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Successful venture building: What matters! An empirical examination of effective incubation practices

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SUCCESSFUL VENTURE BUILDING: WHAT MATTERS !

AN EMPIRICAL EXAMINATION OF EFFECTIVE INCUBATION PRACTICES

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Successful Venture Building: What Matters !

An Empirical Examination of Effective Incubation Practices

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Declaration

I hereby declare that this dissertation is my original work and it has been written by me in its entirety. I have duly acknowledged all the sources of information which have been used in this dissertation.

This dissertation has not been submitted for any degree in any university previously.

Patrick Thng
August 29 2019

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by

Patrick Thng

Abstract

Incubator models have evolved since the first known US incubator in 1959. From the first generation of a facilities-focused incubator model in the 1960s to the fourth generation of emerging models, commonly referred to as, the "Accelerator" model and the "Venture Builder" model.

Since 2006, there has been a significant increase in the number of venture builders and accelerators. Yet very little is known about a) their performance and the antecedents; b) the key differences between venture builders and accelerators; c) the factors and practices that characterise highly successful venture builders and d) their (venture builders)comparative advantages or disadvantages compared to the large number of accelerators.

This study examined and analysed the venture building phenomenon where there has been a paucity of rigorous published scientific research. Meanwhile, practice-oriented publications have proliferated.

The empirical research adopted both face-to-face interviews and online semi-structured surveys that comprised three separate studies. Study 1 saw the participation of eight overseas and local incubation practitioners in separate face to face hour-long interviews (four accelerators and four venture builders). The literature review and the findings in Study 1, which detailed the actual practices of these two incubation models, yielded ten key important practices that these incubators represented as their modus operandi. These ten practices became the independent predictors which were used in Study 1a and Study 2. Study1a was an extension of Study 1 in that twenty-nine highly experienced incubation practitioners (from

diverse location such as Hungary, US, Canada, Portugal, France, Mexico and Turkey) participated in answering an online semi-structured survey to ascertain their agreement or disagreement about these ten practices as characteristics of venture building practices. Finally, Study 2, an online semi-structured survey, was launched. Study 2 yielded responses from forty-four start-ups from wide-ranging diverse countries including Singapore, Canada, US, Thailand, Turkey, India and Japan. This was the focal study that provided the data for testing eleven pairs of hypotheses.

Success, being the predicted outcome of the start-ups was assessed from two angles - financial success and psychological satisfaction. The study identified the key incubation practices that were associated with successful start-ups and produced a binomial logistic regression generated prediction model for each of the two success outcomes. Together the findings of the three studies were triangulated and yielded eight key insights on the predictors that contributed to successful start-ups.

To develop financially successful start-ups, incubators should focus on the five key practices of marketing performance, demand orientation, market scope, internationalisation and long-term engagement; whereas in developing psychologically satisfied start-ups, the four key focal practices are marketing performance, demand orientation, market scope and internationalisation (high commonality with practices identified for financially successful start-ups). This exploratory research contributed to our innovation knowledge by exploring the known gaps and provided key insights that are useful for start-up investors, government innovation policy-makers and entrepreneurs of start-ups looking to maximise success. The study concluded by suggesting some areas for future research. The key takeaway of this research is this: “Given the often-confusing labelling of incubators as accelerators or venture builders, it is not what they call themselves that is critical to the success of start-ups - but what they actually practice that matters !”.

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Acknowledgements

"Ọ na-ewe obodo dum iji zụlite nwatakịrị" – a proverb from the Igbos of Africa.

The wisdom of this proverb is a timely humble reminder for me that "it takes a whole village to raise a child" – and that includes a doctoral student.

This learning journey would have not been possible without the village elders, friends and of course my family for their invaluable support and encouragement with the occasional nudge! My sincere thanks and gratitude for countless friends and mentors who have contributed numerous ways to the fruition of this dissertation.

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I hope the completion of this program will mark the beginning of my turn to help others in the village of experiential learning – the “juniors” as Dr Z aptly puts it. See you in the village soon future doctoral students !

To God Be the Glory ! Grateful and thank you to my friends and my family !

Chapter 1 Introduction

Introduction to Incubation and Purpose of Study

Why do a significant majority of start-ups fail within three years of founding ? Based on the study by Shikhar Ghosh of more than 2000 start-ups who received at least $1m in VC funding from 2000 to 2010, 95% fail where failure is defined as failing to see the projected return on investment (Gage, 2012). However, that percentage may be much higher given that there are many unreported start-ups receiving less than $1m of funding; and the phenomenon of venture capitalists who "bury their dead very quietly." That is, these firms most naturally emphasize the successes but are silent about the failures.

There have been numerous research efforts studying this issue focusing primarily on the start-ups and the key start-up eco-system players such as incubators, accelerators, “smart money”, venture capitalists, government support etc.

VCs, angel investors, traditional incubators and accelerators are key venture development players in the innovation eco-system in terms of resources, network access, and know-how contributions. This is evidenced by the total investments made by VCs which have leapt from $40Bn worldwide in 2010 to $170Bn in 2017 – a 400% increase (see Figure 1.1 below) (KPMG Enterprise, 2018). Given the significant financial resources invested in start-ups, it is research worthy to look closely at this group of critical venture developmental players in terms of their successes, failures and more importantly what characteristics or role they might play in ensuring venture success. Additionally, how they reduce the incidence of failure is by association a critical area of investigation.

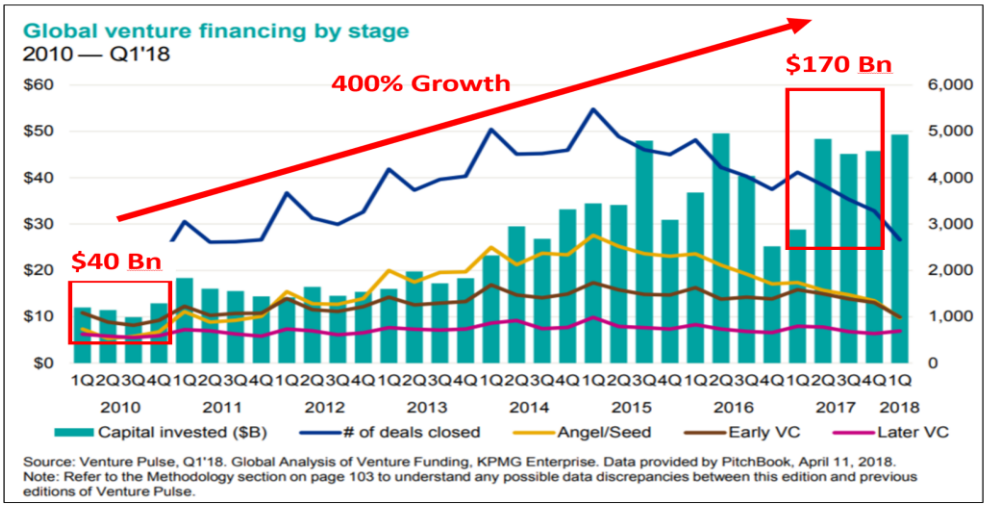

Figure 1.1. VCs' Investments in Start-ups as at Q1 2018 Source: (KPMG Enterprise, 2018)

1.1. Business Incubation and Evolution

The first known form of business incubator started in 1959 by founder Joseph Mancuso in New York, the Batavia Industrial Centre (Lewis, Harper-Anderson, & Molnar, 2011). By 2006, there were approximately 1400 business incubators in North America alone, (US: 1115 and Canada:300) and 7000 globally (Lewis et al., 2011).

A business incubator is essentially a venture developmental entity that runs incubatory programs "designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed or orchestrated by incubator management, and offered both in the incubator and through its network of contacts" (Lewis et al., 2011). A business incubation program's main goal is to produce successful firms that will leave the incubator program and be financially viable and freestanding. Critical to the definition of an incubator is the provision of management guidance, technical assistance, and consulting tailored to young, growing companies (Lewis et al., 2011). It is a model or mechanism used by venture developmental entities to "deliver incubation services to start-ups and create and capture value from them" (Pauwels, Clarysse, Wright & Van Hove, 2016).

From an ownership and capital sourcing perspective, there are three types of incubators; 1) public which have been started by government-based initiatives, 2) Private (these can be both for-profit and non-profit) and 3) university based (again, these can be both for-profit and non-profit).

With the significant and rising investment in start-ups many questions have been asked about: what gives new ventures a greater-than-average chance of success? A study by the US Department of Commerce Economic Development Administration (EDA) led by the University of Michigan has shown that business incubation best practices are positively correlated to an incubatees' success (Lewis et al., 2011). But why or what will be the future state is still largely unanswered as much of this research was simply correlation based.

1.1.1 Evolution of Incubation Models: Four Generations from 1959 to 2018

Incubator models have evolved over time due to changing needs of the new ventures, maturity of the innovation eco-system and the prevailing economic financial and social climate.

Shepard (2017) identified three generations of incubation models: Generation 1 (1959-1979); Generation 2 (1980-1999); and Generation 3 (2000-2012). Two evolving models have been observed in Generation 4 (2012 to 2018), that is the accelerators and venture builders. Refer to Table 1-1.

Table 1-1. Four Generations of Incubation Models

Characteristics	*Specific incubator characteristics*	*1st ∗ generation incubators*	*2nd ∗ generation incubators*	*3rd ∗ generation incubators*	4th generation incubators: Accelerators	4th generation incubators: Venture Builders
Mission	Improvement of post-war economy	✓				
	Involvement of universities and government		✓	✓	✓	✓
	Long-term job creation		✓	✓	✓	✓
	Contributing to economic stability		✓			✓
	Development of curricula in entrepreneurial business by universities and business schools		✓	✓	✓	✓
	Provision of complex business services			✓	✓	✓
	Emphasis of best practices			✓	✓	✓
Personnel	Use of retired executives and volunteers	✓	✓		✓	✓
	Awareness of importance of business managers		✓	✓	✓	✓
	Enhanced structure-board, CEO, manager, staff, etc			✓	✓	✓
Facilities/ resources	Provision of low cost space rentals	✓	✓			
	Inter-incubator networking		✓	✓	✓	✓
	Multidimensional and complex facilities			✓	✓	✓
	Virtual connectivity			✓	✓	✓
Technology	Increased technological innovation and application		✓	✓	✓	✓
	Initiation of computer innovations e.g., internet connectivity		✓			
	Enhanced application of internet capabilities			✓		★
Others: Go To Market	Global presence				✦	★
Team Formation	Recruit co-founders					★
Equity Ownership	Significant to majority stake					★
Timeframe	Longer handholding/mentoring period (2-5 years)					★
	Exit Period (3-8 years)					★
Business Focus	B2B					★
	Demand-driven (focus on business problem identification and solutioning)					★

∗ Ref: Shepherd, (2017)

Generation 1: In the aftermath of World War 2, Generation 1 (1959-1979) of incubation models of the 1960s focused primarily on the provision of basic physical office facilities such as reuse of declining buildings and basic telephone and secretarial support (Shepard, 2017). The idea was that a significant expense which acted as a barrier to business formation and germination could be partially mitigated.

Generation 2 (1980-1999) incubation models encompassed Generation 1's basic facilities and some financial support but now extended to connectivity and interactive support by the government and universities with "20 to 70 openings (new incubators) between 1984 and 1987" in the US ((Shepard, 2017). 75% of the incubators were for non-profit while the rest were for profit. These incubators attempted to go beyond cheap facilities for starting-up and into developing communities and services for the start-ups.

Generation 3 (2000-2012) incubators evolved around the provision of intangible high value-added services such as product developmental support, access to knowledge and expertise and networks of mentors and VC finance (Pauwels et al., 2016). Generation 3 incubators best practices were starting to be identified by Zablocki including:

- access to capital resources
- community support
- linkages to universities
- tenant selection process
- entrepreneurship education
- clear programmatic approach (Zablocki, 2007).

Generation 4 (2012 to date) incubators with the pioneers which started as early as the mid-2000s saw the evolution of incubation models towards two emerging models, that is the accelerator model and venture builder model.

The accelerator model – a more knowledge-intensive programmatic, time-limited, mentor-guided model where advanced stage new ventures are competitively selected. These firms often engage in a specified training/development period culminating in a "Demo-Day" as the graduation milestone. This demo day is an effort to prepare the resident firms to be prepared to interact with major stakeholders including (but not limited to) potential sources of funding, customers, perspective employees, government bodies etc. The accelerators typically offer pre-seed investment in exchange for 5-10% of the new venture's equity and the accelerators' investments are more closely aligned to angel investors and small-scale individual investors' characteristics. Demo days are showcase events where the graduating ventures often pitch to potential investors for pre or Series A type funding typically not exceeding US$2m-5m.

While the extant literature on incubation mechanisms agrees on their contribution to nurturing new ventures in general, it also points out that we have to take into account the heterogeneity of the different incubation models such as the venture builder model (Barbero, Casillas, Wright & Garcia, 2014).

This other main form of emerging model is the venture builder (VB) or start-up-studio form of incubation. Fundamentally a VB is a form of entity that builds new start-ups from scratch. They begin with identifying a business problem and then form the team of talented co-founders to start the new venture. Within VBs are two sub forms, Corporate VBs (VBs that are started and funded by incumbent large corporations such as Citibank and Singtel) and Independent VBs (VBs that are independently started and micro-funded by experienced entrepreneurs such as Rocket Internet and Wesley Clover's Alacrity Group).

Typically, the VB takes the form of a holding company that owns controlling or majority equity in the new ventures or companies they create. Anecdotally, the more successful ones appear to be significantly more operational and hands-on than a holding company and definitely are more engaged for a longer period than accelerators. That is, rather than being passive financial investors they are engaged and directive in multiple aspects of the new firm's development. VBs raise and provide seed capital, help their new ventures raise capital, help staff the team, provide business services support such as legal, accounting and legal and governance, build Minimal Viable products (MVPs), assist with pre and post-launch phases, and work towards an exit typically within a 3-7 years' time frame. VBs are like high-paced tech start-ups that build start-ups, where the product is the new venture, the prototype is the business model, consequently creating an ecosystem where newly created platforms can be shared among their ventures (through cross licensing). One of the pioneers of VB, Spivack, a technology futurist, serial entrepreneur, and angel investor, wrote about the model in 2011 calling it "a new approach to building start-ups" (Diallo, 2015). Notable VBs include Germany's Rocket Internet (Foodpanda, GoJek etc); Obvious Corp (Twitter and Medium) and Betaworks (Instapaper and Blend) (Diallo, 2015). In essence this is considered a high touch model.

To date, most of the scant published studies, are descriptive in nature (Pauwels et al., 2016). Hence taking into account Barbero's et al (2014) (heterogeneity of different incubation models) and Paulwels' et al (2016) (new incubation practices) observations, it would further our knowledge if this study compares the effectiveness of the two entrepreneurial venture models of interest, that is, the prevailing **accelerator model** and the emerging **venture builder model** as the former model has been the predominant form since the mid-2000s (Pauwels et al., 2016) while the latter VB model is a recent emerging model (Szigeti, 2016).

Szigeti (2015) in his study "Start-up Studio Trends 2015" (Szegeti, 2016) investigated 51 venture builders and their 212 portfolio companies (start-ups built by them). The study looked at how VBs and their new ventures performed using publicly available data from Crunchbase and Mattermark. He concluded the following:

- VBs create more companies' year on year at a rate of 15%
- Since 2008, VBs raised more than US$4b
- Funding of new ventures created by VBs have steadily increased 48% year on year
- There have been a reported 14 exits since 2012 and they are on the rise
- The average exit takes about 3 years by VB built ventures

- The new ventures created by VBs employ about 16,000 employees (averaging 285 employees per new venture as compared to the accelerator-based ventures average of 333 employees per start-up)
- Top accelerators raise on average 105% ($214M) more money than top VBs ($104M)
- However, the MatterMark growth score (tracks signals of web traffic, inbound links, social network interactions etc) of VB's ventures is 740 which is 26% higher than companies incubated by accelerators of 587.

Szigeti summarized these findings as follows "It seems to suggest that growing a new venture from a VB is much more cost efficient than fuelling growth of a start-up from an accelerator" (Szigeti, 2015).

The Szegeti study is a notable and important first step in this research area. It provides strong analytical support and illumination for differences in the models, their operations and their success. However, it has limited depth in its study of the micro-mediating activities, experiences or adaptations that take place during a typical life of a venture. This study will compare VBs with Accelerators given that the latter has been the predominant form of venture developmental in the recent decade; and the distinct characteristics and drivers of this accelerator incubation model. Research to date is scant (Birdsall, Jones, Lee, Somerset, & Takaki, 2013) despite in 2013, Seed-DB reporting the existence of 213 accelerators worldwide supporting 3800 new ventures. Currently the published literature on the success or failure of these models is lacking in a) quantitative analyses b) the proper definitive definition of what an Accelerator or a VB is and thus many of the findings are simply lumped together, and c) a rich understanding of the insights or the journey that either the funding firm or the start-up team goes through and how the Accelerator or the VB model assists or prevents success.

In the next section, a discussion of VBs, their characteristics, practices and processes will be discussed and then compared with accelerators in the section thereafter.

1.1.2 Further Evolution: Venture Builders - New Generation of Incubation Model

An emerging type of start-up developmental model in the form of venture builders (VBs) has been observed (Szigeti, 2016); (Scheuplein & Kahl, 2017). They are a rapidly growing phenomenon since 2010 with very little rigorous research made to date. The first known form of VBs, Ideaslabs, was founded in 1996 by Bill Gross. It has performed very well with 150 new ventures and 45 exits ("Idealab," 2018). From 1996 to 2006, there was a lull in the growth of this model until 2010 when there was a significant spurt of new VBs (see Figure 1-2 (Montgomery, 2017)).

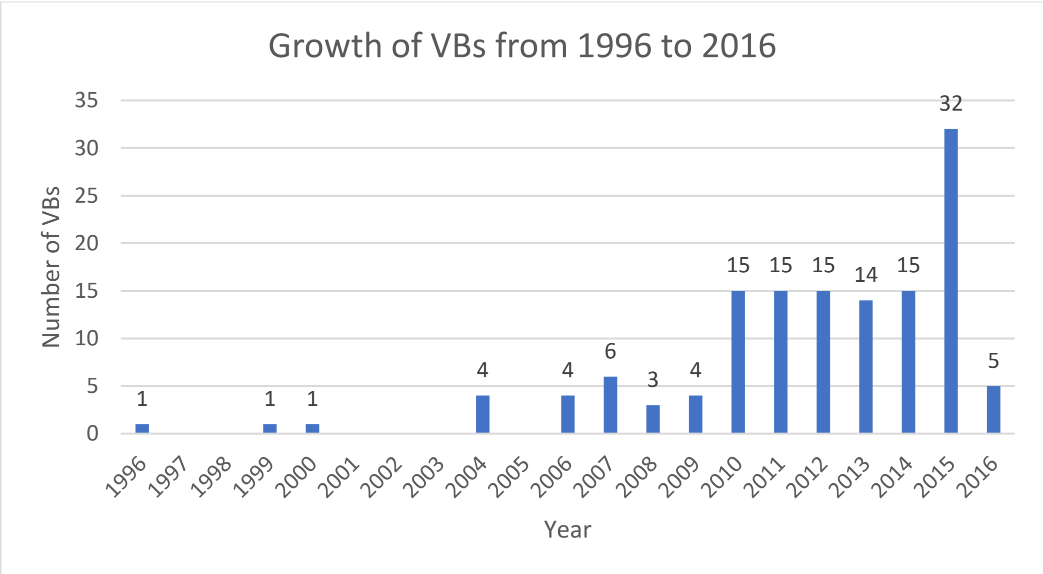

Figure 1-2. Distribution of VBs as at Mar 2017 Source**:**(Montgomery, 2017)

Most of the research studies to-date are focused on accelerators and start-ups; while there has been little rigorous research undertaken on VBs. Much of the information, and theoretical justification that is available comes from the numerous practitioner-written VB articles. Many of these articles come from firms making dubious claims, often with self-interest and self-promotion as an end. That is, there has been little systematic, and rigorous research divorced from self-interest available on this topic.

VBs essentially build new ventures from the ground up with hybrid characteristics of the traditional Incubators and Accelerators (IAs). Given that there are simply many more Accelerators and they have been around longer one might ask; Does the growing trend of VBs signal a change in direction of approach to innovation and investment style ? Why is this phenomenon happening ? Does this mean that the typical incubator and accelerator models are not as effective as one assumed? Or has the model begun to be replaced? Perhaps the Accelerator models are not suitable for most start-ups, today ? Are VBs an emerging alternative model that is more superior compared to the traditional Accelerator models ? If yes, what are the characteristics of this new model that matters in high success rates of start-ups ? Which start-ups are more suitably guided by this new emerging venture development model ? These are important questions from four perspectives:

1.2. Perspective One: Government Policy Formulation

Governments across the world are trying to grow their economies and innovation has been a fundamental driver for business growth, job creation wealth development and exports. In the drive to innovate, many government policies have been formulated to encourage investors and start-ups through grants, subsidized services and various incentives often tax based. Having a good understanding and evidence-based insight of which growth model (accelerators or an emerging alternative form) works and under what conditions will be very useful to those formulating policies and incentives for the innovation eco-system.

1.3. Perspective Two: Start-ups' Choice of Growth Guidance

A quote from a start-up founder, "My start-up death certificate was issued the day I formed my start-up." Seemingly, paradoxical, but true, the frequency of successful start-ups are relatively low. This is in a sense vexing, when one considers the amount of resources and effort put in. Are there alternative growth or venture building models that can up the success rate of these start-ups ? It is generally assumed, while it may not be the case, that start-ups fail because of a lack of some sort of information or resources. Thus, start-ups are constantly on the lookout for growth guidance and resources through incubators, venture builders, accelerators and the likes. However, most entrepreneurs do not have an idea of which growth mechanism is optimal for their innovation enterprise. Hence a good understanding of the appropriate model that will maximise their growth potential is critical for them to make the right choice of venture building support.

1.4. Perspective Three: Investors' Choice of Investment Options

Investors from the angel community to significant VCs and PEs often funnel their investments directly into start-ups as their preferred modus operandi. However, given the large number of start-up failures, are there alternative funding models of innovation by the investment community ? Is there an emerging venture building model the performance of which exceeds the track record of traditional incubators and accelerators ? If there is, what are their practices; and how can these firms adopt the practices of this new venture building model ?

Incubators and accelerators may obtain insights as to how the emerging venture building model's strengths can complement their existing modus operandi; and perhaps suggest aspects of their methodologies that are sub-optimal for start-ups' success.

1.5. Perspective Four: Research Community

From the research community perspective, is there a new phenomenon of venture building that is evolving but which lacks evidence-based findings that can guide stake-holders in the innovation ecosystem ? What are the significant characteristics about this emerging venture building model that are distinct from the traditional models ? Can existing theories such as the Resource-based View (Barney, 1991), Market-based asset (Srivastava, Fahey, & Shervani, 1998) and Market-facing business processes (Srivastava, Shervani, & Fahey, 1999a) explain this new phenomenon ?

Chapter 2: Review of Key Industry Findings and Research Literature

2.1. Innovation and Entrepreneurship

Venture-backed start-ups as we know in its current form are only about 40 years old (Marmer, 2018). This modern form of innovation and entrepreneurship paradigm is evolving, albeit at a rapid rate given the significant financial and human capital resources invested by governments, investors and start-ups. KPMG estimated that in Q1 2018 alone, total capital invested by VCs alone in Q1 2018 was $49Bn (KPMG Enterprise, 2018). Many of the pre-paradigm pieces have been developed and studied especially in the last 20 years under the cross disciplines of innovation and entrepreneurship. These sub disciplines include the Lean Start-up, The Business Model Canvas, Design Thinking, Customer Experience, Technopreneurship etc.

