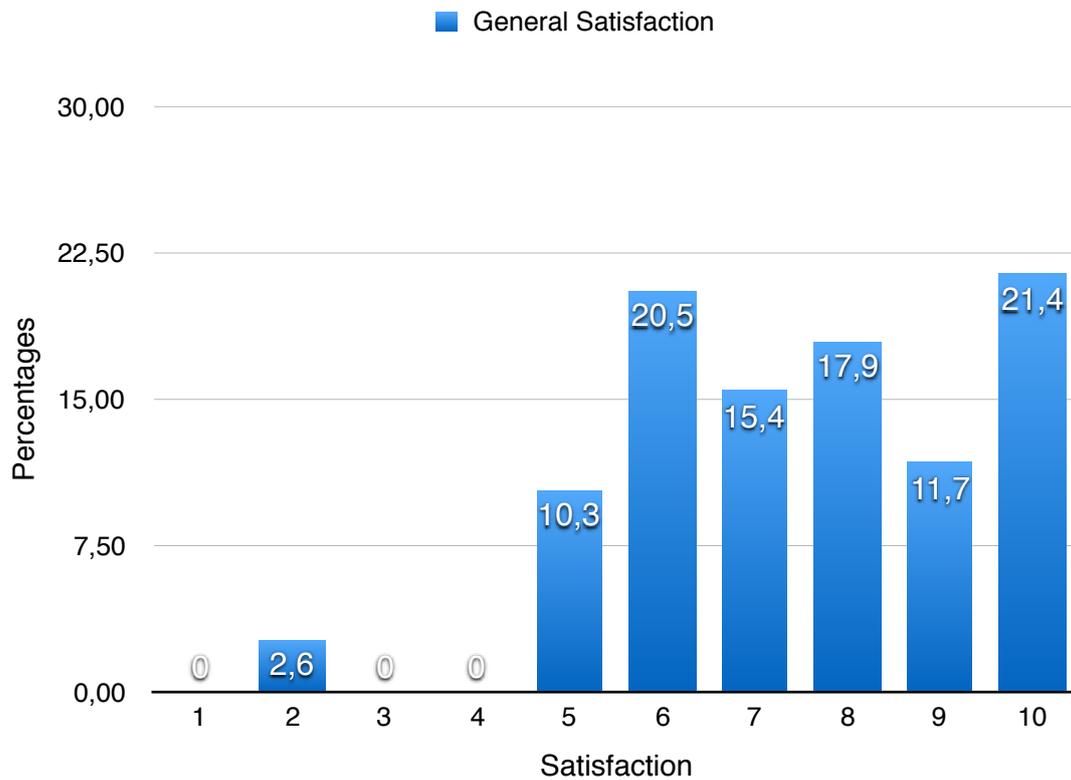
Finally, the product satisfaction and the start-up satisfaction.

We have the start-up overall satisfaction as dependent variable (Y) and the product satisfaction as independent variable (X).

No relevant data have emerged. We expected an increasing overall start-up satisfaction with the increasing product satisfaction. Instead, we obtained a scenario in which the overall start-up satisfaction decreases as the product satisfaction increases. The trend is not so negative but it still is. Considering the  $R^2$ , we can say that the correlation between the product satisfaction and the overall start-up satisfaction (0.03 - in other words explaining just 3% of the correlation) is very low. Therefore, instead of trying to focus on what the causes are, we can assume that this unexpected trend is not so important if compared to the team in charge or the entrepreneurial choices made during the start-up life. We can introduce some psychological variables, including the expectations about the developed product. In fact, getting stuck to a mock up or spending more time optimising the final product could lead to a less satisfied entrepreneur considered the overall results.