In the Stanford's Start-Up Genome Project (Marmer, Herrmann, Dogrultan, & Berman, 2012), where 3200 start-ups were studied, four distinct stages of start-up development, also known as Marmer stages were identified. They are:

1. Discovery: The entrepreneur discovers a problem or an idea that solves an existing problem.
2. Validation: The start-up team evaluates if the idea to the problem has market demand. If market support for the idea cannot be validated, then the start-up pivots the idea to another market or problem.
3. Efficiency: The idea or solution gains traction and the start-up begins to acquire customers and to raise funds.
4. Scale: The new venture aggressively pushes the boundaries of customer acquisition and growth. External investors are sought after to grow the venture.

In addition, Bergfeld added two later stages (Bergfeld, 2015):

5. Profit maximisation: The established company increases revenue and is profitable.
6. Renewal or decline: The established company must either continue to innovate or upgrade its offerings to stay ahead of the competition or else it may go into a decline. An example is SE Asia's GRAB that has ventured from ride-hailing to additional businesses such as financial (e-wallet) and food deliveries.

Diagrammatically this is shown in Figure 2-1.

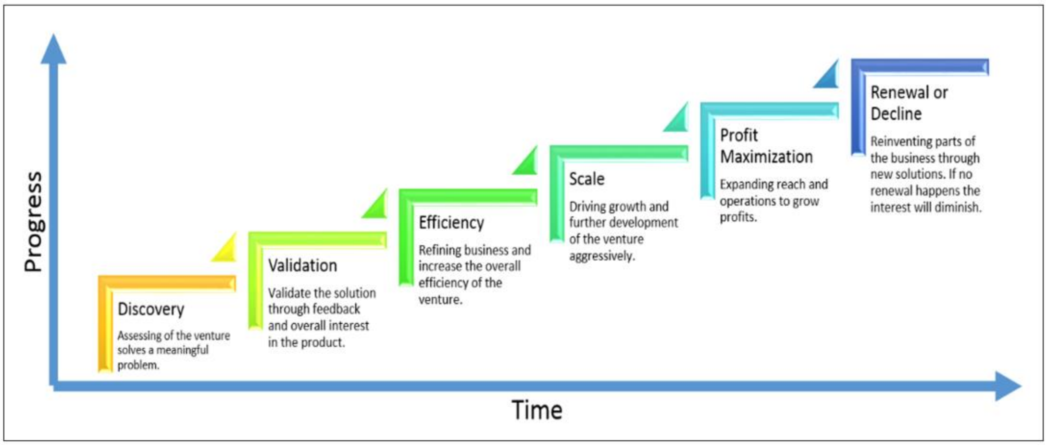

Figure 2-1. The 6 Stages of Venture Journey Source: (Bergfeld, 2015)

I will return to this diagram after discussing the topology of venture developmental entities.

2.2. Business Incubation Outcomes

In any incubation models, when measured by the new venture's growth and financial performance, there are five possible outcomes at the completion of the incubation process (Lewis et al., 2011):

Successful Outcomes:

1. The new venture is surviving and growing profitably.
2. The new venture is surviving and growing and is on a path toward profitably.

3. The new venture is surviving but is not growing; and not profitable or marginally profitable. (One can argue that this can be considered an unsuccessful outcome; In private equity circles these are often referred to as, “zombie” companies where the companies continue to operate but does not have an assured future.)

Unsuccessful Outcomes:

4. The new venture operations were terminated while still in the incubator, but losses were minimised.
5. The new venture operations were terminated while still in the incubator, but losses were significant.

These outcomes will be referenced during this study when classifying whether the new venture is successful.

2.3. Business Incubation Best Practices

Hackett and Dilts (2008) conducted a systematic review of the incubation literature and fieldwork in North America and Asia. They identified a series of business incubation best practices and reliable measurement scale (refer to Figure 2-2).

Business Incubation Best Practices	
Category	
Management of the Program	
	Conduct a feasibility study before starting a program
	Develop a consensus-driven mission statement
	Establish client entry & exit criteria
	Collect outcome data
	Provide networking opportunities between client firms
	Establish effective tools to deliver support services
	Build networks with area business services providers
	Market incubators beyond the entrepreneurial community (i.e. embed the program in the fabric of the host community)
Key Entrepreneurial Support Services	
	Business plan writing and business basics
	Legal assistance, including but not limited to:
	General legal services
	Intellectual property protection
	Incorporation or other legal business structure
	Import/export requirements
	Access to capital
	Marketing assistance
	Access to broadband high-speed Internet
	Mentoring boards for clients with area business service providers
	Close ties with higher education institutions (where possible)
	Accounting and financial management services
	Networking with other entrepreneurs, particularly other clients
	Networking with area business community
	Assistance in developing presentation skills
	Assistance in developing business etiquette
Additional Key Services for Technology Business Incubation Programs	
	Technology commercialization assistance
	Access to specialized equipment and laboratories at reduced rates Intellectual property management assistance

Sources: Rice and Mathews (1995), Lewis (2001), Tornatzky et al. (1996), Campbell et al. (1988), Clarysse et al. (2005), Hackett and Dilts (2004), Hernadez-Gantes et al. (1995), and Lichtenstein (1992).

Figure 2-2. Business Incubation Best Practices Source: (as cited in Lewis et al., 2011)

2.4. The Emerging Phenomenon of Venture Building

According to TechCrunch, a popular practitioner-referenced site, Endeavour Insight Analysis (Morris, 2015) in a survey of top VC firms found that the general partners of these firms often have experience as founders or senior executives at entrepreneurial companies.

On average 40% of the current partners of these VCs are experienced entrepreneurs. See Figure 2-2a below.

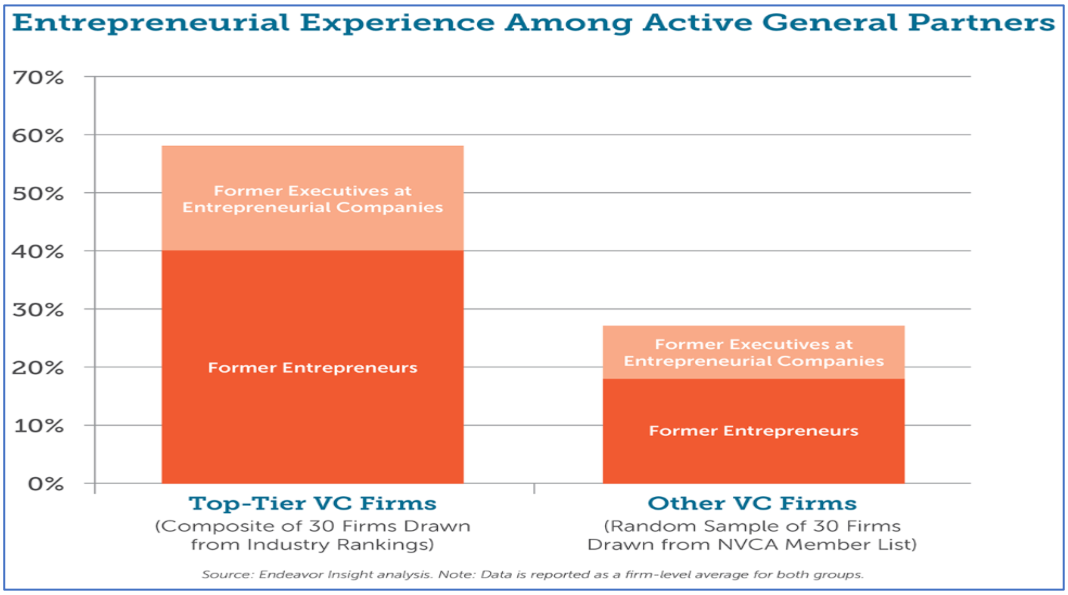

Figure 2-2a. High Proportion of VC Partners with Entrepreneur Experience (Morris, 2015)

We observe this phenomenon of entrepreneurs morphing into venture capitalists (VCs) as evidenced by the large numbers in the innovation hubs of the likes of the Silicon Valley, London and Singapore. Many of these entrepreneurs move on to form incubators and accelerators as a funnel or window into investment opportunities, often termed as pipelines or deal flows.

The plot has taken a twist recently with an emerging class of innovation investment vehicles, also known as Venture Builders (VBs) or Start-ups Studios where the general partners are former experienced entrepreneurs. The most well-known is Rocket Internet established in 2007 from Berlin. This group has successfully built and nurtured start-ups such as Lazada, Foodpanda and Hellofresh. Another example is the Wesley Clover International group (the researcher has collaborated with this group for several years) where the founder, Sir Terry Matthews, has a long history of successful entrepreneurship.

VBs are a hybrid form of incubators and accelerators with additional unique features that are typically not found in the traditional incubators. The unique features include equity ownership by the incubating firm, which is generally pegged at a higher proportion compared to Accelerators (double digit equity positions ranging from 20% to 60% are typical), their venture building methodologies, and the management and ownership structure (some taking on co-founder titles on some of their start-ups and pre-seed to seed-stage investment). However, central to VBs is the characteristic of sharing synergistically common group infrastructural resources such as sales, legal, finance, analytics, market analysis, customer base, channels etc (a form of network market-based assets) to scale their companies. These last characteristics are key as they can free up the founders and co-founders to focus on high value creation activities in the domain area, rather than some of the mundane tasks of operating the business. In emerging technologies such as deep tech coding, scientific molecule and DNA research this frees up capital for content-intensive feature building of their innovations. John Borthwick of New York VB Betaworks commented that unlike a traditional VC model where failure happens in the marketplace, the VB model has a "more flexible platform for innovation" where "if things don't look like they will work out, we can easily pivot because there hasn't been as much capital and investment put in. Death and breakage is part of the system" (Rao, 2013). Notice that this is akin to movie production studios, such as Disney, wherein they share common organisational resources and hence VBs are sometimes known as start-up studios.

From the VBs' perspective, they can contribute and "scale their experience across a number of start-up ideas, take a hands-on approach …in product and engineering and take equity stakes. The new, young entrepreneur gets to learn how to build a company from someone who has had success and can scale more quickly." (Rao, 2013). This model allows VBs to tap their in-depth entrepreneurial experience and go deep with their start-ups compared to the traditional VC model. Mentors and investors in the typical incubator and accelerator models are often not sufficiently close to the company to add significant value on a *regular basis* compared to the VB's resources which may include highly experienced experts who possess deep specialised expertise.

Szigeti (2016) identified the basics of VBs or Start-up Studios as depicted in Figure 2-3 below:

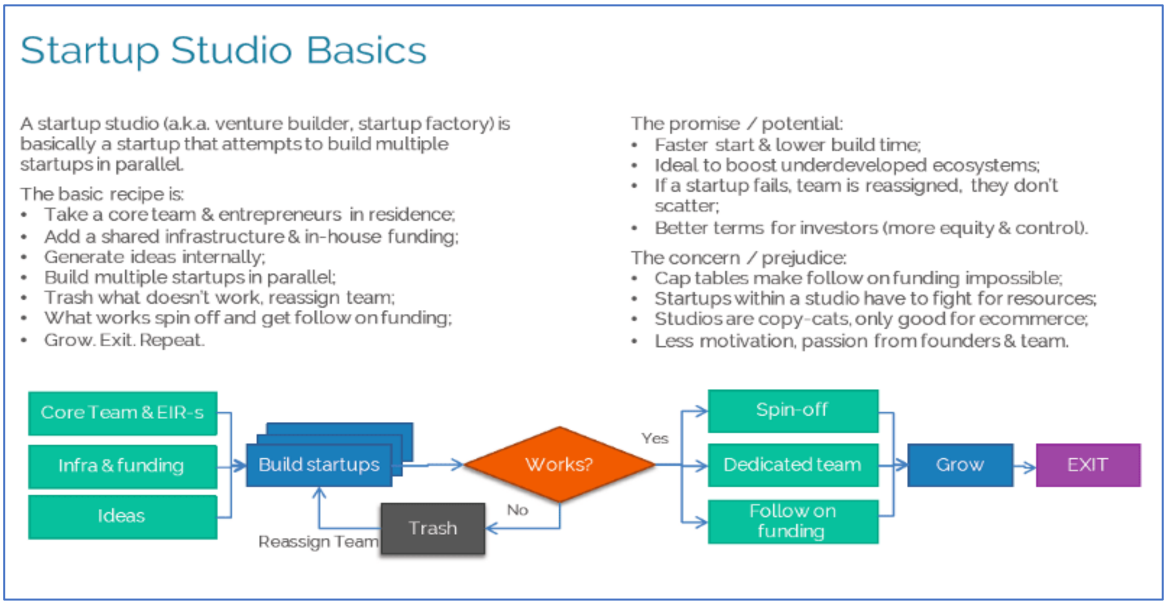

Figure 2-3. VB Basics

Source: ("How we 13x-ed our start-up portfolio value in less than 12 months," 2016) **(**(Szigeti, 2016)

Garcia-Luengo (2017) in Figure 2-4 below succinctly provide a summary table comparing VBs with accelerators. He identified five activities that are core or central to VBs and two non-core ones. For each activity, he estimated the amount of value-added effort of three key phases of Design/innovation, Acceleration/Incubation and Scale-up/Commercialisation. In his view, accelerators do not typically contribute to the Design and Scale-up phases.

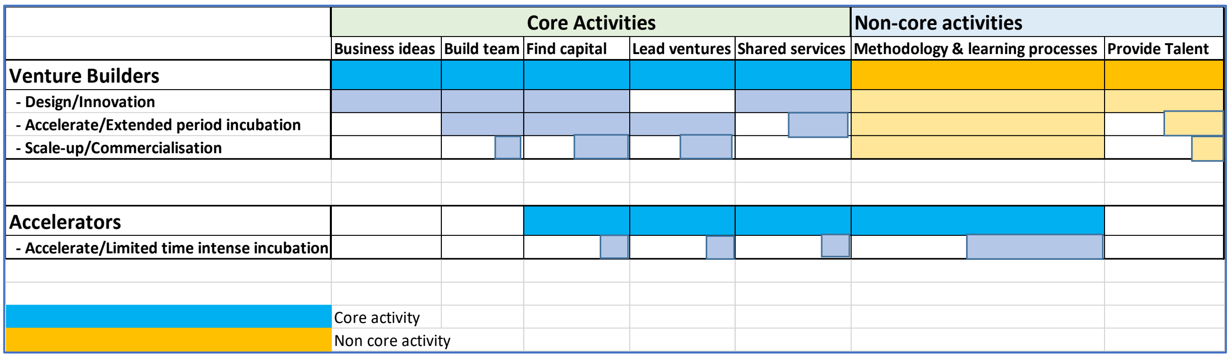

Figure 2-4. Core vs Non-core activities of VBs and Accelerators

Source**:** (García-Luengo, 2017b)

VBs typically in the Design/Innovation phase, goes through a four-month process where multi-disciplinary teams explore an industry or opportunity using tools such as design thinking, lean start-up (García-Luengo, 2017b) and business canvas model. The VBs capitalise on their large network of ventures and clients they have in this opportunity-seeking or problem-identification phase resulting in a well-defined problem, business model, financial model and go-to-market strategies and prototype.

In the Acceleration/Incubation phase, VBs build the founding team where concepts designed in the Design phase are tested with the building of a minimal viable product (MVP) (García-Luengo, 2017b). This is done within six months where the go-to-market strategy is tested, and the MVP fine-tuned (product validation).

Finally, VBs in the Commercialisation/Scale-up phase will coach and support their new ventures to focus on scaling up, develop growth strategies, build management systems (García-Luengo, 2017b)and strengthen governance (examples include proper documenting of minutes of meetings; and board formation etc). The VBs will provide active support to seek capital for this growth stage from their network of VCs.

In Garcia-Luengo's view (García-Luengo, 2017b), there are three sub-types of VBs as depicted in Figure 2-5 below.

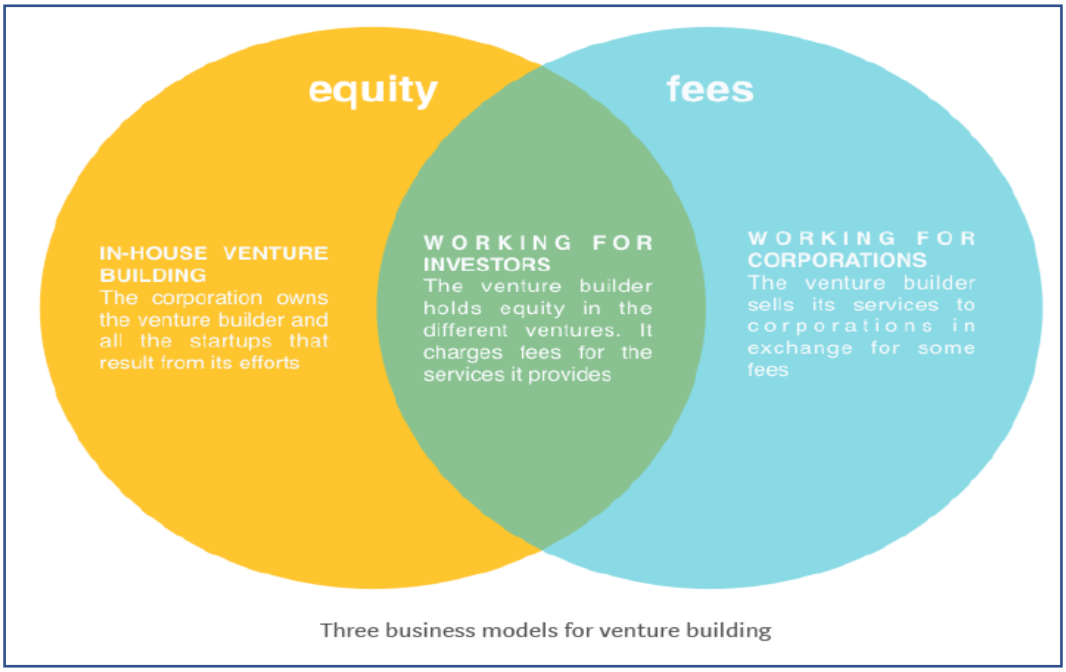

Figure 2-5. Three Sub Types of VBs

Source: (García-Luengo, 2017b)

On one extreme, "In-house VBs" are owned by a corporation, also known as Corporate Ventures. This model is often used by corporates to fight disruption (examples include Prehype; Sidebench (Carter & Cheung, 2017) ; and FINLAB co-owned by UOB and IMDA).

The second model, "Working for Investors" is a form of entrepreneurship industrialisation where established entrepreneurs, angel investors and high net-worth individuals pool together their funds in the VB itself. The VBs own the majority of the new venture equity while recruited co-founders own the minority equity (typically ranging from 20% to 30%). The new ventures are charge fees for the services the VBs provide. Examples of such VBs include Polymath Venture, Betaworks, Rockalabs (García-Luengo, 2017b), Obvious Ventures (Carter & Cheung, 2017) and Wesley Clover's Alacrity.

In the third model, “Working for Corporations VBs”, or “Venture-Building As a Service”, it is essentially a consulting fee model where the VBs provide VB services (Design, Acceleration and Commercialisation) and are paid accordingly. The corporation that they provide the VB services for is both the client and the investor of the new ventures. Examples include BCG Digital Ventures and Mach49 (García-Luengo, 2017b); and Ikama and AppnRoll (Carter & Cheung, 2017).

There are three main approaches to Business Idea Identification (García-Luengo, 2017b):

- cloning with factory/assembly-like characteristics (example Rocket Internet (Köhler & Baumann, 2016) where they identify models that work elsewhere and replicate in the target region such as Airbnb cloning Wimdu);
- tapping on the proven experience of the VB’s experienced founding investors/entrepreneurs (example Wesley Clover’s depth in the telco and ICT domain expertise) and
- reusing a proven formal methodology which are not often used by VBs except for some “VB as a Service” model.

2.4.1 Challenges of VBs

VBs (García-Luengo, 2017a), from the investment spectrum can range from taking a strong VC-focus (sees themselves as investors, less invested in the operations and methodologies; and willing to let start-ups fail if necessary) to cofounding-focus (more interventionist in the new ventures, increased operational complexity, but significantly reduce the risk of failure). This poses a challenge as to which spectrum is more suitable.

Secondly, the VB model has been criticised that since the co-founders did not originate the idea and have minority equity, the motivational drive may be low, and the flight risk of co-founders are high. However certain types of co-founders may be more suitable for the VB model.

Thirdly, finding the right talent is extremely difficult as the VB model is emerging and not well known. VBs" are doing something new… is still in its infancy, and VBs are focused on figuring it out" (García-Luengo, 2017a). Hence the potential pool of co-founders' is quite hard to seek.

The above challenges provide some insights as to the gaps which this study attempted to explore and hypothesise.

As at 2016, it is estimated that there are approximately 150 VBs globally of which about half are based in Europe as seen in Figure 2-6 (Montgomery, 2017).

Figure 2-6. Distribution of VBs as at Mar 2017 Source: (Montgomery, 2017)

This is a relatively small number and is dwarfed by the high growth and presence of a large number of incubators and accelerators of over 3000 ((Hochberg, 2016) and refer to Figure 2-7 and 2-8).

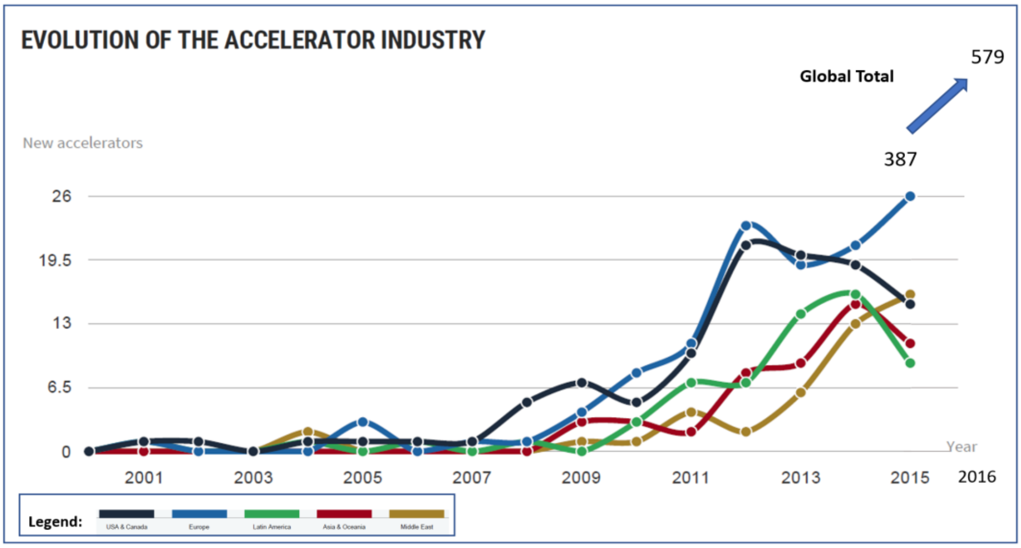

Figure 2-7. Evolution of Accelerator Industry 2001-2015 Source: (Gust, 2016), (Gust, 2015)

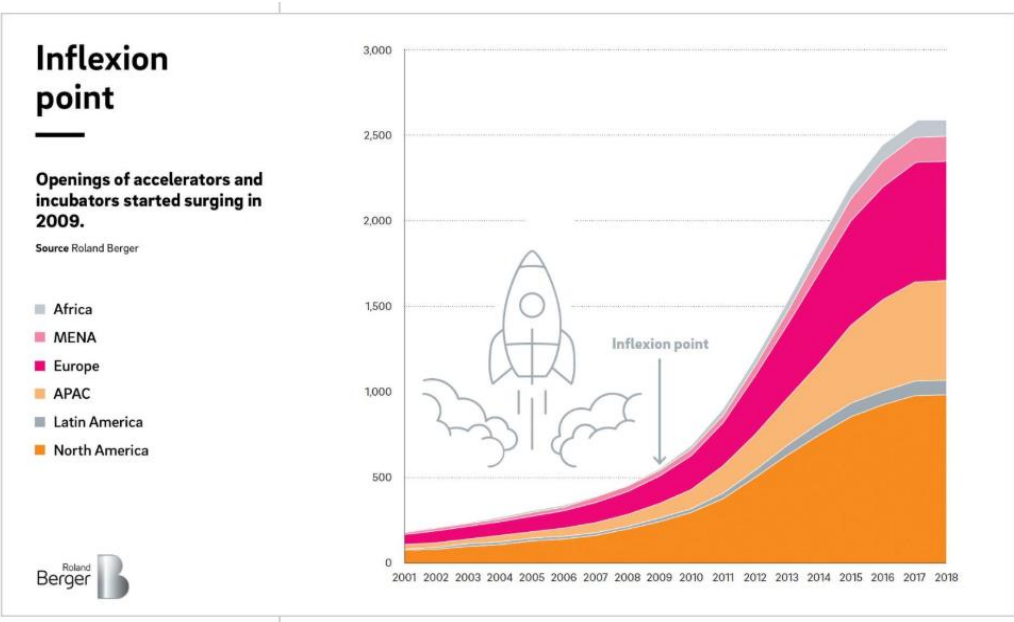

Figure 2-8. Growth of Accelerators and Incubators Globally (Bioulac, 2019)

Figure 2-9 shows the growth of new VBs from 1996 to end 2016. Bill Gross started one of the earliest in 1996 with Idealabs in the US but since then Europe (about 70 out of 143 VBs) has overtaken North America (US & Canada have 23 out of the 143) of this new asset class as about half of the VBs are located in Europe.

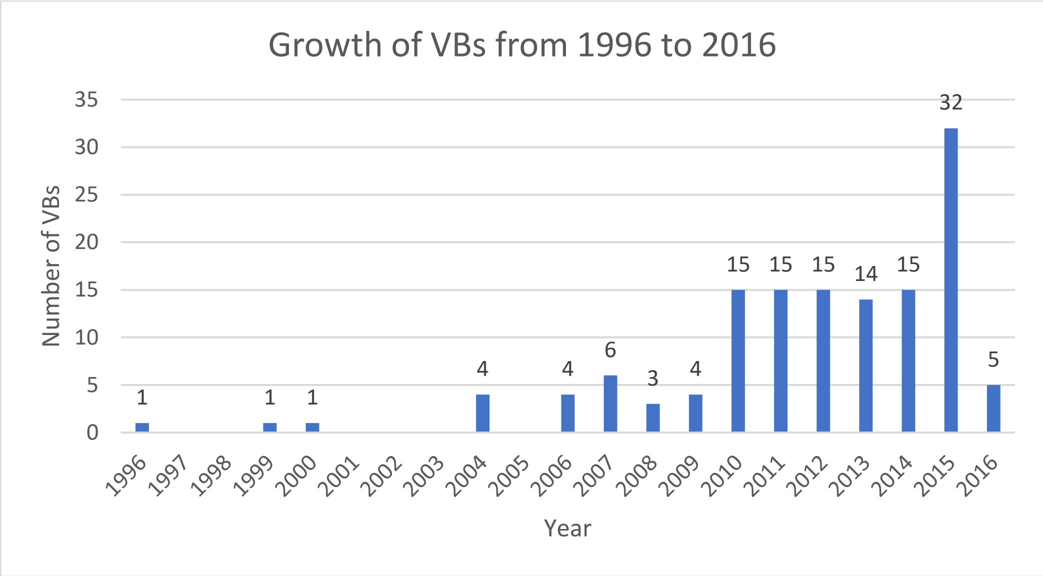

Figure 2-9. Distribution of VBs as at Mar 2017 Source**:**(Montgomery, 2017)

Given this recent phenomenon, it was not surprising that a database search using Google Scholar and other academic databases uncovered very few academically rigorous evidence-based studies.

Hence this study is note-worthy in that it will be pioneering in nature and will shed light for further research and theory formulation of this emergence of venture builders or innovation investors.

Given the newness of the phenomenon and the relatively lack of empirical data, the adoption of a mixed methods design is considered appropriate to draw out the evidence needed for a meaningful study.

2.5. Differentiating Venture Builders from Accelerators

There has been significant language confusion of the definitions of venture builders and the other types of start-up developmental entities, aggravated by the media, policy makers, researchers and well-meaning practitioners Figure 2-10 provides a typological summary of the key distinguishing characteristics of venture builders, accelerators, incubators and angel investors. (It should also be noted herein that this confusion is possibly also driven by the intent of some not so well-meaning individuals as well. With typical equity fees for VB operators being substantially higher than those of an accelerator, this representation as a VB may be more about fee/participation or self-interest.) This will be followed by an in-depth discussion of each of the comparative differences between venture builders and the other three start-up developmental entities.

	Venture Builders	**Accelerators***	**Incubators***	**Angel Investors***
Duration	1.5 - 6 years	3 months	1-5 years	Ongoing
Cohorts	No	Yes	No	No
Business model	Investment	Investment; non-profit	Rent; non-profit	Investment
Selection frequency	Non-competitive; ongoing	Competitive; cyclical	Non competitive	Competitive; ongoing
Venture stage	Foundational funding	Early	Early or late	Early
Education offered	Seminars, peer sharing, education by experinced mentors	Seminars	Ad hoc, HR, Legal	None
Venture location	On-site for an extended period	Usually on-site	On-site	Off-site
Mentorship	Long term, high frequency	Intense, by self and others	Minimal, tactical	As needed, by investor
Equity owned	30%-60%	5%-10%	Cash or 5% equity	??

Figure 2-10. Characteristics of Incubators Source: (Cohen & Hochberg, 2014)

2.5.1 Venture Builders and their Characteristics

A Venture Builder (VB) is essentially a form of incubator that builds companies or start-ups from ground up. One of the key touted strengths of the VB is the availability of “a system of knowledge, resources and networks (C. Li, 2015) so as to enable their new ventures to tap on and execute better than the average start-up.

A closer examination of the VB Model reveals a hybrid of (Diallo, 2015):

- The primary function of a venture capital firm is that it funds ventures and builds a portfolio of firms for eventual successful exits.

- Such firms differ from the VCs in their significant “hands-on” involvement in the operational aspects of their new ventures and aggressive disciplined application of business management techniques
- These firms specialize in extracting value and resources from their carefully curated network and eco-systems (Eco-net) to assist their new ventures ability to scale or go-to-market fast due to their vast eco-net connectivity; and intimate knowledge of their portfolio’s customers; and cross-sharing of ever increasing new technology platforms - gleaned from their ever-growing portfolio of ventures.

Paypal founder, Peter Thiel (2014), asserted controversially that VBs should pursue a monopolistic strategy as part of their vision where he defines a monopolistic company as “one that is so good at what it does that no other firm can offer a close substitute” (Thiel & Masters, 2014).

Venture Builders’ Characteristics

VBs are purported to have the following main characteristics, though there is variance in answers:

Background and Quality of VB Founders and Mentors:

The founders are typically entrepreneurs who have exited or sold off their innovations; and are experienced in building companies. Many of these VB founders have set up an equivalent “Fund of Funds” with other co-investors who could be high net worth individuals, family offices, corporates or/and government agencies.

Network and Eco-system (Eco-Net) Creation

These VB Founders together with their mentors are often well connected to businesses and the investment community so that they can open doors, provide business advice and develop the fledging founders and team. Diallo (2015) is of the view that VBs build "powerful networks and ecosystems from which resources can be instantly pulled" (Diallo, 2015). Marrero (2017) gave an example of this network and eco-system creation impact using Idealab as an example (an early pioneer of VB founded by Bill Gross) in the figure below.

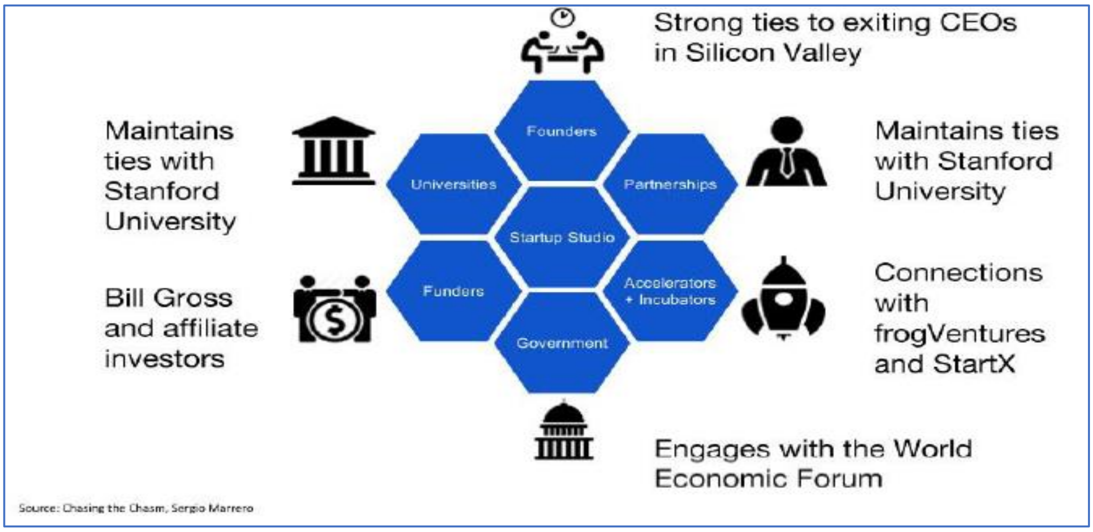

Figure 2-11. Idealab's Network Ecosystem (Eco-net) Source: (Marrero, 2017)

While having an eco-net is indeed a valuable resource, it is also critical that managing partners of VBs have the ability to unify a "vast array of resources in the most effective way", "federate all these resources under one governing body that can build ventures in a very focused and dedicated way …" such that these resources can be made available to their new ventures by creating "an internal culture of trust, deal flow, attentiveness, and determination" (Diallo, 2015).

It cannot be over-emphasised that the ability to extract value from the eco-net, which has the RBV characteristics of being valuable, rare, inimitable,……. , is key to success and is distinctly different from the traditional start-up model (Diallo, 2015). It comes into play especially in the dynamic world we live in today - one where technologies are descending in rapid waves (AI, Blockchain, Big Data, Cyber Security etc), the highly competitive nature of today's ever-increasing new start-ups, and the fast-changing needs of consumers and corporates.

According to Diallo (2015), VBs share these four values or practices:

- capital commitment (typically from their past venture success)
- industry experience (market knowledge, know-how, operational expertise as they have built successful ventures before)
- a strong desire or passion to build something new (serial entrepreneur)
- a natural gravitation towards collaboration (strong respect for the values of trust, friendship and loyalty).

The intent of this study in part is to operationalize and test if these practices are supported by empirical evidence and how and whether they are critical in contributing to the success of new ventures.

Start-up Team Formation:

The team members are recruited by the VBs as co-founders (minimum CEO/CTO pair) who are then given total equity of between 30% to 50%. In many instances, one of the cofounders is technically strong and plays the Chief Technology Officer (CTO) role while the other acts as the CEO to lead the team, engage customers, suppliers, investors etc.

Recruitment of co-founders that match the VB's requirements and those of the tasks to be performed is key for start-up success. Some of the attributes which VBs look for in co-founders (Elziere, 2015) include entrepreneurial mindset, evangelist (leader, communicator, passion, and business development skills), structured and hands-on, technology competent, working with others who possess diverse skills,

Equity Ownership of Start-ups:

VBs typically take a higher percentage of equity of the companies they build as compared to incubators and accelerator types. The VBs' share of equity of the new ventures ranges from 20% to 60% while Accelerators tend towards 5% to 10%.

Shared Resources:

The VBs have pooled resources and expertise which are shared across their new start-ups. This expertise could include legal advice, IP protection, hiring, office facilities, market intelligence gathering, network of mentors, customer base and global office connections. The idea with this support is to allow the founders and co-founders to focus on their core expertise (coding, design, marketing) and conserve capital usage.

Proximity or Active Engagement Duration of Start-ups:

VBs when compared to Accelerators tend to support their new companies more deeply and for a longer period of between 18 to 36 months. They tend to guide the new ventures from conception (where they recruit the co-founders) and all the way till the ventures exit or terminate without an exit. Hence the proximity of VBs to their ventures in terms of engagement duration, connectedness, active involvement in the start-up's performance and awareness of the start-up's key success factors may be a key contributing factor to success in VBs. However, there is very little empirical evidence of this hypothesis.

Stage of Investment:

VB's tend to be the first dollar investor investing mainly in pre-seed to seed funding with the occasional Series A and subsequent equity dilution over time. This is a part of the reason why their equity position is so high.

Venture Growth Developmental Methodology:

VBs typically recruit co-founders with entrepreneurial and technology skills. They will then familiarise the team members with their inhouse methodology, like an accelerator program. Unlike accelerators' programs that are typically three to six months in duration, the VBs programs are for an extended period as the VBs will link the new ventures to their networks of mentors, ventures that were previously built or in the process of building, share customer base or referrals, cross license useful underling technology platforms of what their peers are working on or have developed, links to the VBs' network of investors etc.

Hence the approach has greater depth, better access to trusted and proven resources and speedy go-to-market potential. The approach essentially utilises the organisation valuable, rare, hard to imitate assets which are essentially market assets.

Business Focus and Market Validation:

The VBs tend to be B2B focus and are demand-driven, that is, they actively seek out business problems faced by corporates who are prepared to be their first pilot or Proof of Value (POV).

As VBs tend to be demand-driven (as opposed to ideas-driven), they spend a significant amount of time validating the market or customer needs carefully, assessing the problems and scalability of the total addressable market.

Exit Strategy:

The successful start-ups they build can expect to generate some recurring revenue from the second year onwards. However, according to Greg Vanclief, a VB veteran practitioner from the Wesley Clover group, they tend to exit their start-ups between 4 to 8 years which means that they do not get any significant returns on their investments in their start-ups until the 4th to 8th year of forming the start-up.

Activities Practised by Venture Builders:

Garcia-Luengo (2017), in Figure 2-12 identified activities offered by VBs into core and non-core ones (Garcia-Luengo, 2017). These activities will be investigated and validated in this research.

	Core Activities					Non-core activities	
Venture Builders	Business ideas	Build team	Find capital	Lead ventures	Shared services	Methodology & learning processes	Talent Provision

Figure 2-12. Venture builder's activities Source: Garcia-Luengo, 2017

Five Core Activities of VBs

Business Ideas

The goal of this activity is to identify a market-viable solution. The diversity of approaches include cloning existing models (example, Rocket Internet); exploring diverse prototypes; working with incumbent corporates joint-identification of corporate or industry problems such as Wesley Clover International and Founders' Factory (Garcia-Luengo, 2017) etc.

Build Team

Once the business idea is identified, the VB then create or build teams from the ground up looking for co-founders with complementary skills. VBs such as eFounders and LeStudio

VC have Talent Acquisition teams constantly looking for co-founders (Garcia-Luengo, 2017).

Find Capital

VBs such as Nuclio Venture Builder (García-Luengo, 2017b) and Wesley Clover's Alacrity. assist and facilitate access to capital for their new ventures though their own funds or link them to their network of investors

Lead Ventures

VBs provide the leadership role in the form of governance or active management of their new ventures. An example is Blenheim Chalcot VB (García-Luengo, 2017b) who uses their experts to give their new ventures "an unfair competitive advantage".

Shared Services

Shared services such as legal, accounting, design and marketing are often provided as a common resource pool for their new ventures. This makes sense so that new ventures can focus on what they excel at with their innovations. An example if Rocket Internet which provides their logistics' platform for their ventures (García-Luengo, 2017b).

Two non-core Activities of VBs

Methodologies

Given their extensive experience in building new ventures, some VBs have formalised this knowledge by documenting the know-how and training their start-ups. An example is Polymath Ventures which has formalise on their know-how in designing and growing businesses (García-Luengo, 2017b).

Talent Depth

VBs tend to have a large network of talents (experienced senior executives and entrepreneurs). They are able to supplement and provide talents when the need arises such as when co-founders quit or the team requires certain skills at the stage where the original co-founders may be lacking in those skills. BCG Digital (García-Luengo, 2017b) and Wesley Clover are examples of incubators with deep bench strength where they supplement the new start-up with critical skills when needed such as when co-founders quit or valuation skills for exits are raised.

Using the Marmer and Bergfeld 6-stage journey of a new venture, the coverage and scope of VBs and the other developmental entities in the value chain are shown in Figure 2-13.

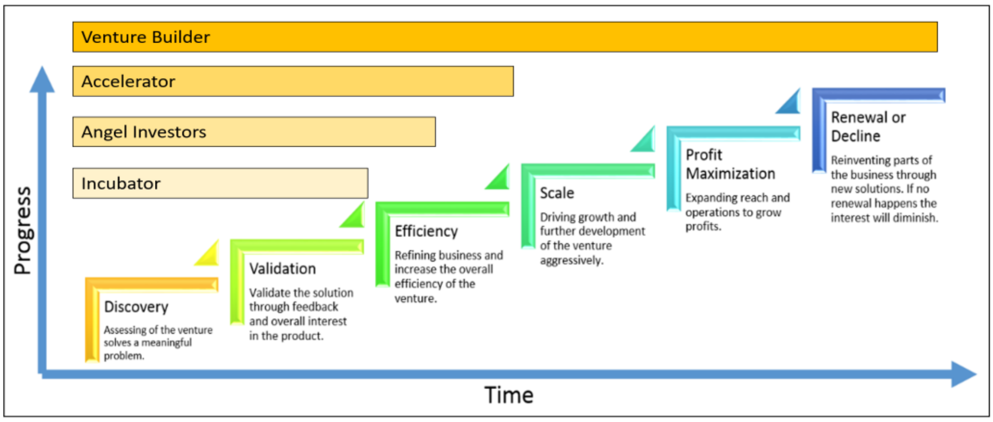

Figure 2-13. Value Chain of VBs, Accelerators, Incubators and Angels (Bergfeld, 2015)

2.5.2 Accelerators and their Characteristics

While there is no clear comprehensive definition of an accelerator that exists in the literature (Lewis et al., 2011), it may be broadly classified as either:

- a late-stage incubation program, assisting ventures that are more mature and readier for external financing; or

- a facility that houses a modified business incubation program designed for incubator graduates as they ease into the market (Lewis et al., 2011).

Accelerators' Characteristics

Accelerators have the following main characteristics, although, these may vary slightly from Accelerator to Accelerator:

Background and Quality of Accelerators' Founders and Mentors:

The founders are typically entrepreneurs who have exited or sold off their new ventures; and are experienced in building companies. Many of these entrepreneurs will continue to set up for-profit accelerators; work for corporate-funded or university-funded accelerators. Examples of universities-backed accelerators include NUS Enterprise and SMU's IIE. Corporate-backed accelerators include UOB-IMDA FINLAB and Ascendas' Airmaker. Corporate accelerators are typically set up for profit or to explore investment opportunity in the new ventures or to use the innovations for their corporations. Sometimes they label themselves as venture builders which add to the confusion in the industry.

Similar to VBs, accelerator founders together with their mentors are often well connected to businesses and the investment community so that they can provide access to capital and business advice; and develop the fledging founders and team albeit for a limited time.

Start-up Team Formation:

Unlike VBs, the start-up team members are often formed by the time they approach the Accelerators.

Recruitment is not a key support activity of the Accelerators.

Equity Ownership of Start-ups:

Accelerators typically take zero or low percentage of equity of the companies they incubate or accelerate and instead take cash for their services. If they take equity, it is usually below 10% as compared to VBs taking equity ownership of 20%-60%.

Shared Resources:

The Accelerators have limited pooled resources and expertise. For corporate-backed Accelerators, the expertise could be limited to the industry of the corporates but highly valuable as they tend to be domain-specific and targeted if the start-ups choose to innovate in that industry.

Resources offered include mentors, office facilities, some access to potential customers through the mentors and global office connections. The idea with this support is to allow the founders and co-founders to focus on their core expertise (coding, design, marketing) and conserve capital usage but the time period is usually limited to 3-9 months.

Proximity or Active Engagement Duration of Start-ups:

According to Bergfeld (2015) most Accelerators actively support, mentor and guide the start-ups typically between 3 to 9 months. They tend to guide the new ventures only when the team is already formed.

Accelerators typically engage their start-ups for only a brief part of their journey and without the very close proximity compared to VBs (Lewis et al, 2011).

Stage of Investment:

They provide pre-seed investment in exchange for equity (Miller & Bound, 2011) typically below 10%.

Accelerator Growth Developmental Methodology:

Accelerators typically start off with an application process that is open to all and usually highly competitive. (Miller & Bound, 2011)

They do not usually recruit co-founders with entrepreneurial and technology skills. They will only work with teams that have already been formed or teamed before they enrol them in their programmed events and intensive mentoring (Miller & Bound, 2011). These programs are conducted for cohorts consisting of ten to thirty teams. The program typically concludes with a "demo day" or pitching event where the investment community are invited to see and hear the business plan.

This approach appears to be more time-compressed and intensive in terms of learning opportunity for the start-ups, it would be of interest to test in this research if it is effective in developing successful start-ups.

Business Focus and Market Validation:

The Accelerators are usually customer segment agnostic while VBs tend to focus more on B2B segments given their strong business network. Often market validation by the Accelerators' start-ups is weak leading to the mismatch of the solution and the market needs.

Exit Strategy:

Most accelerators have no emphasis on in-depth exit strategies for their start-ups given their short engagement with them (Bergfeld, 2015). These start-ups have to work on their own exit strategies as part of the accelerator's formal program and usually agreed with their key investors.

2.6. Theoretical Foundations and Frameworks

The three main theoretical lens that are used to explain and test for the efficacy of the Accelerators and Venture builders are:

- Resource-based view (Barney, 1991)
- Market-based assets and processes (Srivastava et al., 1999a) (Srivastava et al., 1998)
- Core competencies for sustaining competitive advantage (Prahalad & Hamel, 2006)

2.6.1 Resource-based view

Rumelt (1984) (Foss, 1997) postulated that in the Resource Based View (RBV) of the firm, one can regard a firm as a bundle of resources which enables a firm to obtain sustainable competitive advantage.

Barney (1991) added further that these resources have the following characteristics, that is, they are valuable, imperfectly imitable, rare and non-substitutable. (Barney, 1991) Resources can be categorised as competencies, tangible and intangible resources such as human resources and know-how (practices, techniques and processes) (Ambrosini, 2003).

Using the RBV Theory as the study's theoretical foundation, we observe that Accelerators and VBs have resources, characteristics and practices that are valuable, rare, inimitable and hard to substitute. If these two incubator models have such resources and practices on hand, it will be interesting to find out which specific practices have a stand out competitive edge by examining the success outcomes of start-ups that they have applied their practices to.

2.6.2 Market-based assets and business processes

Srivasta et al (1999, 1998) in their landmark paper "Market-based Assets and Shareholder Value: A Framework for Analysis" developed a marketing framework that proposes marketing "is concerned with the task of developing and managing market-based assets". Essentially market-based assets are assets that "arise from the commingling of the firm with entities in its external environment". Examples which they provide include customer relationships, channel relationships and partner relationships (Srivastava, Shervani, & Fahey, 1999b) (Srivastava et al., 1998). Srivastava et. Al, go on to encourage firms to expand the conception of the marketing department. They point out that investments into brand building, store fronts, contracts, franchises etc are all ways in which the firm can enhance its customer connection and improve their capability in altering the timing, level and composition of demand.

We observe this phenomenon across the spectre of the incubation industry wherein Accelerators and VBs do indeed possess these intangible and tangible market-based assets in the form of their mentor networks; investor relationships, installed customer bases, and even their own personal credibility or reputation (Chong & Halff, 2014) linkages to universities etc.

Hence it could be useful to apply the market-based asset framework as one of the foundational theories which this study can draw upon.

2.6.3 Core competencies to sustain competitive advantage

Prahalad and Hamel (1990) in "The Core Competence of the Corporation" defined core competencies as the "collective learning in the organisation, especially how to coordinate diverse production skills and integrate multiple streams of technologies"; "the organization of work" and "the delivery of value". It is argued that core competencies are the real sources of advantage for any organisations to have a competitive edge over their peers. While a core competency may be a single activity it is generally a series of steps or processes that lead to a sustainable competitive advantage (Porter, 1980). That is, it has been argued that the real advantage of a company is often found in a complex and intricate series of steps and processes that put them ahead of the competitor. If this is indeed the case, it would seem that the deep involvement of the VB relationship would yield a much greater opportunity for the incubatees to develop or gain such a competitive advantage.