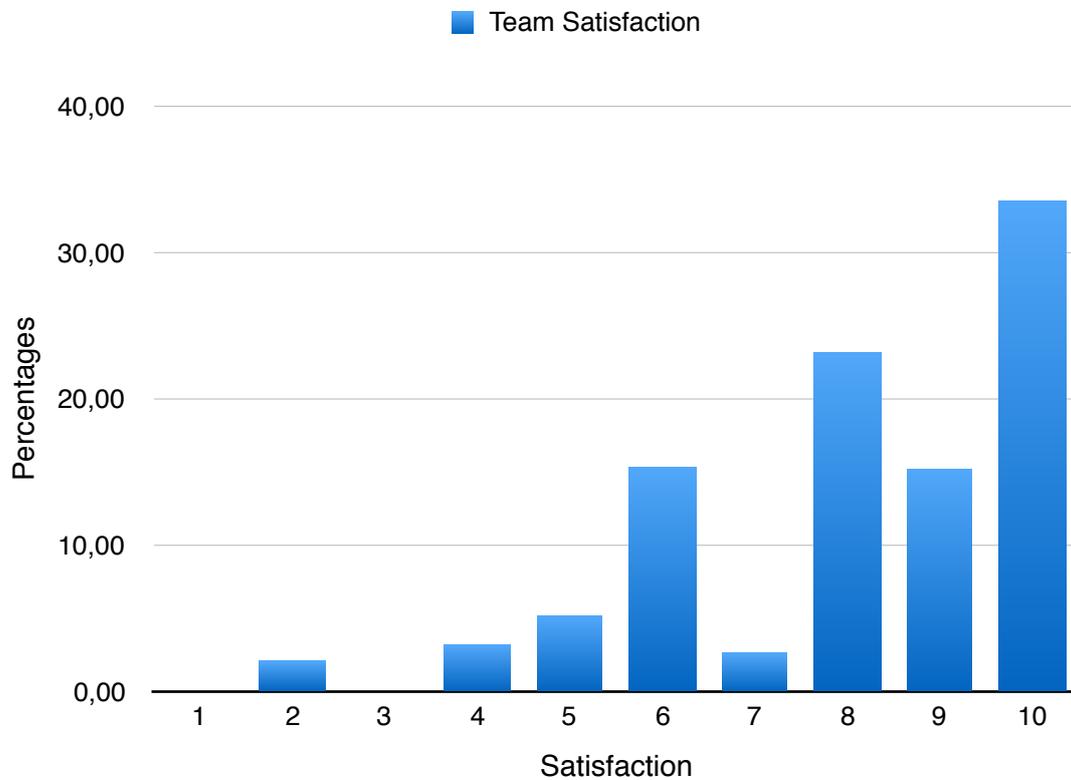
## 5.2.5 FINAL CONCLUSION (5 of 5)

At the end of the analysis, it's time to consider all the control variables and their correlations. What we have from the general questions is:



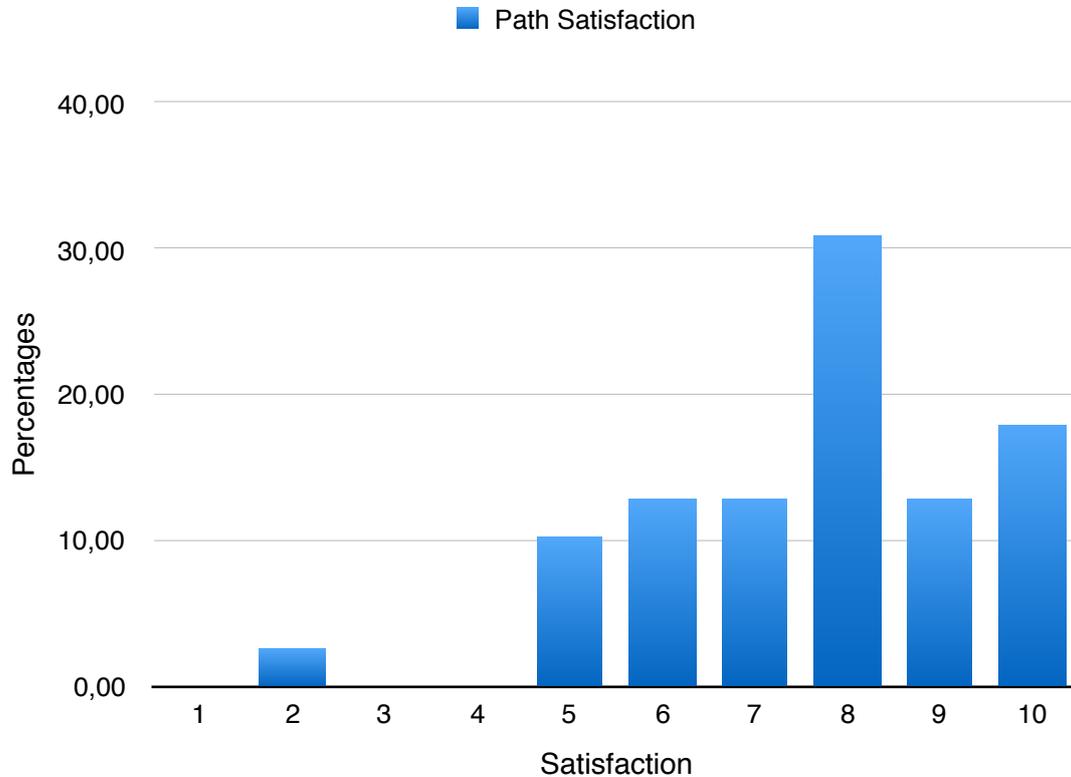
The average satisfaction of the overall Start-up is 7,5; So the majority of the entrepreneurs are at least quite satisfied of their start-up results. This is due to different facts like: data coming out of the questionnaire could be misled by the same respondents, who believe themselves or want to appear, better than what they really are; the start-up are almost coming from portfolios of incubator or venture capitalist, that means being backed up from someone valiant.