We see this in Accelerators and VBs in that they are organised to deliver value through their unique form of organisation and practices where they have to coordinate their diverse production skills and handle multiple streams of technologies. Technologies are defined in the wider sense of not just ICT technologies but techniques and practices in several aspects of venture incubation such as valuation know-how; market demand assessments etc.

We will examine what are these core competencies which Accelerators and VBs are most likely to cultivate and how effective such competencies are for successful incubation. Moreover, this research will try to examine the relative efficacy of some of these variables. That is, where are we most likely to see an impact on the success of the newly formed ventures.

Chapter 3 Research Hypotheses

3.1. Discussion

The RBV theory of strategy predicts that the more intangible resources a firm has, the greater the sustainability of its competitive advantage (Itami 1987; Conner, 1991; Barney, 1996). Practices, market-based assets (Srivastava et al., 1999b), resources and processes of Accelerators and VBs are their core competencies (Prahalad & Hamel, 2006). These core competencies are key to the success of the start-ups that they incubate.

The main research question to test this prediction is a non–directional hypothesis:

Is there a relationship between the type of emerging incubation model (Accelerators and VBs) and the success of the start-ups that they have incubated ?

Two corollary questions that relate to the main research question are:

- Are there specific practices that are closely associated with Venture Builders versus Accelerators ?
- If we are unable to distinguish clearly the distinct practices of Accelerators versus VBs given the lack of clear definitions of the 2 models, then which practices are linked to the success of start-ups ?

3.2 Three Propositions and Related Hypotheses

Three Propositions

Following from the research questions above, three propositions and the related hypotheses are offered namely:

Hypotheses for Proposition 1A Associating Successful Start-ups to Venture Builders

Proposition 1A: Venture builders have a higher likelihood of incubating successful new ventures compared to Accelerators. (refer to Figure 3-1 for diagrammatic representation)

H1Aa: Start-ups that have been incubated through a venture building program will have a higher likelihood of achieving financial success than start-ups that have been through an accelerator program.

H1Ab: : Start-ups that have been incubated through a venture building program will have a higher likelihood of achieving psychological satisfaction than start-ups that have been through an accelerator program.

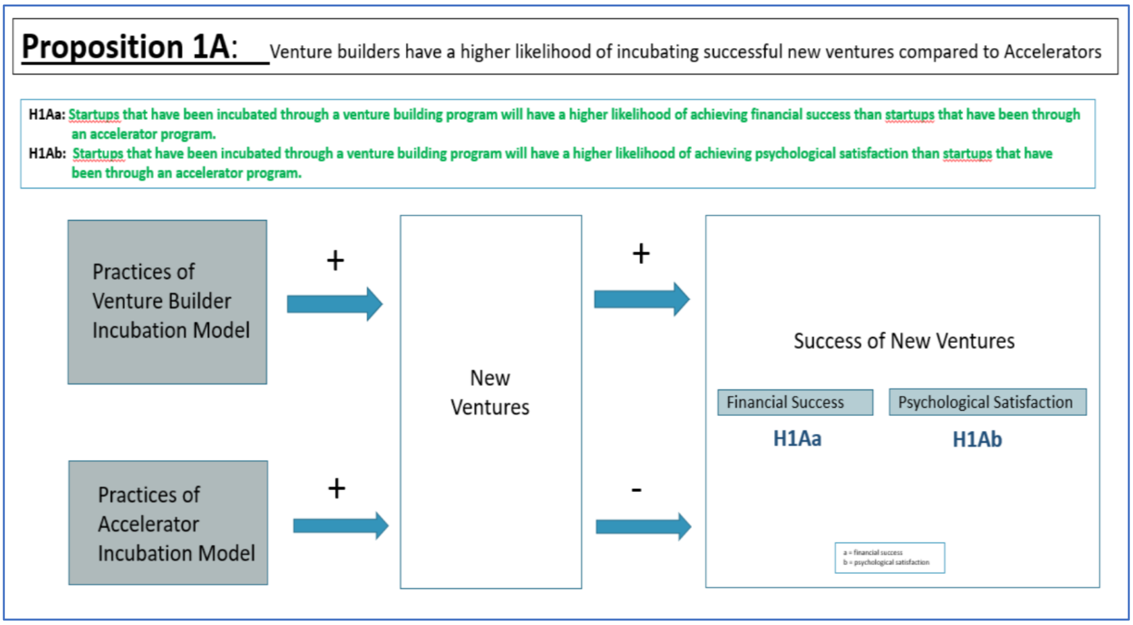

Figure 3-1. Hypotheses H1Aa and H1Ab

The key constructs are “Practices” and “Success” of new ventures defined as:

- “Practices” of an incubator model are the processes, actions, programs, tasks, activities and competencies that are applied by an incubator over a period of time (definitions are discussed in the section on Proposition 2 and the hypotheses); and

- "Financial Success" of new ventures is defined as entities who have experienced success as measured by :
    - evidence of revenue generation (necessary) (Lee, Lee, & Pennings, 2001);
    - investment funding size between US$100k to US$10m or more (necessary) (de Langen & Groenewegen, 2012);
    - their going concern status (necessary); and
    - in the process or have the potential or have been merged, bought out, acquired by third parties or investors (de Langen & Groenewegen, 2012)(not necessary as some new ventures may want to continue to self-fund without the above exit mechanisms). This criterion if it is met reflects a strong signal of success.

Rosemary et al (2014) suggested that entrepreneurial success is a "multi-dimensional construct best captured by more than financial and economic indicators". This is validated in Study 1 (refer to Chapter 5) where the practitioners suggested that psychological satisfaction is an important success outcome. Hence it was decided that the attainment of psychological satisfaction is an important success outcome that the model should look into.

- "Psychological Satisfied" new ventures are defined as entities who have experienced satisfaction as measured by (Rosemary Fisher, Maritz, & Lobo, 2014) :
    - evidence of affirmative control in achieving their business goals or goal-achievement (Steffens, Davidsson, & Fitzsimmons, 2009) (sufficient);
    - having control over their work life balance (sufficient) and
    - taking pride of their new venture achieving social good (Rauch & Frese, 2000) (sufficient).

Hypothesis for Proposition 1B Linking Specific Practices to Venture Builders

Proposition 1B: There are specific incubation practices that are associated with Venture Builders as compared to Accelerators

H1B: The specific incubation practices that have been identified in this research are closely associated with Venture Builders (see Figure 3-1a). That is, the level of their existence will be purported to be greater than in an accelerator.

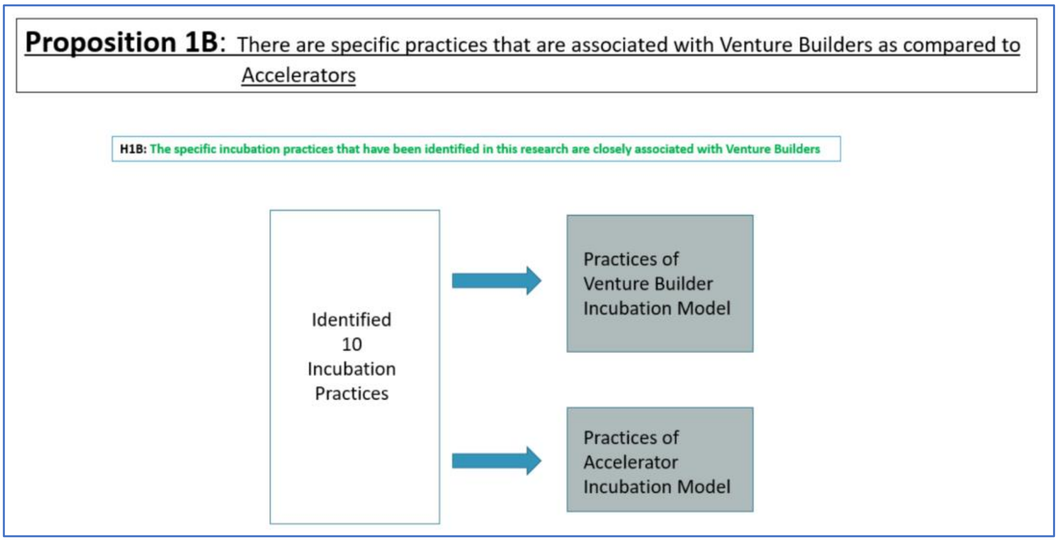

Figure 3-1a. Hypothesis H1B Formulation

Hypothesis for Proposition 2 Associating Successful Start-ups to the Ten Identified Incubation Practices of the two incubator models (VBs & Acs)

Proposition 2: There are ten key practices of incubation as practised by both Accelerators and Venture Builders that are positively related to the success of their incubatees.

Porter (1980) and Prahalad and Hamel (1990) both concurred that "generally a series of steps or processes" are required for start-ups to achieve "a sustainable competitive advantage". Hence this proposition will assess which series of incubation practices are key to the success of the start-ups.

For each practice, a corresponding pair of hypotheses are proposed – one for the financial outcome and one for the psychological satisfaction outcome. The ten paired hypotheses are (see Figure 3-2).

H2a: The ten key incubating practices of VBs and Accelerators are positively related to the financial success of new ventures.

H2b: The ten key incubating practices of VBs and Accelerators are positively related to the psychological satisfaction success of new ventures.

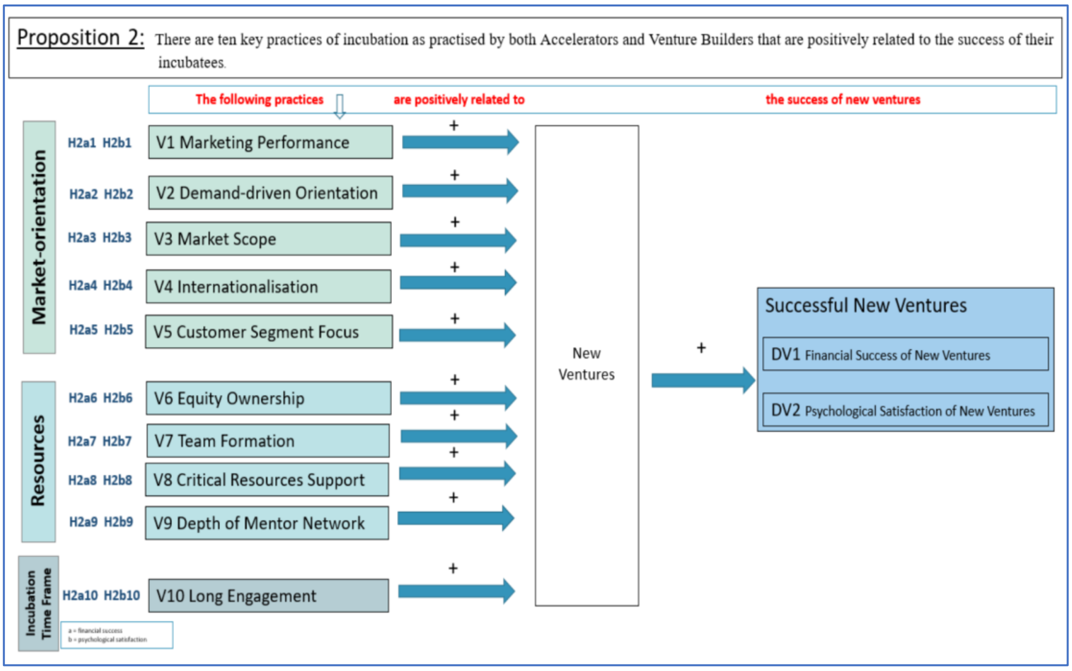

Figure 3-2. Hypotheses H2a and H2b Formulation

The key constructs and the related hypotheses relating the ten independent variables (incubation practices) of VBs and Accelerators to success outcomes are as follows:

- **V1 (Marketing Performance):** "Marketing Performance" is defined as the persistent focus on market growth rate and intensity; and is measured by market growth rate as "the extent to which average firm sales in the industry increase" (Lee et al., 2001) and marketing intensity as "the extent to which a firm is pursuing a strategy based on unique marketing efforts" (H. Li, 2001)

H2a1: There is a positive relationship between the practice of marketing performance and the financial success of a start-up

H2b1: There is a positive relationship between the practice of marketing performance and the psychological satisfaction of a start-up

- **V2 (Demand-driven Orientation):** "Demand-driven Orientation" is defined as the practice of "going to all lengths to satisfy their customers" or customer-centricity (Asare, Alejandro, Granot, & Kashyap, 2011). This practice is the direct opposite of creating a solution and then chasing for a customer to use the solution.

  H2a2: There is a positive relationship between the practice of demand-driven orientation and the financial success of a start-up.

  H2b2: There is a positive relationship between the practice of demand-driven orientation and the psychological satisfaction of a start-up.

- **V3 (Market Scope):** "Market Scope" is defined as the variety in customers and customer segments, their geographic range, and the number of products (H. Li, 2001) and (Marino & De Noble, 1997). High market scope ability implies that the start-up has higher capability to be flex their innovation to meet differing customer needs.

  H2a3: There is a positive relationship between the practice of market scope and the financial success of a start-up

  H2b3: There is a positive relationship between the practice of market scope and the psychological satisfaction of a start-up

- **V4 (Internationalisation)**: "Internationalisation" is defined as the extent to which a firm is involved in cross-border activities (Bloodgood, Sapienza, & Almeida, 1996). In this research, how cross-border markets can be penetrated through the VB and Accelerators' capability will impact the start-ups' success.

H2a4: There is a positive relationship between the practice of internationalisation and the financial success of a start-up.

H2b4: There is a positive relationship between the practice of internationalisation and the psychological satisfaction of a start-up.

- **V5 (Customer Segment Focus):** "Customer segment" is defined as "the identification of target customer groups (a homogeneous group of people with similar type of needs/wants), where customers with similar requirements (expectations) and buying characteristics are aggregated into the same group (Kara & Erdener, 1997). In this research I want to determine if the successful ones are associated with business customer segment (B2B)as distinct from consumer business (B2C) given that B2C business tend to require high upfront investments such as advertising outreach etc

  H2a5: There is a positive relationship between the practice of B2B customer segment and the financial success of a start-up.

  H2b5: There is a positive relationship between the practice of B2B customer segment and the psychological satisfaction of a start-up.

- **V6 (Equity Ownership):** "Equity ownership" is defined as "the measure of ownership" of the start-ups (Singh & Davidson III, 2003). Singh and Davidson (2003) discussed the concept of agency problem where low equity ownership tends to be associated with high agency costs leading to lower profitability. The research will assess if there is a positive relationship linking high equity owned by the VBs and Accelerators with the performance of the start-ups.

H2a6: There is a positive relationship between the practice of equity ownership and the financial success of a start-up.

H2b6: There is a positive relationship between the practice equity ownership and the psychological satisfaction of a start-up.

- **V7 (Team Formation):** “Team Formation” is defined as how the founding cofounders’ are recruited, hired or assembled including knowing where and how to source these talents; and developing the team members over time (Clarysse & Moray, 2004). VBs tend to source for the individual co-founders when assembling the new venture management team while Accelerators tend to incubate teams that have already been formed. In the context of this research, team formation is viewed as the recruitment of individuals to form the new venture team.

  H2a7: There is a positive relationship between the practice team formation and the financial success of a start-up.

  H2b7: There is a positive relationship between the practice of team formation and the psychological satisfaction of a start-up.

- **V8 (Access to Critical Resources):** “Access to critical resources” is defined as the availability of resources that the VBs and Accelerators provide which are critical to the success of start-ups such as IP Protection; legal support; investment partners (Song, Podoynitsyna, Van Der Bij, & Halman, 2007).

  H2a8: There is a positive relationship between the practice of providing access to critical resources and the financial success of a start-up.

  H2b8: There is a positive relationship between the practice of providing access to critical resources and the psychological satisfaction of a start-up.

- **V9 (Depth of Mentor Network):** "Mentor Depth" is defined as the depth of the network that "constitute successful founders themselves and valuable experts within their respective fields such as specific technologies, legal, human resource, online marketing and branding." (Kupp, Marval, & Borchers, 2017)

  H2a9: There is a positive relationship between the practice of providing access to deep mentor network and the financial success of a start-up.

  H2b9: There is a positive relationship between the practice of providing access to deep mentor network and the psychological satisfaction of a start-up.

- **V10 (Long Engagement):** "Long engagement" is essentially the incubation time horizon; and is defined as the incubation time needed "for reaching key milestones, including time to raising of venture capital, exit by acquisition and achievement of customer traction." (Cohen & Hochberg, 2014). The reasoning of this issue is the threat of compression diseconomies, or "the idea that temporal compression of learning and network formation is likely to involve trade-offs that may ultimately undermine performance" (Hallen, Bingham, & Cohen, 2014). Hence it will be interesting to find out if there is a relationship between the incubation time given by the VBs and Accelerators to the success of the ventures ?

  H2a10: There is a positive relationship between the Long Engagement and the financial success of a start-up.

  H2b10: There is a positive relationship between the between the Long Engagement and the psychological satisfaction of a start-up.

Chapter 4 Research Methodology

4.1 The Research Framework, Design and Methods

The overarching objective of this research is to gain an understanding of the effective practices of emerging incubation models with the primary focus on VBs and Accelerators. Additionally, it was designed to test the difference in efficacy of the two models. The results will provide evidence and support for instilling more effective practices within either incubation model to ensure more successful new ventures. This is a cross-sectional study where evidence is collected at a point in time to validate the effectiveness of the incubation practices.

The principal investigator in this research has had ten years of significant exposure and association with both the VB and the Accelerator models for start-ups. In this period, I noticed a divergence of incubation models and the consequential lack of clarity and confusing terms.

I began a literature search as outlined in Chapter 1 and discussed in depth in Chapter 2 (Literature Review). Not surprisingly, a large majority of the extant literature were written by industry practitioners where there is a lack of scientific rigour or evidence-based research.

This led to my developing a preliminary model of the practices of Venture Builders and Accelerators that are likely to positively impact the success of the start-ups or new ventures.

4.2 Study 1: Compare Accelerator practices versus VB practices

The preliminary model was then enhanced and contextualised by 8 field interviews (Study 1) which took place in Jan-Feb 2019. The interviews were based on a semi-structured questionnaire and were audio-recorded and transcribed using an innovative "Otter" tool for further content-analysis. The interview research instrument is found in Appendix 2 and the transcripts of the interviews are found in Appendix 3.

Study 1 led to a more rigorous and newly informed literature search of the practices and outcomes of venture builders and accelerators.

A final model with three propositions, twelve constructs and twenty-three associated hypotheses to be tested was developed. This was discussed in Chapter 3 (Research Hypotheses).

4.3 Study 1a: Industry Survey of the Practices of Accelerators and Venture Builders

Study 1a was done by constructing a semi-structured online questionnaire. The questions in the questionnaire were developed based on the twelve constructs outlined in Chapter 3. Ten of the constructs are the incubation practices of Accelerators and Venture Builders that lead to success of start-ups; while the other two constructs are the success outcomes of incubation (financial success and psychological satisfaction).

Most of the questions developed in the survey were already in use in prior research (see Chapter 3 for the references where the questions were further validated by (Song et al., 2007)). However new questions were developed as they could not be referred to in the literature. These were questions relating to V6 (Equity Ownership), V7 (Team Formation) and V10 (Depth of Mentor Network).

The online survey where the questions (based on a seven-point Likert scale) was sent globally to practitioners of Accelerators and Venture Builders. The incubators were randomly selected from sources such as Crunchbase, SG Innovate database or through industry contacts known by the researcher or recommended by practitioners.

In total forty-four responses were received of which only twenty-nine responses were useable. The rejected data sets were due to incomplete responses and insufficient time spent on responding.   The survey questionnaire is found in Appendix 2. Note that this study was planned mid-way after Study 2 was launched on advice of the supervisor who felt that the research will have better grounding support of the findings in Study 2. It took about six weeks to collect the data from late May to end of June 2019.

4.4 Study 2: VB & AC Incubation Practices and their Relationships to Successful Start-ups

The research objective of Study 2 was to ascertain which of the ten identified incubation practices were impactful by analysing whether the incubation practices are positively related to the new ventures' success outcomes (financial success and psychological satisfaction).

Study 2 was done by constructing a semi-structured online questionnaire (Appendix 2) The questions in the questionnaire were developed based on the identical twelve constructs outlined in Chapter 3. Ten of the constructs are the incubation practices of Accelerators and Venture Builders that lead to success of start-ups; while the other two constructs are the success outcomes of incubation (financial success and psychological satisfaction).

Most of the questions developed in the survey were already in use in prior research (see Chapter 3 for the references where the questions were further validated by (Song et al., 2007)). However new questions were developed as they could not be referred to in the literature. These were questions relating to V6 (Equity Ownership), V7 (Team Formation) and V10 (Depth of Mentor Network).

As Study 1a survey was launched, Study 2 online survey where the questions (based on a seven-point Likert scale) was concurrently sent globally to start-ups that were venture-built or accelerated. The start-ups were randomly selected from sources such as Crunchbase, SG Innovate database or through accelerators and venture builders known by the researcher or recommended by practitioners. A total of fifty-five responses were received of which forty-eight passed the data quality test. Of the forty-eight, four start-ups incubated by University-linked incubators were not selected as the primary focus of this research was on Accelerators and Venture Builders

The research design is diagrammatically shown in Figure 4-1 and Figure 4-2..

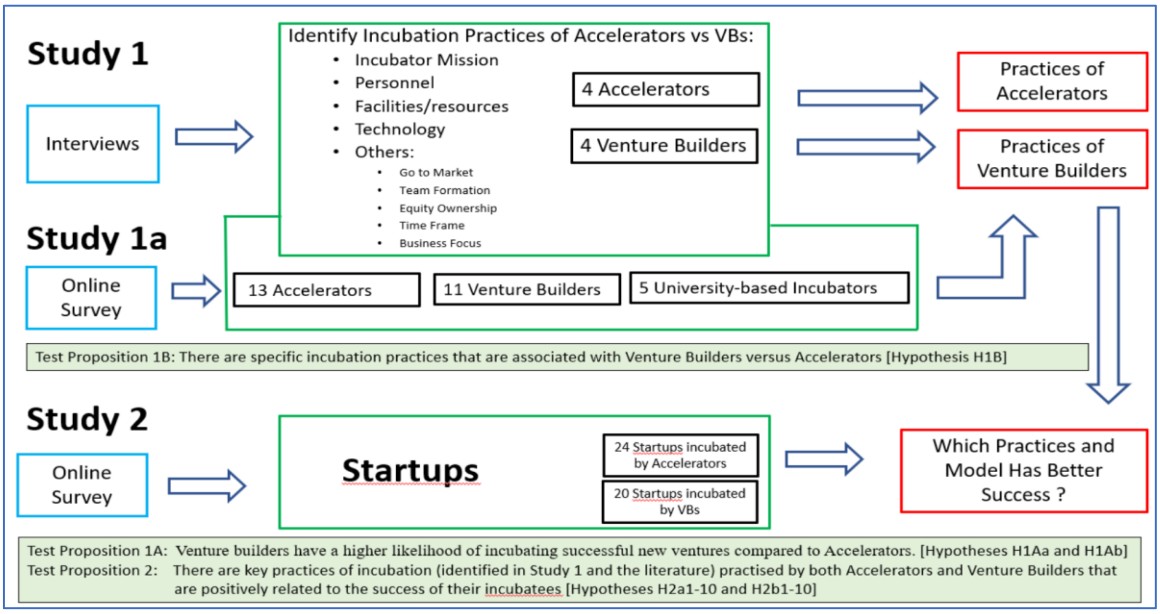

Figure 4-1. Research Framework of Study 1, 1a and 2

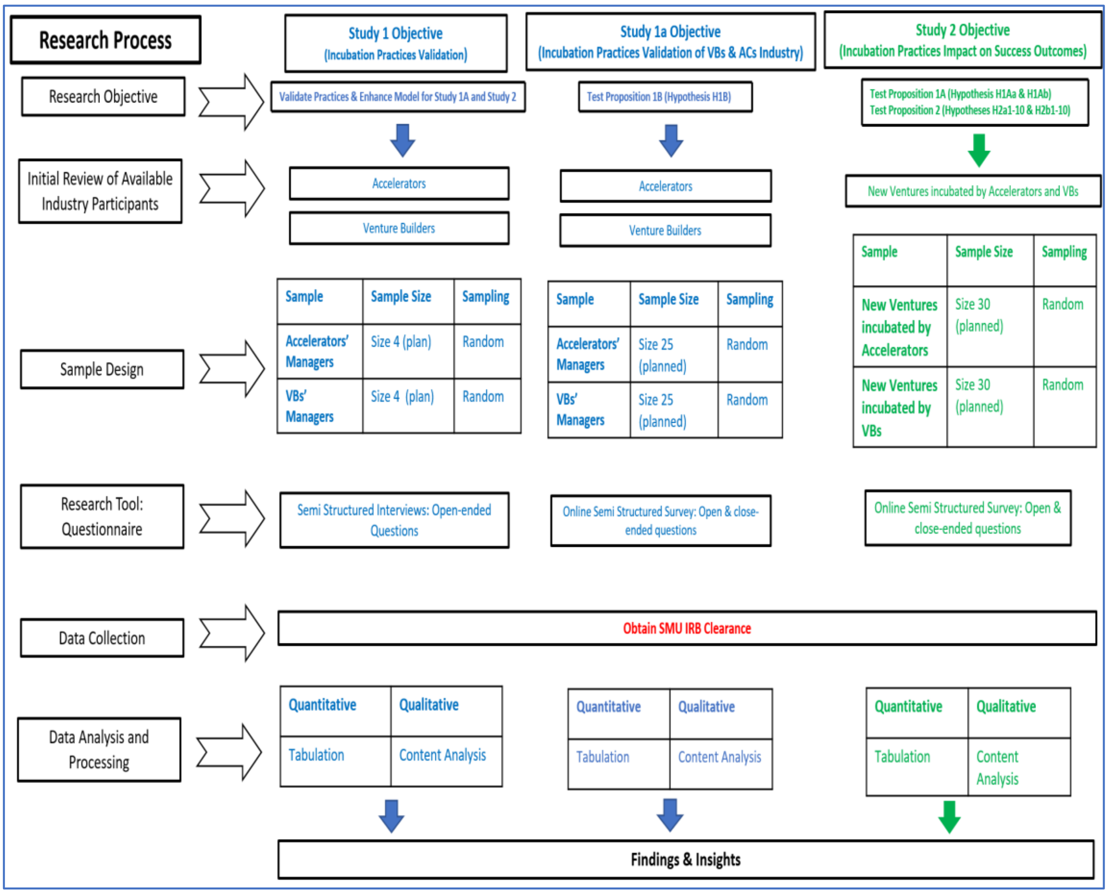

Figure 4-2. Research Design and Method of Study 1, 1a and 2

The results were tabulated and outlined in Chapter 5 (Results and Discussion). The findings, recommendations, limitations and future research directions are discussed in Chapter 6 (Discussion and Conclusion).

Chapter 5 Results and Discussion

5.1 Study 1 Face-to-Face Interviews with Eight Incubation Practitioners

The overarching purpose of Study 1 was to explore whether the practices that were identified in the literature review and insights as a practitioner are aligned to the actual practices of industry accelerator and VB practitioners. The insights obtained were then used to refine and finetune the practices (which are the antecedents or independent variables) which resulted in the success/non-success outcome (the dependent variable) of start-ups they have been incubating. In addition, it provided qualitative insights about the two models in terms of similarities and differences.

Results

Eight senior industry incubators were interviewed face to face using the semi-structured interview questionnaire. Four respondents classified themselves as Accelerators (R1A; R2A; R3A and R4A) and the remaining four classified themselves as Venture Builders (R1V, R2V, R3V and R4V). Each interview took about an hour and recorded with the respondents' permission. The eight detailed transcriptions are found in Appendix 3.

The thematic analysis focus practices in Study 1 yielded the following insights which form the basis of the research hypotheses. This has been very helpful to inform the formulation of the ten antecedents and the addition of a second outcome measure (psychological satisfaction) that goes beyond financial success.

A taxonomy of ten key practice focus themes supported by the literature findings; and classified under three major categories arising from Study 1 is shown in Table 5-1 below:

Table 5-1 Ten Focal Practices (Independent Predictor Variables) of Venture Building Resulting in Success (Dependent Predicted Outcome Variable)

Categories	Evidence-based Themes & Literature Support	Emergent Information	Observations/Quotes
	Potential Independent Variables/Antecedents		
1. Market-Orientation	**a. Marketing performance** (H. Li, 2001)	Priority focus of marketing and sales activities and customer outreach by incubators ; Revenue focus	"interest in … market functioning", "research of .. competitors", "understanding of business model", VBs (provide services on marketing; go to market strategy)
	b. Demand-driven orientation centricity (Asare, Brashear Alejandro, Granot, & Kashyap, 2011)	Focus of solving real life problems faced by customers or industries as distinct from ideas chasing for customers.	VBs ("thoroughly understand the market problem"), "discovered successful ones solve boring steady problems for large corporations", "customer discovery", "producing something nobody wants", "product market fit", "domain insight", "pattern recognition", "critical to have strong customer support or making customer successful", VBs ("talking to customers is critical")
	c. Market scope (H. Li, 2001) and (Marino & De Noble, 1997)	Flexibility of innovations to support more than one type of use cases, that is, ability for innovation to pivot to other use cases or industries. Song et al , (2008)	"pivoting", "business model will change", "9 to 18 months to find product market fit", "transfer insights from one domain" to another, "new market opportunities"
	d. Internationalisation (Bloodgood et al., 1996)	Globalisation outreach beyond home or domestic market	"develop and maintain a global network ", "for large corporations", "new market opportunities", "Indonesia, Philippines, Vietnam, China"

	e. Customer Segment (Kara & Erdener, 1997)	Primarily B2B focus as distinct from B2C.	"domain insight", "more interested in the domain insight", "understanding of customer problem", "must know why Kodak failed", VBs ("they come out knowing their market better than anyone else").
2. Resources	**f. Equity ownership** (Singh & Davidson III, 2003	Equity ownership which are majority controlled (more than 50%) by the VBs while Accelerators tends to take equity ownership that are often ten percent or less.	"between 5% and 10%"; "$25k to $50k per start-up" VBs ("extensive and active support & often too close to their new ventures to notice some of their failings"), VBs ("share ownership with entrepreneurs and employees of our new ventures"); VBs ("range of equity ownership from 100% to single digits but typically we take majority ownership & down to 10-20% when we exit…. The new ventures end up the same or better than other equity ownership models in the industry despite our taking higher equity in the beginning because we have a higher probability of a lucrative exit")
	g. Team formation **(**Clarysse & Moray, 2004)	Focus by VBs on recruiting individuals as co-founders with diverse characteristics such as the CEO leader type; the technical CTO profile etc versus ready formed teams that are typically seen in accelerators	"need a balanced team – understands technology, design and win the business types", accelerators "recruit .. teams", VBs ("obviously recruiting"), "strong team workers"; VBs ("tends to fit young people earlier in their careers … more mature entrepreneurs tend to less tolerant of risk")
	h. Access to critical services such as IP	Support provided to help the new	VBs (" put our own resources at the disposal

	protection; marketing assistance etc (Song, Podoynitsyna, Van Der Bij, & Halman, 2007).	ventures with critically needed services and facilities (IP protection (Song et al , (2008)), valuation advice, legal and accounting services, commercialisation advice etc). Isabelle DA (2013)	of our portfolio of new ventures"), "Accelerator is a platform business.. brings together stakeholders, entrepreneurs" "community that will support them" "match with a stage seed investor" VBs (we are active investors and we stay involved in the company for as long as possible, we don't kind of withdraw"
	i. Depth of mentor network (Kupp et al., 2017)	High quality of mentors who have extensive networks or business expertise or were previous or existing CEOs or C level executives or founders of successful new ventures. Isabelle DA (2013)	"build the ecosystem" "build a community of mentors .... of Investors, mentors" "community building", "glue in community", "mentoring is value add", "no sugar-coating", "ruthlessly honest"
3. Time compression Diseconomies	**j. Long Engagement** (Cohen & Hochberg, 2014).	Temporal compression of learning and network formation is likely to involve trade-offs that undermine performance Vermeulen & Barkema (2002) .	"coachable", "idea to investment in 100 days", "change the methodology" "farm start-ups in quantity" "like a car wash" "success on your third or fourth venture …not first", "just in time education.. and mentality", VBs "smaller number … longer period of time… more control" VBs ("used to be about seven years but now nine or ten years … common in industry", VBs(we actively engage them when they are "tens of millions in revenue. .. and once it reaches hundreds of millions of revenue, we know it's mature and they

			don't really need our help anymore")
	Potential Dependent Variables		
4. Success	**k. Financial Achievement** (de Langen & Groenewegen, 2012) (Lee, Lee, & Pennings, 2001)	Financial measures are typically quantitative such as ARR (Annual recurring revenue), Revenue Growth rate etc. Qualitative aspects such as attainment of financial and social objectives which the new ventures set out to achieve are valid to the extent that not all new ventures have quantitative financial targets such as financial inclusion or social or vibrant community engagement.	" securing seed funding is not success, but .. perhaps some proxy", "profitable exit", "worth $100m or more", "1 in 10 does well", "promised 2x to 3x to investors", "extremely hard to measure impact", *"financial success is not the primary goal all the time",* *"high tolerance for failures", "not tolerant of failures but tolerant of setbacks"; VB ("failures are fatal and doesn't happen to us often because we're so patient") "leaving debts behind is failure", "hustler type entrepreneur … and meek engineers", "don't know why we lost the business", "VB can be too close to the new venture team and fail to notice their failings"*
	l. Psychological Achievement of personal goals or satisfaction (Rosemary Fisher, Maritz, & Lobo, 2014) (Steffens, Davidsson, & Fitzsimmons, 2009)	Measurement of success - Personal satisfaction achievement as motivators. Fisher et al (2014). Entrepreneurial failure is defined as deviation from their desired	"out of passion" "entrepreneurship doesn't have to be lonely", "success on a personal level was" "lifestyle choice", "emotional reason", "key thing is the community", "passion", "higher purpose", "vision

		expectations" Mckenzie & Sud (2008).	driven", "value system of an entrepreneur", "own goals in life"

Based on the taxonomy, the research tested the following hypotheses are depicted in Figure 5-1 below. The ten practices were tested for their significance of their impact on new ventures' success namely financial success and psychological satisfaction:

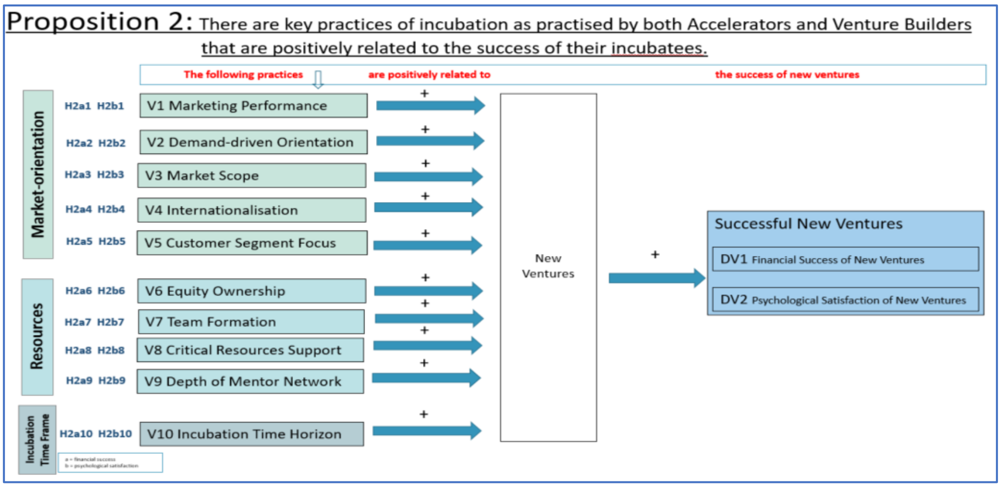

Figure 5-1. Ten Hypotheses to Test Association of Ten Practices to Successful Start-ups

Discussion

Besides the above key themes, it was observed in Study 1 that there was no clear definition of an accelerator or a venture builder. For example, one of the respondent who considered his model as a Venture Builder displayed essentially practices and characteristics of an accelerator such as a short acceleration program of not more than six months (VBs tend to have more than six months of acceleration often ranging from two to more than five years) and high volumes of thirty to sixty teams (VBs tend to limit new ventures to ten or fifteen over a period of five years). However, this respondent displayed the characteristics of most venture builders, that is, selecting and forming the co-founders as a team. Comments such as "we are more than an accelerator – an accelerator Plus of sort"; and as part of my initial tracking of potential respondents for Study 1, a university incubator director commented that they are a venture builder when it was clear that their practices are more fundamental incubation practices (such as provision of facilities; some initial funding grant and extended use of the facilities from one to four years and some entrepreneurship training courses) – all adds to the confusion in the industry.

Another significant finding of Study 1 was the preference for VBs as a more superior model by founders of accelerators. In fact, one of them has ceased his six-year old acceleration model (Respondent R1A) and has since been adopting the VB model's practices from 2016. He commented "if I were to do .. again, that's the kind of model I would go …. as most first-time entrepreneurs don't have the professional and social networks to get the right team". This turnabout comment was surprising given that one would expect accelerators to be bias towards the incubation model that they have been working on for many years. These respondents commented that they are aware of the emerging VB model and stated that some of their practices should have been incorporated in their acceleration model such as longer incubation period and building strong network resources that are richer and have greater depth. This seemed to support the negative effects of time compression diseconomies where accelerators' structured programs are typically three to six months in duration.

The psychological dimension was another insight that was not identified prior to conducting Study 1. This dimension essentially is a psychological attainment outcome as to whether a new venture perceives themselves as satisfied or not satisfied with their experience as a start-up. A literature search subsequently revealed very parsimonious research such as the one conducted by (R Fisher, Maritz, & Lobo, 2014) on "Evaluating entrepreneurs' perception of success – development of a measurement scale".

Given the diversity of practices of accelerators and VBs, it makes it challenging for entrepreneurs to find the right fit for their new venture needs. Hence the research should focus on not what the incubators label themselves but focus on the practices that they indeed execute and as experienced by the new ventures or incubatees.

Based on the themes discovered in Study 1, a follow-on Study 1a was performed to validate the actual practices as perceived by survey incubators who are primarily accelerators or venture builders. The survey included university incubators as they have deep domain knowledge of incubation practices.

Concurrently as Study 1a was conducted with the practices validated and segregated according to the two incubation entity types (accelerators and venture builders), Study 2 which is a semi-structured online survey was conducted on the start-ups who experienced these practices. The research objective was to examine the impact of these practices on the outcomes of start-ups by testing the identified independent and dependent variables.

The findings of Study 2 will help entrepreneurs and new ventures determine the practices that work and whether these practices are the ones that will meet their new venture needs. This should help de-risk future new ventures and achieve better performance of new ventures. This should provide more scholarly clarity in understanding what practices matters to new ventures.

5.2 Study 1a Online Survey of Practices of Twenty-Nine Incubators

Study 1a was a study targeted at the incubation practitioners. It was an attempt to validate the actual incubation practices of Venture Builders and Accelerators. Study 1a was originally not part of the initial research design but was advised by the dissertation supervising Chair to be added so as increase the robustness of the research. Hence Study 1a was developed in early May 2019 and launched in late May. The results obtained from Study 1a were then used to compare or triangulate the results obtained from Study 2 (which was the main research study focused on start-ups who have experienced the incubation practices of Venture Builders and Accelerators).

Results

In total, forty-three responses were obtained (only twenty-nine passed the data quality criteria) from the Qualtrix online survey (see Appendix XX Study 1a Qualtrix Survey Questions) from Accelerators, Venture Builders and University Incubators, for a six-week period from late May to end of June 2019. The questions were designed to measure the ten identified practices (predictor variables) from the earlier Study 1 using a 7-point Likert scale from "Very strongly Disagree" (rated as 1) to Strongly Agree (rated as 7) with mid-point rating 4 as "Neutral: Neither Agree or Disagree". There was an eight option for respondents who may choose to respond as "No Opinion/I don't know".

In testing for the significance of the survey results, three key statistical techniques were employed. They are:

1. Descriptive statistics
2. Box plot of the mean of the three entity groups of Accelerators, Venture Builders and University incubators
3. One-Way ANOVA with a follow on Post-Hoc test for the Tukey-Kramer statistic

The six assumptions were validated to ensure the result validity of the one-way ANOVA test, The six assumptions are:

Assumption 1:

The ten practice variables (for the purpose of this Study 1a discussion, they were referred to as dependent variables) were measured at ratio or interval level, that is a 7-point Likert scale was used to measure the responses. This was the case for Study 1a.

Assumption 2:

The grouping of the incubator entities (in this case referred to as the independent variable) has two or more categorical independent groups. This was the case as the study had three entity groups of Accelerators, Venture Builders and Incubators. Hence the one-way ANOVA statistical test was employed.

Assumption 3:

There is independence of observations which means that there is no relationship between the observations in each of the three groups. This was the case as each respondent's set of data response are measured only once in each of the 3 entity groupings.

Assumption 4:

There should be no significant outliers, that is, data points that do not follow the usual patterns. The study used box plots to identify outliers, if any.

Assumption 5:

The dependent variable should be approximately distributed for each category of the independent variable. The assumption of normality is assumed as the one-way ANOVA is fairly robust to deviations from normality (Liz, Keselman & Keselman, 1996).

Assumption 6:

The variances must be homogenous. This can be verified using Levene's test for homogeneity of variances. In the later part of this discussion, the results showed that this assumption was met.

Hence all six assumptions have been met for the purpose of this analysis.

(1) Descriptive Statistics

Upon review of the data at the cut-off point of July 1st 2019, twenty-nine responses were selected comprising of thirteen Accelerators, eleven Venture Builders and five University-linked Incubators (classified as Both). Refer to Figure 5-1 below.

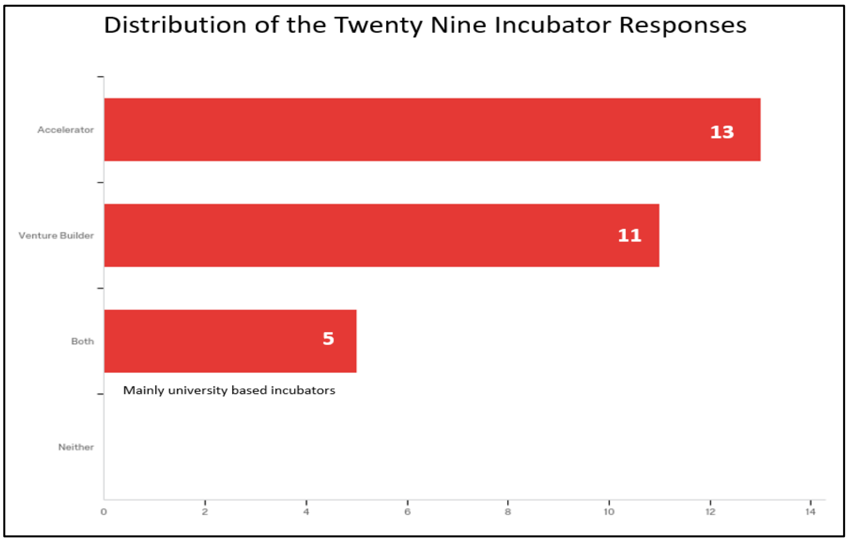

Figure 5-2. Distribution of Twenty-Nine Selected Respondents

The remaining fourteen responses were discarded for poor data quality due to reasons of incompleteness, duplicate entries and time spent on completing the survey was too short.

There was good diversity as these incubators are from around the world such as US, Canada, Denmark, Mexico, Australia, UK, Israel, Hungary, Turkey, the Netherlands and Singapore. They ranged from new ones that were a year old to one that was established forty-eight years ago.

(2) Box-Plot Analysis

A box plot was generated to assess how the 3 entity groups compare in terms of their means and variances. Individual box plots of each of the ten practice variables were also generated to look for outliers which may annul the validity of the one-way ANOVA statistical test results given that the requirement for the test validity is the absence of outliers.

Overall Box Plot of the Mean of the Three Entity Groups

The results below (see Figure 5-3 and Appendix 4) is the Overview Box Plot. The plot indicated that among the three entity groups of Accelerators, Venture Builders and Incubators, there were six variables that had a mean rating score that was at least 5 or above (where 5= Agreeable). These six variables were V7, 9, 6,2,10 and 4 (in descending order of the mean score). The remaining four variables V1, 8,3 and 5 (in descending order) had a mean score that were below the rating of 5 of which the lowest variable V5 was rated above 4 at 4.31. Further comments of this diagram will be reported in the one-way ANOVA test section.

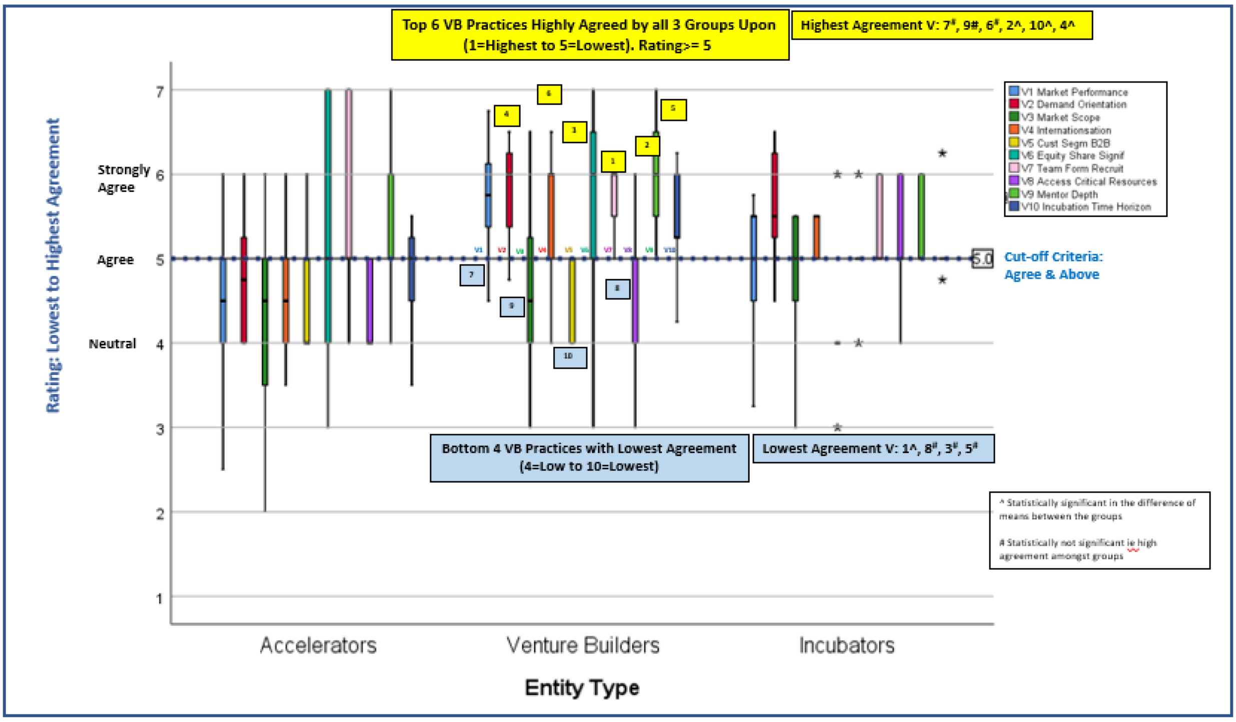

Figure 5-3. Box Plot of the Ten Predictor Variables of the Three Entity Groups

Individual Box Plot of the Mean of the Three Entity Groups:

To verify that Assumption 4 is met, that is, the requirement that there are no outliers, individual box plot of the ten practice variables were generated.