Considering the TEAM variable, we have:



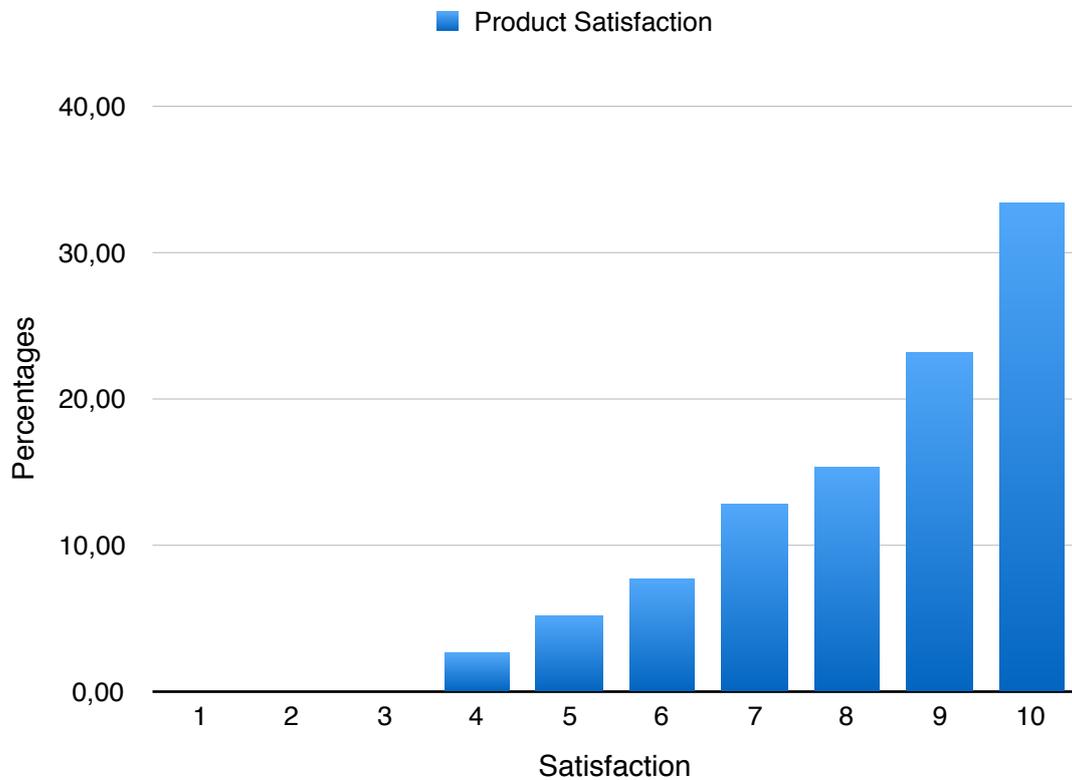
The average TEAM satisfaction is 8.096; it seems that the common entrepreneur is very satisfied about the team and considering the major literature regarding start-up -as said during the Chapter 3- it's one of the most crucial factor in a start-up as human resources in a company. As said by Guy Kawasaki (2010), an Apple Chief Evangelist and now in charge of Canva Design Communication, the most important factors in a start-up are: "Team, team, team!". For these satisfied entrepreneurs this is definitely a good news: the first main step is done.

Considering the PATH variable we have:



The average PATH satisfaction is 7,59; so entrepreneurs are satisfied even about the choices made during the start-up life. Combining the overall start-up satisfaction and the path satisfaction seems that these two variables are the lower ones. In fact the average it's just 0,09 different. It's also the most variable one, in fact, having the team composed and the product done, the only things you can change are the choices during your start-up life. It seems clear how this variable should represent the overall start-up satisfaction as a collection of steps performed by the entrepreneur.

Considering the PRODUCT variable, we have:



The average PRODUCT satisfaction is 8,356; the highest average compared to the whole data-set. Considering the product among one of the most tangible variable of the start-up, it seems obvious having entrepreneurs satisfied about their product, service or process.

# CONCLUSION

This work provides a description of possible steps, drivers and entrepreneurs' choices affecting the life of a start-up. Due to the nature of the research, a bottom-up survey, meant to find evidences and successively give hints and suggestions to new entrepreneurs and to foster a personal research prosecution.