The full results (see Appendix 5 Individual Box Plot) confirmed that the ten practice variables have no outliers except for V 1, 2, 4, 5, 8 (see Figure 5-4).

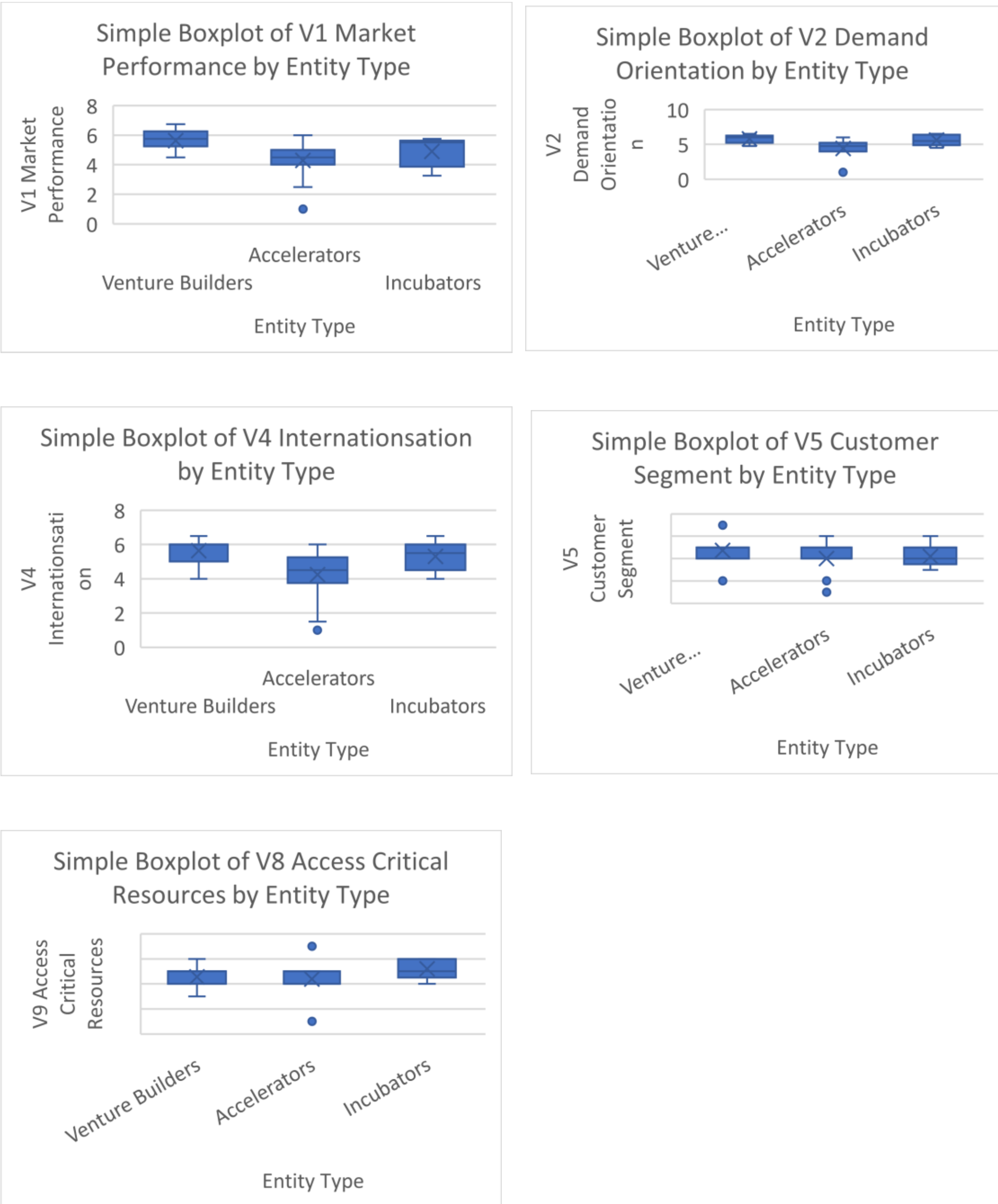

Figure 5-4. Individual Box Plots of V1, V2, V4, V5 and V8.

For the variables identified, the number of outliers is small. Most of them are 1 or 2 outliers except for V5(which has 4 outliers). Given the small number of outliers impacting the variables, one can assume that the statistical requirement of no outliers can be considered as adequately met when interpreting the one-way ANOVA test statistics.

The means of the groups are shown in Table 5- with the ranking of highest to lowest means for three groups (All Respondents, Accelerators, Venture Builders and Incubators). The highlighted numbers are for means that are greater than or equal to 5 (“Agree” rating). Reviewing the ranking color codes, there seems to be more agreement in the rating of the VBs and the Incubators (green and amber codes) as compared to VBs and Accelerators (blue code and green code). Overall the respondents rated seven variables as 5 and above (V7, 9, 6, 2, 10, 4, 1 in that order). The highest seven means will be reviewed again after analysing Study 2 results so as to identify any common variables that were rated by the Study 2’s successful start-ups.

Table 5-2 Means of the Ten Predictor Variables Across Three Entity Groups and their Rankings

Descriptives of the Group means of the 3 Incubating Types		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean: Lower Bound	95% Confidence Interval for Mean: Upper Bound	Minimum	Maximum	Ranking of Mean (Highest =1 & Lowest =10): Rank All 3 Groups	Rank Accelerators	Rank VBs	Rank Incubators
V1 Market Performance	Accelerators	13	4.288	1.31	0.36	3.49	5.08	1.00	6.00		8		
	Venture Builders	11	5.636	0.70	0.21	5.17	6.11	4.50	6.75			7	
	Incubators	5	4.900	1.04	0.47	3.61	6.19	3.25	5.75				8
	Total	29	4.905	1.21	0.22	4.45	5.36	1.00	6.75	7			
V2 Demand Orientation	Accelerators	13	4.404	1.43	0.40	3.54	5.27	1.00	6.00		5		
	Venture Builders	11	5.773	0.64	0.19	5.34	6.20	4.75	6.50			4	
	Incubators	5	5.600	0.80	0.36	4.60	6.60	4.50	6.50				1
	Total	29	5.129	1.25	0.23	4.65	5.60	1.00	6.50	4			
V3 Market Scope	Accelerators	13	4.308	1.11	0.31	3.64	4.98	2.00	6.00		7		
	Venture Builders	11	4.591	1.02	0.31	3.91	5.28	3.00	6.50			9	
	Incubators	5	4.700	1.04	0.46	3.41	5.99	3.00	5.50				9
	Total	29	4.483	1.04	0.19	4.09	4.88	2.00	6.50	9			
V4 Internationsation	Accelerators	13	4.231	1.52	0.42	3.31	5.15	1.00	6.00		9		
	Venture Builders	11	5.636	0.78	0.23	5.11	6.16	4.00	6.50			6	
	Incubators	5	5.300	0.91	0.41	4.17	6.43	4.00	6.50				4
	Total	29	4.948	1.33	0.25	4.44	5.45	1.00	6.50	6			
V5 Cust Segm B2B	Accelerators	13	4.000	1.29	0.36	3.22	4.78	1.00	6.00		10		
	Venture Builders	11	4.727	1.42	0.43	3.77	5.68	2.00	7.00			10	
	Incubators	5	4.200	1.10	0.49	2.84	5.56	3.00	6.00				10
	Total	29	4.310	1.31	0.24	3.81	4.81	1.00	7.00	10			
V6 Equity Share Signif	Accelerators	13	5.615	1.50	0.42	4.71	6.52	3.00	8.00		2		
	Venture Builders	11	5.636	1.29	0.39	4.77	6.50	3.00	7.00			3	
	Incubators	5	5.000	0.71	0.32	4.12	5.88	4.00	6.00				7
	Total	29	5.517	1.30	0.24	5.02	6.01	3.00	8.00	3			
V7 Team Form Recruit	Accelerators	13	5.692	1.03	0.29	5.07	6.32	4.00	7.00		1		
	Venture Builders	11	5.818	0.87	0.26	5.23	6.41	4.00	7.00			1	
	Incubators	5	5.400	0.55	0.24	4.72	6.08	5.00	6.00				2a
	Total	29	5.690	0.89	0.17	5.35	6.03	4.00	7.00	1			
V8 Access Critical Resources	Accelerators	13	4.385	1.33	0.37	3.58	5.19	1.00	7.00		6		
	Venture Builders	11	4.545	0.82	0.25	3.99	5.10	3.00	6.00			8	
	Incubators	5	5.200	0.84	0.37	4.16	6.24	4.00	6.00				5a
	Total	29	4.586	1.09	0.20	4.17	5.00	1.00	7.00	8			
V9 Mentor Depth	Accelerators	13	5.462	1.33	0.37	4.66	6.27	3.00	8.00		3		
	Venture Builders	11	6.000	0.77	0.23	5.48	6.52	5.00	7.00			2	
	Incubators	5	5.400	0.55	0.24	4.72	6.08	5.00	6.00				2b
	Total	29	5.655	1.04	0.19	5.26	6.05	3.00	8.00	2			
V10 Incubation Time Horizon	Accelerators	13	4.731	0.65	0.18	4.34	5.12	3.50	5.50		4		
	Venture Builders	11	5.477	0.64	0.19	5.05	5.91	4.25	6.25			5	
	Incubators	5	5.200	0.60	0.27	4.46	5.94	4.75	6.25				5b
	Total	29	5.095	0.71	0.13	4.83	5.36	3.50	6.25	5			
										>=5	>=5	>=5	>=6

(3) One-Way Unrelated ANOVA and Post-Hoc Test (Tukey-Kramer)

Given that there were 3 groupings of the incubator entities, the appropriate test for the difference in means of the three entity groups was to use the one-way ANOVA statistical test instead of the t-test.

The ANOVA results (test if there are statistically significant differences in the group mean) are shown as follows:

Table 5-3 One-Way Unrelated ANOVA Results

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
V1 Market Performance	Between Groups	10.826	2	5.413	4.695	0.018
	Within Groups	29.976	26	1.153		
	Total	40.802	28			
V2 Demand Orientation	Between Groups	12.503	2	6.252	5.231	0.012
	Within Groups	31.074	26	1.195		
	Total	43.578	28			
V3 Market Scope	Between Groups	0.763	2	0.382	0.337	0.717
	Within Groups	29.478	26	1.134		
	Total	30.241	28			
V4 Internationsation	Between Groups	12.519	2	6.260	4.381	0.023
	Within Groups	37.153	26	1.429		
	Total	49.672	28			
V5 Cust Segm B2B	Between Groups	3.225	2	1.613	0.932	0.407
	Within Groups	44.982	26	1.730		
	Total	48.207	28			
V6 Equity Share Signif	Between Groups	1.619	2	0.810	0.461	0.636
	Within Groups	45.622	26	1.755		
	Total	47.241	28			
V7 Team Form Recruit	Between Groups	0.601	2	0.301	0.362	0.700
	Within Groups	21.606	26	0.831		
	Total	22.207	28			
V8 Access Critical Resources	Between Groups	2.430	2	1.215	1.032	0.370
	Within Groups	30.604	26	1.177		
	Total	33.034	28			
V9 Mentor Depth	Between Groups	2.121	2	1.060	0.970	0.392
	Within Groups	28.431	26	1.093		
	Total	30.552	28			
V10 Incubation Time Horizon	Between Groups	3.387	2	1.694	4.178	0.027
	Within Groups	10.540	26	0.405		
	Total	13.927	28			

However, to test the reliability of the ANOVA significance, the variances were tested for homogeneity using Levene's statistic. See Table 5-4 below. By reviewing the p significance, the results showed that all the p significance level of the mean are above 0.05 indicating that there was homogeneity of variances. Hence one can take the significance level in the ANOVA as statistically valid.

Table 5-4 Levene's Test for Homogeneity of Variances

Levene's test of Homogeneity of Variances (if p>0.05 then homogenious variances)						
		Levene Statistic	df1	df2	Sig.	
V1 Market Performance	Based on Mean	0.955	2	26	0.398	Variances are Homogenous ie no violation of the assumption of homogeneity of variances
	Based on Median	0.688	2	26	0.512	
	Based on Median and with adjusted df	0.688	2	20.242	0.514	
	Based on trimmed mean	0.896	2	26	0.421	
V2 Demand Orientation	Based on Mean	1.629	2	26	0.216	Variances are Homogenous
	Based on Median	0.838	2	26	0.444	
	Based on Median and with adjusted df	0.838	2	16.277	0.451	
	Based on trimmed mean	1.272	2	26	0.297	
V3 Market Scope	Based on Mean	0.041	2	26	0.960	Variances are Homogenous
	Based on Median	0.056	2	26	0.945	
	Based on Median and with adjusted df	0.056	2	24.324	0.945	
	Based on trimmed mean	0.042	2	26	0.959	
V4 Internationsation	Based on Mean	1.319	2	26	0.285	Variances are Homogenous
	Based on Median	1.029	2	26	0.371	
	Based on Median and with adjusted df	1.029	2	20.724	0.375	
	Based on trimmed mean	1.195	2	26	0.319	
V5 Cust Segm B2B	Based on Mean	0.283	2	26	0.756	Variances are Homogenous
	Based on Median	0.321	2	26	0.728	
	Based on Median and with adjusted df	0.321	2	25.836	0.728	
	Based on trimmed mean	0.272	2	26	0.764	
V6 Equity Share Signif	Based on Mean	2.923	2	26	0.072	Variances are Homogenous
	Based on Median	1.478	2	26	0.247	
	Based on Median and with adjusted df	1.478	2	24.020	0.248	
	Based on trimmed mean	2.837	2	26	0.077	
V7 Team Form Recruit	Based on Mean	1.855	2	26	0.177	Variances are Homogenous
	Based on Median	0.776	2	26	0.471	
	Based on Median and with adjusted df	0.776	2	23.407	0.472	
	Based on trimmed mean	1.897	2	26	0.170	
V8 Access Critical Resources	Based on Mean	0.308	2	26	0.738	Variances are Homogenous
	Based on Median	0.238	2	26	0.790	
	Based on Median and with adjusted df	0.238	2	20.933	0.791	
	Based on trimmed mean	0.315	2	26	0.733	
V9 Mentor Depth	Based on Mean	2.340	2	26	0.116	Variances are Homogenous
	Based on Median	1.047	2	26	0.365	
	Based on Median and with adjusted df	1.047	2	18.903	0.371	
	Based on trimmed mean	2.330	2	26	0.117	
V10 Incubation Time Horizon	Based on Mean	0.181	2	26	0.835	Variances are Homogenous
	Based on Median	0.371	2	26	0.694	
	Based on Median and with adjusted df	0.371	2	25.352	0.694	
	Based on trimmed mean	0.241	2	26	0.787	

Referring to the 10 variables in the ANOVA table, the four variables that were statistically significant at the $p <= 0.05$ level are V1, 2, 4 and 10. This means that there were statistically differences in the three groups ratings of these four variables. However, the ANOVA does not indicate the differences among which of the three groups. Hence a Post-hoc Tukey test is needed to show where the differences lie of which of the three groups. The Tukey-Kramer test was selected due to the different sample size of the three groups. See Table 5-5 below.

Table 5-5 Post-Hoc Test with the Tukey-Kramer Statistic

Post-Hoc Test (Multiple Comparisons) to Identify Differences between which Groups (Tukey-Kramer test)								
							95% Confidence Interval	
Dependent Variable		(I) Entity	(J) Entity	Mean Difference (I-J)	Std. Error	Sig.	Lower Bound	Upper Bound
V1 Market Performance	Tukey HSD	Accelerators	Venture Builders	-1.34790*	0.43989	0.013	-2.4410	-0.2548
			Incubators	-0.61154	0.56504	0.533	-2.0156	0.7925
		Venture Builders	Accelerators	1.34790*	0.43989	0.013	0.2548	2.4410
			Incubators	0.73636	0.57914	0.423	-0.7027	2.1755
		Incubators	Accelerators	0.61154	0.56504	0.533	-0.7925	2.0156
			Venture Builders	-0.73636	0.57914	0.423	-2.1755	0.7027
	Games-Howell	Accelerators	Venture Builders	-1.34790*	0.42145	0.013	-2.4192	-0.2766
			Incubators	-0.61154	0.59088	0.574	-2.2528	1.0297
		Venture Builders	Accelerators	1.34790*	0.42145	0.013	0.2766	2.4192
			Incubators	0.73636	0.51086	0.383	-0.8529	2.3256
		Incubators	Accelerators	0.61154	0.59088	0.574	-1.0297	2.2528
			Venture Builders	-0.73636	0.51086	0.383	-2.3256	0.8529
V2 Demand Orientation	Tukey HSD	Accelerators	Venture Builders	-1.36888*	0.44787	0.014	-2.4818	-0.2560
			Incubators	-1.19615	0.57530	0.114	-2.6257	0.2334
		Venture Builders	Accelerators	1.36888*	0.44787	0.014	0.2560	2.4818
			Incubators	0.17273	0.58965	0.954	-1.2925	1.6379
		Incubators	Accelerators	1.19615	0.57530	0.114	-0.2334	2.6257
			Venture Builders	-0.17273	0.58965	0.954	-1.6379	1.2925
	Games-Howell	Accelerators	Venture Builders	-1.36888*	0.43996	0.016	-2.4965	-0.2413
			Incubators	-1.19615	0.53426	0.101	-2.6047	0.2124
		Venture Builders	Accelerators	1.36888*	0.43996	0.016	0.2413	2.4965
			Incubators	0.17273	0.40698	0.907	-1.0532	1.3986
		Incubators	Accelerators	1.19615	0.53426	0.101	-0.2124	2.6047
			Venture Builders	-0.17273	0.40698	0.907	-1.3986	1.0532
V3 Market Scope	Tukey HSD	Accelerators	Venture Builders	-0.28322	0.43622	0.794	-1.3672	0.8007
			Incubators	-0.39231	0.56033	0.766	-1.7847	1.0001
		Venture Builders	Accelerators	0.28322	0.43622	0.794	-0.8007	1.3672
			Incubators	-0.10909	0.57431	0.980	-1.5362	1.3180
		Incubators	Accelerators	0.39231	0.56033	0.766	-1.0001	1.7847
			Venture Builders	0.10909	0.57431	0.980	-1.3180	1.5362
	Games-Howell	Accelerators	Venture Builders	-0.28322	0.43509	0.794	-1.3768	0.8104
			Incubators	-0.39231	0.55648	0.768	-1.9913	1.2066
		Venture Builders	Accelerators	0.28322	0.43509	0.794	-0.8104	1.3768
			Incubators	-0.10909	0.55644	0.979	-1.7122	1.4940
		Incubators	Accelerators	0.39231	0.55648	0.768	-1.2066	1.9913
			Venture Builders	0.10909	0.55644	0.979	-1.4940	1.7122
V4 Internationsation	Tukey HSD	Accelerators	Venture Builders	-1.40559*	0.48972	0.021	-2.6225	-0.1887
			Incubators	-1.06923	0.62906	0.224	-2.6324	0.4939
		Venture Builders	Accelerators	1.40559*	0.48972	0.021	0.1887	2.6225
			Incubators	0.33636	0.64475	0.861	-1.2658	1.9385
		Incubators	Accelerators	1.06923	0.62906	0.224	-0.4939	2.6324
			Venture Builders	-0.33636	0.64475	0.861	-1.9385	1.2658
	Games-Howell	Accelerators	Venture Builders	-1.40559*	0.48292	0.024	-2.6355	-0.1757
			Incubators	-1.06923	0.58588	0.202	-2.6245	0.4860
		Venture Builders	Accelerators	1.40559*	0.48292	0.024	0.1757	2.6355
			Incubators	0.33636	0.46900	0.762	-1.0545	1.7272
		Incubators	Accelerators	1.06923	0.58588	0.202	-0.4860	2.6245
			Venture Builders	-0.33636	0.46900	0.762	-1.7272	1.0545
V5 Cust Segm B2B	Tukey HSD	Accelerators	Venture Builders	-0.727	0.539	0.381	-2.07	0.61
			Incubators	-0.200	0.692	0.955	-1.92	1.52
		Venture Builders	Accelerators	0.727	0.539	0.381	-0.61	2.07
			Incubators	0.527	0.709	0.740	-1.24	2.29
		Incubators	Accelerators	0.200	0.692	0.955	-1.52	1.92
			Venture Builders	-0.527	0.709	0.740	-2.29	1.24
	Games-Howell	Accelerators	Venture Builders	-0.727	0.558	0.410	-2.14	0.68
			Incubators	-0.200	0.607	0.942	-1.91	1.51
		Venture Builders	Accelerators	0.727	0.558	0.410	-0.68	2.14
			Incubators	0.527	0.651	0.705	-1.25	2.31
		Incubators	Accelerators	0.200	0.607	0.942	-1.51	1.91
			Venture Builders	-0.527	0.651	0.705	-2.31	1.25
V6 Equity Share Signif	Tukey HSD	Accelerators	Venture Builders	-0.021	0.543	0.999	-1.37	1.33
			Incubators	0.615	0.697	0.656	-1.12	2.35
		Venture Builders	Accelerators	0.021	0.543	0.999	-1.33	1.37
			Incubators	0.636	0.714	0.651	-1.14	2.41
		Incubators	Accelerators	-0.615	0.697	0.656	-2.35	1.12
			Venture Builders	-0.636	0.714	0.651	-2.41	1.14
	Games-Howell	Accelerators	Venture Builders	-0.021	0.569	0.999	-1.45	1.41
			Incubators	0.615	0.523	0.485	-0.74	1.97
		Venture Builders	Accelerators	0.021	0.569	0.999	-1.41	1.45
			Incubators	0.636	0.500	0.435	-0.68	1.96
		Incubators	Accelerators	-0.615	0.523	0.485	-1.97	0.74
			Venture Builders	-0.636	0.500	0.435	-1.96	0.68
V7 Team Form Recruit	Tukey HSD	Accelerators	Venture Builders	-0.126	0.373	0.939	-1.05	0.80
			Incubators	0.292	0.480	0.816	-0.90	1.48
		Venture Builders	Accelerators	0.126	0.373	0.939	-0.80	1.05
			Incubators	0.418	0.492	0.676	-0.80	1.64
		Incubators	Accelerators	-0.292	0.480	0.816	-1.48	0.90
			Venture Builders	-0.418	0.492	0.676	-1.64	0.80
	Games-Howell	Accelerators	Venture Builders	-0.126	0.389	0.944	-1.10	0.85
			Incubators	0.292	0.377	0.723	-0.70	1.28
		Venture Builders	Accelerators	0.126	0.389	0.944	-0.85	1.10
			Incubators	0.418	0.360	0.496	-0.54	1.38
		Incubators	Accelerators	-0.292	0.377	0.723	-1.28	0.70
			Venture Builders	-0.418	0.360	0.496	-1.38	0.54
V8 Access Critical Resources	Tukey HSD	Accelerators	Venture Builders	-0.161	0.444	0.931	-1.27	0.94
			Incubators	-0.815	0.571	0.342	-2.23	0.60
		Venture Builders	Accelerators	0.161	0.444	0.931	-0.94	1.27
			Incubators	-0.655	0.585	0.512	-2.11	0.80
		Incubators	Accelerators	0.815	0.571	0.342	-0.60	2.23
			Venture Builders	0.655	0.585	0.512	-0.80	2.11
	Games-Howell	Accelerators	Venture Builders	-0.161	0.443	0.930	-1.28	0.96
			Incubators	-0.815	0.525	0.302	-2.22	0.59
		Venture Builders	Accelerators	0.161	0.443	0.930	-0.96	1.28
			Incubators	-0.655	0.449	0.360	-1.95	0.64
		Incubators	Accelerators	0.815	0.525	0.302	-0.59	2.22
			Venture Builders	0.655	0.449	0.360	-0.64	1.95
V9 Mentor Depth	Tukey HSD	Accelerators	Venture Builders	-0.538	0.428	0.432	-1.60	0.53
			Incubators	0.062	0.550	0.993	-1.31	1.43
		Venture Builders	Accelerators	0.538	0.428	0.432	-0.53	1.60
			Incubators	0.600	0.564	0.544	-0.80	2.00
		Incubators	Accelerators	-0.062	0.550	0.993	-1.43	1.31
			Venture Builders	-0.600	0.564	0.544	-2.00	0.80
	Games-Howell	Accelerators	Venture Builders	-0.538	0.437	0.448	-1.64	0.57
			Incubators	0.062	0.443	0.989	-1.08	1.21
		Venture Builders	Accelerators	0.538	0.437	0.448	-0.57	1.64
			Incubators	0.600	0.338	0.224	-0.31	1.51
		Incubators	Accelerators	-0.062	0.443	0.989	-1.21	1.08
			Venture Builders	-0.600	0.338	0.224	-1.51	0.31
V10 Incubation Time Horizon	Tukey HSD	Accelerators	Venture Builders	-.74650*	0.26083	0.022	-1.3946	-0.0984
			Incubators	-0.46923	0.33504	0.355	-1.3018	0.3633
		Venture Builders	Accelerators	.74650*	0.26083	0.022	0.0984	1.3946
			Incubators	0.27727	0.34340	0.702	-0.5760	1.1306
		Incubators	Accelerators	0.46923	0.33504	0.355	-0.3633	1.3018
			Venture Builders	-0.27727	0.34340	0.702	-1.1306	0.5760
	Games-Howell	Accelerators	Venture Builders	-.74650*	0.26325	0.025	-1.4089	-0.0841
			Incubators	-0.46923	0.32198	0.360	-1.3912	0.4527
		Venture Builders	Accelerators	.74650*	0.26325	0.025	0.0841	1.4089
			Incubators	0.27727	0.32883	0.688	-0.6548	1.2093
		Incubators	Accelerators	0.46923	0.32198	0.360	-0.4527	1.3912
			Venture Builders	-0.27727	0.32883	0.688	-1.2093	0.6548

*. The mean difference is significant at the 0.05 level.