Regarding the bibliographic part of the thesis, different factors were considered: we started from the economic and legislative situation; we considered market and investments on start-ups; we went through the main actors involved in the process and we finished by considering the most empirical and digital strategies. These sections are dedicated to the actual actors, processes and funding methods a start-up has to consider. From the first phases, when the start-up is just a business idea, to the hypothetic IPO, an entrepreneur and his team have to face uncertainty, risk and dilemmas. With a clear idea about all the options, possibilities and difficulties start-uppers can be more successful.

All in all, a trip across the start-ups' world to better understand who, how and on which arguments we should ask the start-uppers to evaluate their personal or general success drivers and possible paths. The final goal, as highlighted, is the research of the successful drivers for start-ups, and you will not have great results by considering just the state of things by only one factor or an other.

Considering the market share, the team, the path and the product in different ways, the analysis covers all the possible factors influencing a start-up's life. As imagined, it was not possible to implement different and more sophisticated statistical analysis like multivariate regressions due to the scarcity of questionnaires collected. Another point to highlight is the method of comparison: using most of the time just a mean comparison between averages it was not possible to obtain non-descriptive informations.

Implementing linear regression has allowed us to obtain causal relations between different variables. Despite these problems significant evidences and data has emerged. Following, divided by the argument, what has emerged.

What has emerged from the **general** start-up questions, coming from the bibliographic research, but mainly from the elaborations of the questionnaires is:

- the strong willingness to impact in the sector with radical innovations
- the classic sell-buy method in the majority of start-ups' business model
- the perseverance of entrepreneurs with the original idea
- the necessity -sometimes- to go through un-successful attempts to get to the top
- the long time needed (usually around 8 months) just to get the right idea
- the tendency to be unsatisfied related to the times the entrepreneur changes the idea (the more he changes, the more he is unsatisfied)

What has emerged from the **team** questions, as above treated in the same way is:

- the more heterogeneous the team, the better the satisfaction about the team and the general results of the start-ups. If the team is able to complete all the activities internally it can get a head start
- having previous working experiences together -the whole or part of the team- helps
- having previous working experiences in the same market field is decisively impacting the results of the start-up
- having a leader and an external mentor is important

Considering the **path** elaboration of questionnaires, it emerged that:

- being part of an incubator leads to a better satisfaction
- the bootstrapping process is still the most preferred one
- seeding is preferred to incubation
- being part of contest is not so crucial - considered by start-uppers
- entrepreneurs usually -due to their age, around 35- invest more than 10k euro in the project

Considering the **product**, we have:

- a major satisfaction if the product is partially, better, totally, patented
- the partially low importance about the competition and other collateral factors in the overall satisfaction

Concluding with the **control variables** -needed for the previous analysis but also per se significant- we have:

- an overall high satisfaction about the result of the start-up, around 7.5/10
- a higher team satisfaction: 8,096/10 - the team is crucial
- a high path satisfaction: 7,59/10
- the highest satisfaction about the product: 8,356/10

The following inclusion in the analysis should be the *timing*. Considering all the variables affecting the start-up path, timing is an important one, but it's difficult to analyse in big poll.

For every interviewed start-up, a market analysis should have been performed in order to get the direct and indirect competition, both in terms of market share and timing. By asking the start-ups about the presence and the accuracy of a market analysis in their business plan different answers were obtained.

Some of them have performed an accurate analysis, other ones haven't performed one. Surely, such sensitive data are not so easy to obtain, and considering the reluctance of some entrepreneurs to even answer all the questions of this work, going deeper in the analysis without the authority of a superior entity like a University, it has appeared useless. A part of the entrepreneurs, in fact, has answered that they do not want to be part of this research to avoid the disclosure of key information (six entrepreneurs). I was not able to get any answer back about the information they thought could be compromising for their business.

More start-ups could have been part of the sample, but a response rate of around 10% has ruined my plan. At the time of the upload of this thesis I've sent 550 and received back 47.

Considering the willingness of the majority of entrepreneurs to receive the research results back -via a PDF that I will prepare- I'll keep on asking and sending questionnaires for a couple of months, to obtain a clearer idea about how this world works and can be improved.

# APPENDIX

## 1 - QUESTIONNARIE

### 1.1 - GENERAL QUESTIONS

Questions 1 to 2: general questions to have an idea about the business.

A1: What is the name of your start-up?

“A1: Qual è il nome della tua start-up?”

A2: What is your business about?

“A2: Brevemente, cosa propone la tua start-up?”

Questions 3 to 4: questions about the motivation and how the entrepreneur will see the successful start-up

A3: What it is the main motivation that has lead you to launch a start-up?

“A3: Qual è la motivazione che più ti ha spinto ad avviare una start-up?”

A4: What is the main success characteristic for a start-up?

“A4: Qual è, per te, la caratteristica principale di una start-up di successo?”

Questions 5 to 7: questions about the market share, segment and relation with the customers.

A5: What is the business relations between you and the customers?

“A5: Qual è il rapporto Business e Consumatore della tua start-up?”

**A6: Mass market or niche market?**

“A6: Servi un mercato di nicchia o mainstream?”

**A7: What is the business model of your start-up?**

“A7: Qual è il business model della tua start-up?”

Questions 8 to 9: questions regarding the idea, the business development and the time spent trying to get the right idea.

**A8: How many times have you changed the main idea before getting the final one?**

“A8: Quante volte l'idea principale è stata cambiata in maniera rilevante prima di centrare quella giusta?”

**A9: How many months before having the right idea?**

“A9: Quanti mesi sono serviti per capire che l'idea era quella giusta?”

Question 10: the check question to have an idea about the general satisfaction of the start-up

**A10: Are you satisfied about the results of your start-up?**

“A10: Sei soddisfatto dei risultati della tua start-up?”

## 1.2 - TEAM QUESTIONS

Questions 1 to 3: previous working experiences - background

B1: Is the team heterogeneous enough to cover all the requirements needed to properly start the start-up?

“B1: Il team è sufficientemente eterogeneo da coprire le varie competenze richieste per l'avvio in autonomia (senza outsourcing) della start-up?”

B2: Has the team (as composed) previously worked together?

“B2: Il team (come attualmente composto) ha precedentemente avuto altre esperienze lavorative o imprenditoriali assieme?”

B3: Has someone, of the actual team, worked in the same market sector of the start-up?

“B3: Alcuni membri del team hanno già avuto esperienze nell'attuale settore della start-up?”

Questions 4 to 7: internal dynamics and team path

B4: Has someone, of the actual team, difficult skills to acquire? Like holding a Ph.D. or having managerial - operational skills?

“B4: Alcuni membri del team hanno skills o competenze acquisite in seguito a percorsi lavorativi o di ricerca difficili da reperire o acquisire? (PhD, ruoli dirigenziali o gestionali)”

B5: Has someone the team a clear leader?

“B5: Il team ha un leader?”

B6: Has the team autonomously developed the Business Plan?

“B6: Il team ha sviluppato autonomamente il Business Plan?”

B7: Has the team got support from an external mentor?

“B7: Il team ha avuto supporto da un mentor esterno?”

Question 8: Check question to control the actual satisfaction of the team

B8: How much are you satisfied about the actual team?

“B8: Quanto sei soddisfatto del team attuale?”

### 1.3 - PATH QUESTIONS

Questions 1 to 4: questions regarding the first phases of the start-up

C1: Has the start-up followed an incubation process?

“C1: La start-up ha partecipato ad un percorso di incubazione?”

C2: Has the start-up got initial seeding?

“C2: La start-up ha partecipato a dei round di seeding iniziale?”

C3: Has the start-up participated in contest and competition?

“C3: La start-up ha partecipato a delle competizioni - contest per start-up?”

C4: Has the start-up being part of a co-working space?

“C4: La start-up ha usufruito di spazi di co-working?”

Question 5: Bootstrapping

C5: Has the start-up member directly invested capitals?

“C5: I membri della start-up hanno investito direttamente capitale proprio? (euro in totale, non per persona)”

Question 6: Check question to control the actual satisfaction of the path

C6: How much are you satisfied about the path of your start-up?

“C6: Quanto soddisfatto del percorso della tua start-up?”

## 1.4 - PRODUCT QUESTIONS

Questions 1 to 2: product oriented questions

D1: Is your product patented?

“D1: Il tuo prodotto, servizio o innovazione è coperto da brevetti?”

D2: How much is your product standardised?

“D2: Quanto è standardizzato il tuo prodotto?”

Questions 3 to 6: customers and market analysis questions

D3: How many feedback from the users?

“D3: Sono stati raccolti feedback dagli utilizzatori?”

D4: Is your product satisfying or creating a need?

“D4: Risponde il prodotto ad un bisogno specifico degli utenti o punta a creare un bisogno ?”

D5: Has a market analysis been done?

“D5: E' stata fatta un'analisi di mercato sul prodotto o servizio?”

D6: Is your competitors well established?

“D6: Quanto è presente o forte la concorrenza?”

Question 7: Check question to control the satisfaction of the product

D7: How much are you satisfied about your product?

“D7: Quanto sei soddisfatto del prodotto, servizio o innovazione sviluppato?”

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