Looking at the table for Variable 1, there was a higher Mkt Performance score of 5.6 ± 0.7 in the Venture Builder group compared to the Accelerator group of 4.3 ± 1.3, an increase of 1.3 (95% CI, 0.3 to 2.4), which is statistically significant ($p = .013$). This was similarly true for Variables 2, 4 and 10 where it was statistically significant between the Venture Builder and Accelerator Groups.

The results showed that the statistically significant differences from the Tukey-Kramer statistic were primarily between the Accelerators and the Venture Builders for the four variables of V1, 2, 4 and 10 (variables which were identified earlier in the ANOVA but which we could not pinpoint the differences are between the groups).

Table 5-6 below shows the Effect Size (Eta squared) of the four identified variables (V1, 2,4 and 10). Eta-squared measures the ratio of variance explained in the dependent variable by a predictor while controlling for the other predictor variables. The effect was significant.

Table 5-6 Effect Size

Effect Size Measures (Eta Squared)		
	Eta	Eta Squared
V1 Market Performance * Entity Type	0.515	0.265
V2 Demand Orientation * Entity Type	0.536	0.287
V3 Market Scope * Entity Type	0.159	0.025
V4 Internationsation * Entity Type	0.502	0.252
V5 Cust Segm B2B * Entity Type	0.259	0.067
V6 Equity Share Signif * Entity Type	0.185	0.034
V7 Team Form Recruit	0.165	0.027
V8 Access Critical Resources * Entity Type	0.271	0.074
V9 Mentor Depth * Entity Type	0.263	0.069
V10 Incubation Time Horizon * Entity Type	0.493	0.243

Discussion

The box plot (see below Table 5-7 Summary of Study 1a results) has shown that there are six practices that were highly rated (rating of 5 and above) by all three incubator groups, that is in order of highest to lowest ranking, V7 (Team Formation), V9 (Mentor Depth), V6 (High Equity Share), V2 (Demand Orientation), V10 (Incubation Time) and V4 (Internationalisation).

Overall the following three practices, V7 (Team Formation), 9 (Mentor Depth), 6 (High Equity Share) were highly agreed by both Accelerators and Venture Builders as primary practices of Venture Builders. However, the ANOVA analysis indicated that of these highly agreed VB practice focus variables, four of them had statistically significant differences (V2,10, 4 and 1). This would mean that there are differences in opinions or disagreement in how accelerators view these four practices as primarily VBs' practices.

Table 5-7 Ranking of Means of Various Entity Groups

	Ranked from Highest Rating to Lowest Rating						
	Variables (1=V1; 2=V2 etc)						
Ranking	1	2	3	4	5	6	7
Box Plot	7	9	6	2	10	4	
Means Ranking (All 3 Groups) Rating 5 and above	7	9	6	2	10	4	1
Means Ranking (ACCs) Rating 5 and above	7	6	9				
Means Ranking (VBs) Rating 5 and above	7	9	6	2	10	4	1
Means Ranking (Uni Incubators) Rating 5 and above	2	7, 9	7,9	4	8, 10	8, 10	6

ANOVA Significance (p<=0.05)

Key:		
1	Market Performance	Differences between Acc and VB
2	Demand Orientation	Differences between Acc and VB
3	Market Scope	
4	Internationalisation	Differences between Acc and VB
5	Customer Segment B2B	
6	Equity Share	High Agreement
7	Team Formation	High Agreement
8	Access to Critical resources	
9	Mentor Depth	High Agreement
10	Incubation Time Horizon	Differences between Acc and VB

The lowest rated practice variables V1 (Market Performance), 8 (Access to critical resources), 3 (Market Scope) and 5 (Customer Segment) have the lowest agreement (below 5 rating) of the entire three groups, but despite being lowly ranked the lowest rating was above 4.

Now it remained to ascertain which of these practices, which the incubation practitioners have rated as focal VB practices were indeed experienced by the successful start-ups. I used the results of Study 2 to triangulate the findings in Study 1a.

The results of Study 1a showed that while there are differing practices in the industry, certain practices [V7 (Team Formation), 9 (Mentor Depth) and 6 (High Equity Stake)] are commonly seen as the primary practices of VBs while practices V2 (Demand Orientation), 10 (Incubation Time Horizon), 4 (Internationalisation) and 1 (Market Performance) were also claimed by accelerators as their primary practices.

This does not mean that the differing practices were not practised by the VBs, For example on further reflection of V10 (Time Horizon), VBs are known in the industry to spend an extended engagement time with their new ventures; while Accelerators are known to have a much shorter engagement with their new ventures. The data could be interpreted as the changing nature of accelerators adopting VBs' practices – the evolving hybrid Accelerator model – which the Study 1 interviewees indicated as a trend in Accelerators adopting VBs' practices in the recent past.

In conclusion, Proposition 1B stated that there are specific incubation practices associated with Venture Builders which are highly agreed by both Venture Builders and Accelerators: V7 (Team Formation), V9 (Depth of Mentor Network) and V6 (High Equity Share). However, if you consider all three groups' perspectives (Venture Builders, Accelerators and Uni-based incubators), there were three additional practices that were associated with

Venture builders namely V2 (Demand Orientation), V10 (Incubation Time) and V4 (Internationalisation). Hence we can accept H1B at p=0.05

Given the above results, while three practices have high agreement and another three have marginal agreement, it would be more appropriate to test the efficacy of the ten practices as a whole rather than trying to test any differentiated practices of the VBs versus Accelerators.

I then returned to Study 1a results at the final discussion section where a triangulation of the results of Study 1, 1a and 2 was performed to make sense of the evolving nature of the incubation practice space.

5.3 Study 2 Online Survey of Forty-Four Start-ups

Study 2 was a study targeted at the start-ups or new ventures who have experienced an Acceleration or Venture Building program.

The study aimed to identify which of the ten practices (the independent variables) identified in Study 1 and 1a were experienced by successful start-ups. The dependent variable, success (dependent categorical variable) was viewed from two perspectives, the attainment of financial success and psychological satisfaction.

Results

In total, fifty-five responses were obtained from the Qualtrix online survey (see Appendix 2 Study2 Qualtrix Survey Questionnaire) from "for profit" start-ups who have experienced an Acceleration or Venture Building program. The data was collected over eight weeks from late April to late June 2019. Accelerators, Venture Builders and University Incubators, for a six-week period from late May to end of June 2019. The questions were designed to measure the ten identified practices (predictor variables) from the earlier Study 1 using a 7-point Likert scale from "Very strongly Disagree" (rated as 1) to Strongly Agree (rated as 7) with mid-point rating 4 as "Neutral: Neither Agree or Disagree". There was an eight option for respondents who may choose to respond as "No Opinion/I don't know".

The dependent categorical variables of Financial Success and Psychological were rated on several dimensions by the respondents and a score is computed each for financial success and psychological satisfaction. Dr David Ng, a highly qualified Chartered Accountant, venture investor, practitioner mentor and academically qualified researcher in incubating start-ups, was invited for an inter-coding session at the beginning of July 2019. After briefing the expert, Dr Ng, performed an independent selection of successful start-ups. he final selection of the start-ups that were considered successful had to meet the following qualifying criteria viz:

- score above the computed average of the population mean score for success rating;
- at least one expert (the independent inter-coder and the researcher) rating of success.

The final selection was forty-four start-up data sets. The data sets were classified as Set 1 (financially successful and unsuccessful start-ups - twenty-nine financially successful and fifteen unsuccessful new ventures); and the same set was then then reclassified as Set 2 of psychologically satisfied and not satisfied start-ups (twenty-two were deemed to psychologically satisfied and twenty-two deemed unsatisfied).

In testing for the significance of the survey results, four key statistical techniques were employed. They are:

1. Descriptive statistics of the responding forty-four start-ups.
2. Box plots of the group means and chi-square test of the relationship between Accelerators and Venture Builders on the Financial Success/No Success dimension; Psychological Satisfaction/No Satisfaction dimension and a Financial Success/No

Success and Psychological Satisfaction and/No Satisfaction dimension resulting in a total of three Chi-square cross tabulation tables.

3. Independent Samples T-test (validated with an ANOVA analysis) to compare means and to test the significance, if any, of the group differences. Two T-tests will be conducted – financially successful and non-successful start-ups; and psychologically satisfied and non-satisfied start-ups.
4. Binomial logistic regression modelling on the two dependent categorical variables (DV1 Financial Success and DV2 Psychological Satisfaction) to determine the most parsimonious prediction model. This test helps to identify the independent variables which are statistically significant in impacting the success of start-ups.

The six assumptions were validated to ensure the result validity of the T-test and the binomial logistic regression. The six assumptions are:

Assumption 1:

The ten practice variables wee measured at ratio or interval level which was the case as a 7-point Likert scale is used to measure the responses. This was the case in Study 2.

Assumption 2:

The grouping of the incubator entities had two or more categorical independent groups. This was the case as the study had only two entity groups, that is, start-ups incubated by Accelerators and Venture Builders. Hence the T-test statistical test was employed.

Assumption 3:

There is independence of observations which means that there is no relationship between the observations in each of the two groups. This was the case as each respondent's set of data response are measured only once in each of the 2 entity groupings.

Assumption 4:

There should be no significant outliers, that is, data points that do not follow the usual patterns. The box plots did not identify any significant number of outliers.

Assumption 5:

The dependent variable should be approximately distributed for each category of the independent variable. The assumption of normality is assumed as the T-test is fairly robust to deviations from normality (Liz, Keselman & Keselman, 1996). Hence while the T-test was the main statistical tool employed for Study 2, an ANOVA was done separately for each of the three T-tests (see Appendix YY). The ANOVA results were consistent with the T-test results. However, the T-test, using an additional Levene's test of homogeneity of variances, was able to detect if variance homogeneity was picked up. See discussion of Assumption 6.

Assumption 6:

The variances must be homogenous. This was verified using Levene's test for homogeneity of variances or the modified Breusch-Pagan test of heteroskedascity. In the later part of this discussion, the results showed that this assumption had been met. A test of homoscedascity (absence of heteroskedascity) of error terms determines whether a regression model's ability to predict a dependent variable is consistent across all values of that dependent variable. In other words, the variance is equal for all values of the predicted dependent variable. Both the modified Breusch-Pagan test and the Levene's tests were conducted and the test results indicated the absence of heteroskedascity. Referring to the table below, no heteroskedasticity was detected both sets of data and is illustrated by the table below where the modified Breusch-Pagan test showed p=0.452 and hence not statically significant at p=0.05 for the financial success/no success set of ten independent variables.

Table 5-8 Modified Breusch-Pagan Test for Heteroskedasticity

Modified Breusch-Pagan Test for Heteroskedasticity[a,b,c]		
Chi-Square	df	Sig.
0.564	1	0.452
a. Dependent variable: DV1 Fin Success Final Rating		
b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.		
c. Predicted values from design: Intercept + V1MktPerf + V2DemandOrient + V3MktScope + V4Internationalisation + V5CustSegmB2BCategorical + V6EquityShareSignif + V7TeamFormation + V8AccessCriticalResources + V9MentorDepth + V10LongerEngagement		

Hence all six assumptions have been met for the purpose of this analysis.

Detecting Multicollinearity Condition

Multicollinearity occurs when two or more independent variables are highly correlated with each other. This leads to problem of pinpointing which independent variable contributes to the variance explained. To ensure that the results are not distorted by Multicollinearity, a review of the Variance Inflation Factor or VIF (1/Tolerance) was conducted for both the financial success/no success and psychological satisfaction/no satisfaction sets of tests on the ten independent variables. Table 5-9 below confirmed the absence of multicollinearity for both the financial success and psychological satisfaction groupings.

Table 5-10 Multicollinearity Test

Multicollinearity Test for Financial Success/No Success							
					Collinearity Statistics		
Model	Beta In	t	Sig.	Partial Correlation	Tolerance[1]	VIF	Minimum Tolerance
1 V2 Demand Orientation	.280[b]	1.437	0.158	0.219	0.434	2.302	0.434
V3 Market Scope	.013[b]	0.072	0.943	0.011	0.556	1.798	0.556
V4 Internationalisaton	.119[b]	0.750	0.457	0.116	0.683	1.464	0.683
V5CustSegmB2B (Categorical)	.077[b]	0.578	0.567	0.090	0.961	1.041	0.961
V6 Equity Size Owned by Incubator	-.062[b]	-0.427	0.672	-0.066	0.820	1.219	0.820
V7 Team Formation by Incubator	-.178[b]	-1.246	0.220	-0.191	0.822	1.217	0.822
V8 Access to Critical resources	.013[b]	0.097	0.923	0.015	0.941	1.063	0.941
V9 Mentor Depth	.059[b]	0.379	0.707	0.059	0.719	1.391	0.719
V10 Long Engagement	.139[b]	0.975	0.335	0.151	0.831	1.204	0.831
a. Dependent Variable: DV1 Fin Success Final Rating							
b. Predictors in the Model: (Constant), V1 Mkt Performance							
					1 All Tolerance greater than 0.1 indicates absence of multicollinearity		

Multicollinearity test for Psychological Satsifaction/Non Satisfaction							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model	B	Std. Error	Beta			Tolerance1	VIF
1 (Constant)	-0.568	0.481		-1.183	0.245		
V1 Mkt Performance	-0.108	0.127	-0.215	-0.851	0.401	0.260	3.849
V2 Demand Orientation	0.278	0.097	0.651	2.863	0.007	0.321	3.116
V3 Market Scope	0.015	0.087	0.034	0.171	0.865	0.414	2.415
V4 Internationalisaton	0.103	0.074	0.247	1.387	0.175	0.522	1.916
V5CustSegmB2B (Categorical)	-0.145	0.085	-0.244	-1.707	0.097	0.814	1.229
V6 Equity Size Owned by Incubator	-0.018	0.044	-0.084	-0.413	0.683	0.405	2.469
V7 Team Formation by Incubator	0.068	0.061	0.163	1.121	0.270	0.783	1.276
V8 Access to Critical resources	-0.082	0.065	-0.226	-1.250	0.220	0.507	1.971
V9 Mentor Depth	-0.012	0.051	-0.044	-0.242	0.810	0.502	1.992
V10 Long Engagement	0.016	0.109	0.026	0.143	0.887	0.520	1.924
a. Dependent Variable: DV2 Psych Achieve Final Rating							
						1 All Tolerance greater than 0.1 indicates absence of multicollinearity	

(4) Descriptive Statistics of the Respondent Data Sets

Upon review of the data at the cut-off point of July 1st 2019, initially forty-eight of the initial fifty-five responses were selected based on the quality and completeness of the responses. The remaining seven responses from the original fifty-five total were discarded for poor data quality due to reasons of incompleteness, duplicate entries and time spent on completing the survey was too short.

However, as the primary research was focused on Accelerators and Venture Builders, data sets of four respondent that were incubated by university incubators were dropped. Of the forty-four remaining selected respondents, twenty-four experienced an Accelerator program and twenty respondents experienced a Venture Building program.. Refer to Figure 5-4 below.

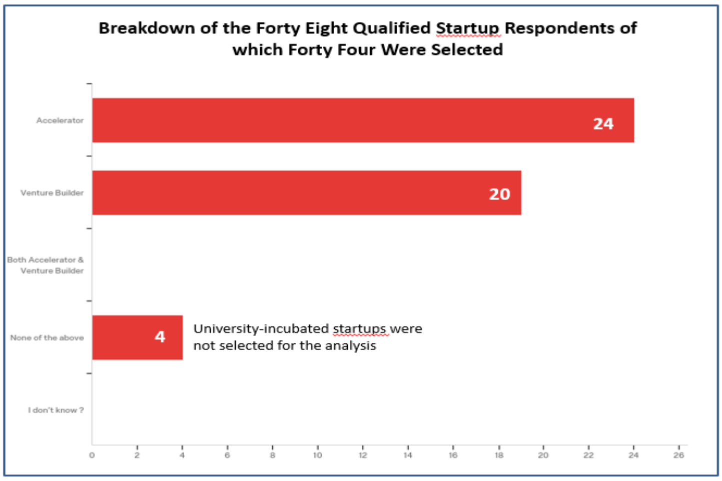

Figure 5-4. Breakdown of Twenty-Nine Selected Incubators Respondents

There was good diversity as these start-ups were from around the world such as US, Canada, India, Turkey, France, Portugal, Japan, Singapore, Thailand and Australia. In terms of their establishment date and using the July 1st 2019 cut-off date, they ranged from new ones that are a year old (three only) to one that was established thirteen years ago.

(5) Chi-square Test of Association

Three Chi-square tests of association were conducted to assess if there were any associations between:

a) start-ups that were accelerated or venture-built and being assessed as financially successful or not successful;
b) start-ups that were accelerated or venture-built and being assessed as psychologically satisfied or not satisfied; and
c) start-ups that were assessed as financially successful or not successful and assessed as psychologically satisfied or not satisfied.

2a) Accelerators/Venture Built Start-ups and Financial Success Association

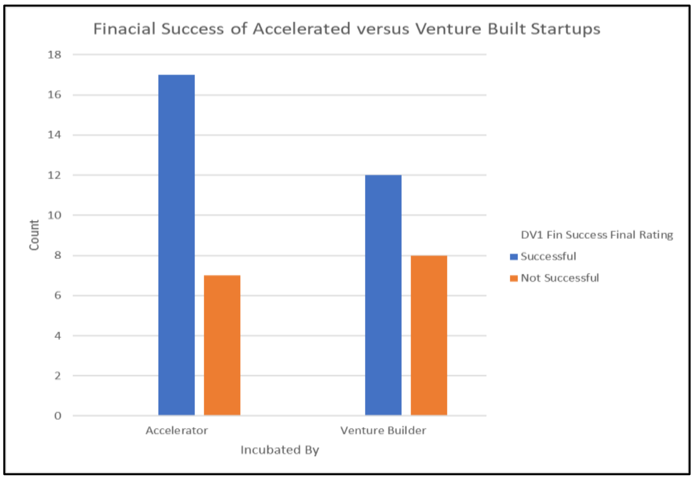

Figure 5-5. Financial Success of Accelerated and VB Start-ups

Referring to Figure 5-5 above, of the twenty-four accelerated start-ups, seventeen were assessed as financially successful and seven as not successful; while seventeen venture-built start-ups were assessed as financially successful and eight were considered not successful.

A cross-tabulation analysis and chi-square test were performed and there was no statistical significance in the association as indicated by the Pearson Chi-Square statistic of p=0.45 (at p<=0.05) (refer to Table 5-11 below). Hence we reject the hypothesis of H1aa at p=0.05.

Table 5-11 Chi Square Test of Association of VB/Accelerator with Financial Success

Incubated by Accelerator/Venture Builder * DV1 Financial Success Crosstabulation

			DV1 Fin Success Final Rating		
			Not Successful	Successful	Total
Incubated By	Accelerator	Count	7	17	24
		Expected Count	8.2	15.8	24.0
		Residual	-1.2	1.2	
	Venture Builder	Count	8	12	20
		Expected Count	6.8	13.2	20.0
		Residual	1.2	-1.2	
Total		Count	15	29	44
		Expected Count	15.0	29.0	44.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.570[a]	1	0.450		
Continuity Correction[b]	0.190	1	0.663		
Likelihood Ratio	0.569	1	0.451		
Fisher's Exact Test				0.532	0.331
Linear-by-Linear Association	0.557	1	0.456		
N of Valid Cases	44				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.82.

b. Computed only for a 2x2 table

2b) Accelerators/Venture Built Start-ups and Psychological Satisfaction Association

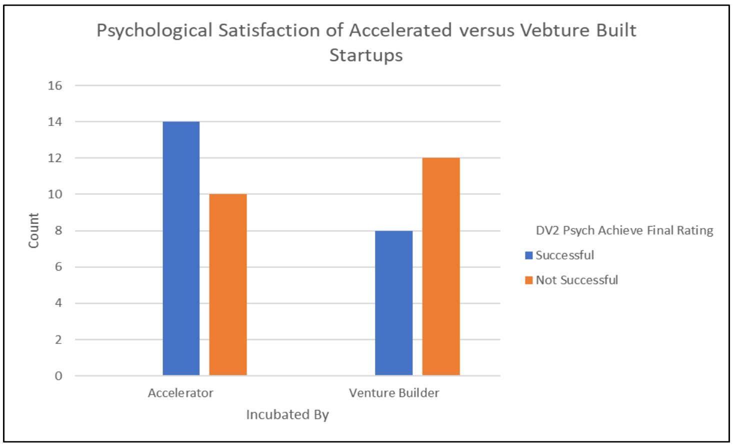

Figure 5-6. Psychological Satisfaction of Accelerated and VB Start-ups

Referring to Figure 5-6 above, of the twenty-four accelerated start-ups, fourteen were assessed as psychologically satisfied and seven as not satisfied; while eight venture-built start-ups were assessed as psychologically satisfied and twelve were considered as not satisfied.

A cross-tabulation analysis and chi-square test were performed and there was no statistical significance in the association as indicated by the Pearson Chi-Square statistic of p=0.226 (at p<=0.05) (refer to Table 5-12 below). Hence we reject the hypothesis of H1Ab at p=0.05.

Table 5-12 Chi Square Test of Association of VB/Accelerator with Psychological Satisfaction

Incubated By Accelerator/Venture Builder * DV2 Psychological Achievement			DV2 Psych Achieve Final Rating		Total
			Not Successful	Successful	
Incubated By	Accelerator	Count	10	14	24
		Expected Count	12.0	12.0	24.0
		Residual	-2.0	2.0	
	Venture Builder	Count	12	8	20
		Expected Count	10.0	10.0	20.0
		Residual	2.0	-2.0	
Total		Count	22	22	44
		Expected Count	22.0	22.0	44.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.467[a]	1	0.226		
Continuity Correction[b]	0.825	1	0.364		
Likelihood Ratio	1.475	1	0.225		
Fisher's Exact Test				0.364	0.182
Linear-by-Linear Association	1.433	1	0.231		
N of Valid Cases	44				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.00.

b. Computed only for a 2x2 table

In conclusion, Proposition 1A is not supported, that is, we are unable to ascertain that venture building is more effective than accelerators in developing financially successful and psychological satisfied start-ups.

(6) Box Plots and Independent Samples T-test

3a) Box Plot and T-test for Accelerators and VBs' Start-ups

The box plot of the ten predictor means of the two groups of start-ups that were accelerated and venture built are shown in Figure 5-8. Note that the high ownership of start-ups' equity and depth of mentorship are clearly observed with venture-built start-ups. With accelerated start-ups, internationalisation and mentor depth were observed. A T-table test provided more clarity of the predictor variables.

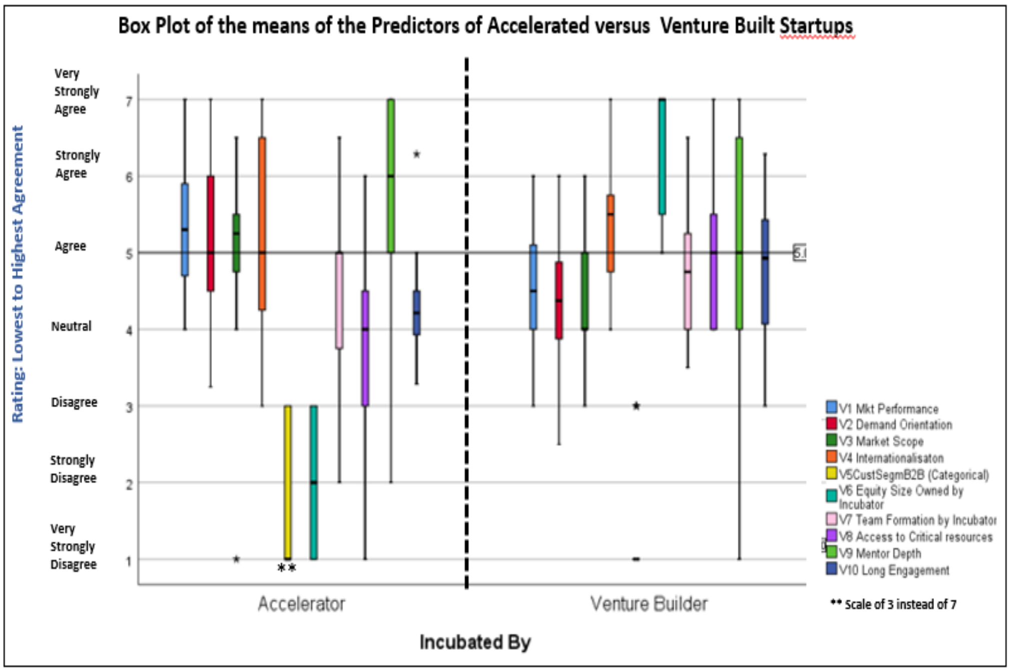

Figure 5-8. Box Plot of the Ten Predictor Variables of the Two Entity Groups

The T-test results were to look for any statistically significant differences in the means of the two groups is shown below. The T-test was selected as only two groups were compared. Note that the T-test must also observe the homogeneity of variances (which is indicated by the Levene's statistic). The table showed that only four predictor variables were statistically significant namely V1(Market Performance), V2(Demand Orientation), V6(Equity Size) and V8(Access to critical resources). For V10 (Long Engagement), given that the Levene's statistics (p=0.025) showed non-homogeneity of variances, the two-tail significance is read from the “Equal variances not assumed” column showing p= 0.056 which is statistically not significant. The intention of Study Two is not to differentiate the start-ups that were accelerated, or venture built, hence the analysis was kept brief.

Given that the purpose of Study Two is to determine which predictor variables were significant for the successful start-ups, more attention was focused on the Financial Success/No success and Psychologically Satisfied/Not satisfied analyses which will be discussed in the next section.

Table 5-14 Independent Samples T-test Results (ACs vs VBs)

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
V1 Mkt Performance	Equal variances assumed	0.051	0.823	2.619	42	0.012	0.7483	0.2857	0.1717	1.3250
	Equal variances not assumed			2.659	41.977	0.011	0.7483	0.2815	0.1803	1.3163
V2 Demand Orientation	Equal variances assumed	1.613	0.211	2.334	42	0.024	0.79792	0.34181	0.10811	1.48772
	Equal variances not assumed			2.410	40.879	0.021	0.79792	0.33108	0.12923	1.46660
V3 Market Scope	Equal variances assumed	0.006	0.940	1.927	42	0.061	0.6625	0.3438	-0.0312	1.3562
	Equal variances not assumed			1.960	41.999	0.057	0.6625	0.3380	-0.0197	1.3447
V4 Internationalisaton	Equal variances assumed	1.483	0.230	0.191	42	0.850	0.0708	0.3714	-0.6786	0.8203
	Equal variances not assumed			0.192	41.636	0.848	0.0708	0.3682	-0.6724	0.8140
V5CustSegmB2B (Categorical)	Equal variances assumed	6.020	0.018	1.274	42	0.210	0.325	0.255	-0.190	0.840
	Equal variances not assumed			1.301	41.917	0.200	0.325	0.250	-0.179	0.829
V6 Equity Size Owned by Incubator	Equal variances assumed	2.167	0.148	-10.375	42	0.000	-3.925	0.378	-4.688	-3.162
	Equal variances not assumed			-9.897	29.007	0.000	-3.925	0.397	-4.736	-3.114
V7 Team Formation by Incubator	Equal variances assumed	0.097	0.757	0.000	42	1.000	0.0000	0.3708	-0.7483	0.7483
	Equal variances not assumed			0.000	37.946	1.000	0.0000	0.3758	-0.7607	0.7607
V8 Access to Critical resources	Equal variances assumed	0.228	0.635	-3.309	42	0.002	-1.267	0.383	-2.039	-0.494
	Equal variances not assumed			-3.372	41.987	0.002	-1.267	0.376	-2.025	-0.509
V9 Mentor Depth	Equal variances assumed	0.103	0.750	1.443	42	0.156	0.775	0.537	-0.309	1.859
	Equal variances not assumed			1.425	38.165	0.162	0.775	0.544	-0.326	1.876
V10 Long Engagement	Equal variances assumed	5.427	0.025	-2.052	42	0.046	-0.4952	0.2413	-0.9823	-0.0082
	Equal variances not assumed			-1.985	32.702	0.056	-0.4952	0.2495	-1.0031	0.0126

Table 5-15 ANOVA Test (ACs vs VBs) & Means Comparisons

ANOVA Table[a,b,c,d,e,f,g,h,i,j]

			Sum of Squares	df	Mean Square	F	Sig.
V1 Mkt Performance * Incubated By	Between Groups	(Combined)	6.109	1	6.109	6.859	0.012
	Within Groups		37.406	42	0.891		
	Total		43.515	43			
V2 Demand Orientation * Incubated By	Between Groups	(Combined)	6.946	1	6.946	5.449	0.024
	Within Groups		53.532	42	1.275		
	Total		60.477	43			
V3 Market Scope * Incubated By	Between Groups	(Combined)	4.788	1	4.788	3.714	0.061
	Within Groups		54.144	42	1.289		
	Total		58.932	43			
V4 Internationalisaton * Incubated By	Between Groups	(Combined)	0.055	1	0.055	0.036	0.850
	Within Groups		63.190	42	1.505		
	Total		63.244	43			
V5CustSegmB2B (Categorical) * Incubated By	Between Groups	(Combined)	1.152	1	1.152	1.623	0.210
	Within Groups		29.825	42	0.710		
	Total		30.977	43			
V6 Equity Size Owned by Incubator * Incubated By	Between Groups	(Combined)	168.061	1	168.061	107.641	0.000
	Within Groups		65.575	42	1.561		
	Total		233.636	43			
V7 Team Formation by Incubator * Incubated By	Between Groups	(Combined)	0.000	1	0.000	0.000	1.000
	Within Groups		63.000	42	1.500		
	Total		63.000	43			
V8 Access to Critical resources * Incubated By	Between Groups	(Combined)	17.503	1	17.503	10.950	0.002
	Within Groups		67.133	42	1.598		
	Total		84.636	43			
V9 Mentor Depth * Incubated By	Between Groups	(Combined)	6.552	1	6.552	2.082	0.156
	Within Groups		132.175	42	3.147		
	Total		138.727	43			
V10 Long Engagement * Incubated By	Between Groups	(Combined)	2.676	1	2.676	4.211	0.046
	Within Groups		26.684	42	0.635		
	Total		29.360	43			

a. With fewer than three groups, linearity measures for V1 Mkt Performance * Incubated By cannot be computed.
b. With fewer than three groups, linearity measures for V2 Demand Orientation * Incubated By cannot be computed.
c. With fewer than three groups, linearity measures for V3 Market Scope * Incubated By cannot be computed.
d. With fewer than three groups, linearity measures for V4 Internationalisaton * Incubated By cannot be computed.
e. With fewer than three groups, linearity measures for V5CustSegmB2B (Categorical) * Incubated By cannot be computed.
f. With fewer than three groups, linearity measures for V6 Equity Size Owned by Incubator * Incubated By cannot be computed.
g. With fewer than three groups, linearity measures for V7 Team Formation by Incubator * Incubated By cannot be computed.
h. With fewer than three groups, linearity measures for V8 Access to Critical resources * Incubated By cannot be computed.
i. With fewer than three groups, linearity measures for V9 Mentor Depth * Incubated By cannot be computed.
j. With fewer than three groups, linearity measures for V10 Long Engagement * Incubated By cannot be computed.

Comparison of the Means of the 10 Practices of Accelerators and Venture Builders (44 Cases)

Incubated By		N	Mean	Std. Deviation	Std. Error of Mean
V1 Mkt Performance	Accelerator	24	5.31	1.0095	0.2061
	Venture Builder	20	4.56	0.8574	0.1917
V2 Demand Orientation	Accelerator	24	5.14	1.28744	0.26280
	Venture Builder	20	4.34	0.90057	0.20137
V3 Market Scope	Accelerator	24	5.19	1.2231	0.2497
	Venture Builder	20	4.53	1.0192	0.2279
V4 Internationalisaton	Accelerator	24	5.27	1.2767	0.2606
	Venture Builder	20	5.20	1.1630	0.2601
V5CustSegmB2B (Categorical)	Accelerator	24	1.63	0.924	0.189
	Venture Builder	20	1.30	0.733	0.164
V6 Equity Size Owned by Incubator	Accelerator	24	2.13	0.900	0.184
	Venture Builder	20	6.05	1.572	0.352
V7 Team Formation by Incubator	Accelerator	24	4.50	1.1421	0.2331
	Venture Builder	20	4.50	1.3179	0.2947
V8 Access to Critical resources	Accelerator	24	3.83	1.373	0.280
	Venture Builder	20	5.10	1.119	0.250
V9 Mentor Depth	Accelerator	24	5.63	1.663	0.340
	Venture Builder	20	4.85	1.899	0.425
V10 Long Engagement	Accelerator	24	4.26	0.6494	0.1326
	Venture Builder	20	4.76	0.9455	0.2114

3b) Box Plot and T-test for Financially Successful and Not Successful Start-ups

The box plot of the ten predictor means of the two groups of start-ups that were classified as financially successful and not successful are shown in the diagram below. The standout predictor variables were V1 (Market Performance), V2 (Demand Orientation), V3 (Market Scope), V4 (Internationalisation) and V9 (Mentor Depth). A T-test provided more clarity of the predictor variables that were statistically significant.

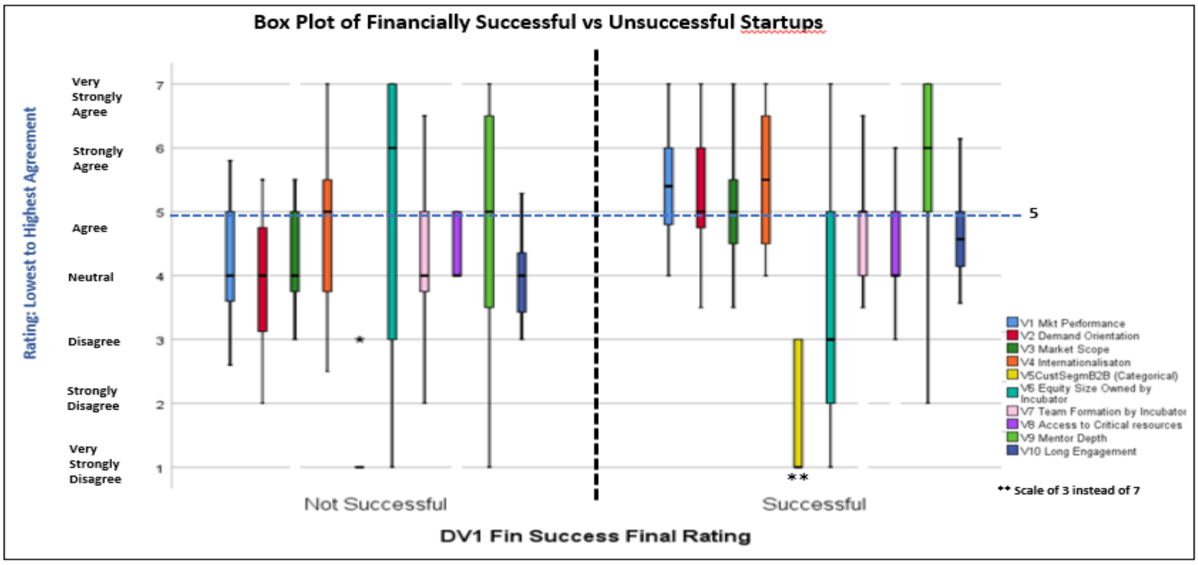

Figure 5-8. Box Plot of the Ten Predictor Variables of Financially Successful and Non-Successful Groups

The independent samples T-test (Table 5-16) was conducted, and four predictor variables were identified as statistically significant. They are V1 (Market Performance), V2 (Demand Orientation), V3 (Market Scope), V4 (Internationalisation) and V10 (Long Engagement).

Hence the following hypotheses relating to financial success outcomes are accepted at p=0.05: H2a1, H2a2, H2a3, H2a4 and H2a10

V9 (Mentor Depth) did not meet Levene's homogeneity of variance test and taking the significance in the "Equal variances not assumed" column, it was not significant as p= 0.065 (p<=0.05).

Hence H2a9 is rejected at p=0.05

A mistake in coding the question for testing H2a5 (Customer Segment B2B) was noted after the responses were received. The question was erroneously coded as a categorical measure (B2B; B2C and both B2B & B2C). With this coding scale, it was not possible to measure the agreement needed to test the hypothesis. Given the time constraint and the need to launch the online survey in a timely fashion, it was not possible to re test this hypothesis. This has been identified as a weakness in this study.

Table 5-16 Independent Samples T-test Result (Fin Successful vs Non-Successful))

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
									Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
V1 Mkt Performance	Equal variances assumed	0.073	0.788	-4.117	42	0.000	-1.1251	0.2732	-1.6765	-0.5736
	Equal variances not assumed			-4.029	26.802	0.000	-1.1251	0.2792	-1.6982	-0.5519
V2 Demand Orientation	Equal variances assumed	0.152	0.699	-3.999	42	0.000	-1.29885	0.32478	-1.95428	-0.64342
	Equal variances not assumed			-3.935	27.199	0.001	-1.29885	0.33008	-1.97589	-0.62181
V3 Market Scope	Equal variances assumed	1.073	0.306	-2.536	42	0.015	-0.8897	0.3508	-1.5977	-0.1817
	Equal variances not assumed			-2.264	21.261	0.034	-0.8897	0.3929	-1.7061	-0.0732
V4 Internationalisaton	Equal variances assumed	0.180	0.674	-2.688	42	0.010	-0.9690	0.3605	-1.6965	-0.2415
	Equal variances not assumed			-2.581	25.482	0.016	-0.9690	0.3754	-1.7414	-0.1965
V5CustSegmB2B (Categorical)	Equal variances assumed	6.382	0.015	-1.189	42	0.241	-0.320	0.269	-0.862	0.223
	Equal variances not assumed			-1.290	35.346	0.206	-0.320	0.248	-0.822	0.183
V6 Equity Size Owned by Incubator	Equal variances assumed	1.098	0.301	1.876	42	0.068	1.352	0.721	-0.102	2.806
	Equal variances not assumed			1.824	26.332	0.080	1.352	0.741	-0.171	2.874
V7 Team Formation by Incubator	Equal variances assumed	0.007	0.932	-0.521	42	0.605	-0.2023	0.3883	-0.9858	0.5813
	Equal variances not assumed			-0.538	31.020	0.595	-0.2023	0.3761	-0.9694	0.5648
V8 Access to Critical resources	Equal variances assumed	0.208	0.651	-0.936	42	0.354	-0.418	0.447	-1.320	0.483
	Equal variances not assumed			-0.904	25.863	0.374	-0.418	0.463	-1.370	0.533
V9 Mentor Depth	Equal variances assumed	4.288	0.045	-2.239	42	0.031	-1.223	0.546	-2.326	-0.120
	Equal variances not assumed			-1.954	20.189	0.065	-1.223	0.626	-2.528	0.082
V10 Long Engagement	Equal variances assumed	0.784	0.381	-2.316	42	0.026	-0.5800	0.2504	-1.0853	-0.0746
	Equal variances not assumed			-2.113	22.368	0.046	-0.5800	0.2745	-1.1487	-0.0112

It is interesting to note that when one examines the rating of the means by the successful start-ups (see Table 5-17 Comparisons of Means of Financially Successful and Non-

Successful Start-ups), V9 (Mentor Depth) was ranked as the highest but the statistical testing at p<=0.05 indicated no statistically significant difference between the successful and non-successful start-ups. However, if we take p<=0.1 then V9 (Mentor Depth) becomes significant as p=0.065. Hence H2a9 (Mentor Depth) should not be outrightly rejected as a predictor as it is marginally significant at p<=0.05 and definitely significant at p<=0.1.

Hence the predictor variables that have a strong influence on financial success of the start-ups were V1 (Market Performance), V2 (Demand Orientation), V3 (Market Scope), V4 (Internationalisation), V10 (Long Engagement) and marginally V9 (Mentor Depth).

Table 5-17 Means Comparison of Fin Successful vs Non-Successful

Comparsion of Means of Financially Successful and Non Successful Startups (44 Cases)						Ranking of Mean	
DV1 Fin Success Final Rating		N	Mean	Std. Deviation	Std. Error of Mean	Successful	Signif at p<=0.05 (see t-test table)
V1 Mkt Performance	Not Successful	15	4.227	0.8972	0.2317		
	Successful	29	5.352	0.8395	0.1559	3	Yes
V2 Demand Orientation	Not Successful	15	3.917	1.05503	0.27241		
	Successful	29	5.216	1.00384	0.18641	4	Yes
V3 Market Scope	Not Successful	15	4.300	1.3601	0.3512		
	Successful	29	5.190	0.9488	0.1762	5	Yes
V4 Internationalizaton	Not Successful	15	4.600	1.2277	0.3170		
	Successful	29	5.569	1.0833	0.2012	2	Yes
V5 CustSegmB2B (Categorical)	Not Successful	15	1.267	0.704	0.182		
	Successful	29	1.586	0.907	0.168	10	
V6 Equity Size Owned by Incubator	Not Successful	15	4.800	2.396	0.619		
	Successful	29	3.448	2.197	0.408	9	
V7 Team Formation by Incubator	Not Successful	15	4.367	1.1412	0.2947		
	Successful	29	4.569	1.2587	0.2337	7	
V8 Access to Critical resources	Not Successful	15	4.133	1.506	0.389		
	Successful	29	4.552	1.352	0.251	8	
V9 Mentor Depth	Not Successful	15	4.467	2.200	0.568		
	Successful	29	5.690	1.417	0.263	1	No
V10 Long Engagement	Not Successful	15	4.105	0.9359	0.2417		
	Successful	29	4.685	0.7013	0.1302	6	Yes
						>=5	

3c) Box Plot and T-test for Psychologically Satisfied and Non-Satisfied Start-ups

The box plot of the ten predictor means of the two groups of start-ups that were classified as psychologically satisfied and not satisfied are shown in the diagram below. The standout predictor variables were V1 (Market Performance), V2 (Demand Orientation), V3 (Market

Scope), V4 (Internationalisation) and V6 (Equity Size). A T-table test provided more clarity of the predictor variables that were statistically significant.

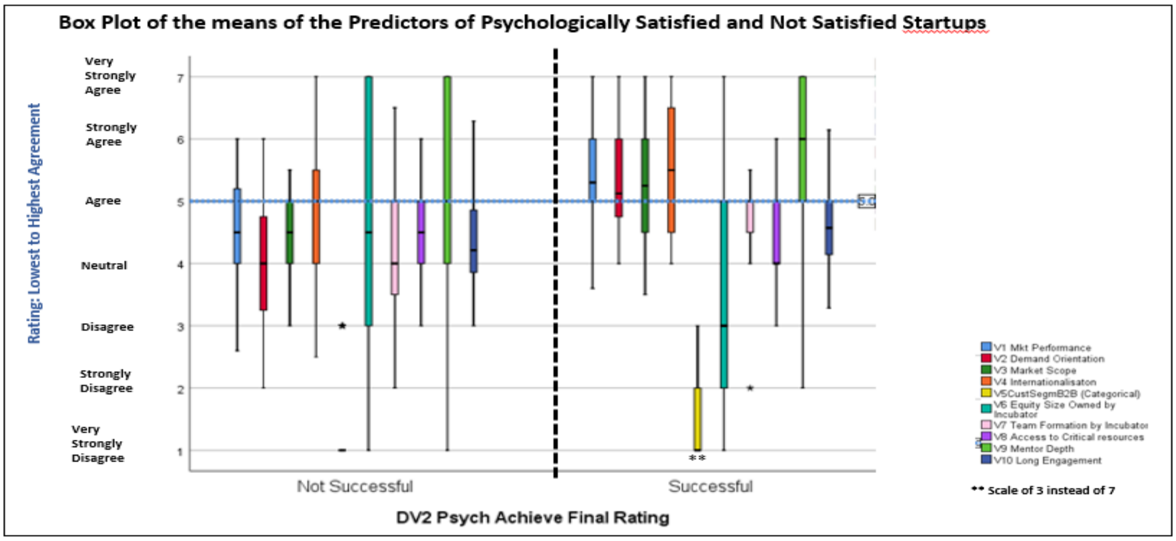

Figure 5-9. Box Plot of the Ten Predictor Variables of Psychologically Satisfied and Non-Satisfied Groups

The independent samples T-test (See Table 5-18) was conducted, and four predictor variables were identified as statistically significant. They are V1 (Market Performance), V2 (Demand Orientation), V3 (Market Scope) and V4 (Internationalisation).

Hence the following hypotheses relating to psychological satisfaction outcomes are accepted at $p=0.05$:

H2b1; H2b2, H2b3 and H2b4.

V6 (Equity Size) and V8 (Access to Critical Resources) did not meet Levene’s homogeneity of variance test and taking the significance in the “Equal variances not assumed” column, V8 (Access to Critical Resources) is not significant as $p=0.0673$ ($p<=0.05$).

Hence we reject H2b6 and H2b8 at p-=0.05

However, V6 (Equity Size) is marginally significant at p=0.051 (p<=0.05). Hence we marginally accept H2b6 at p=0.1

A mistake in coding the question for testing H2a5 (Customer Segment B2B) was noted after the responses were received. The question was erroneously coded as a categorical measure (B2B; B2C and both B2B & B2C). With this coding scale, it was not possible to measure the agreement needed to test the hypothesis. Given the time constraint and the need to launch the online survey in a timely fashion, it was not possible to re test this hypothesis. This has been identified as a weakness in this study.

Table 5-18 Independent Samples T-test Result (Psych Satisfied vs Non-Satisfied)

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
									Interval of the	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
V1 Mkt Performance	Equal variances assumed	0.155	0.695	-3.043	42	0.004	-0.8455	0.2778	-1.4061	-0.2848
	Equal variances not assumed			-3.043	41.926	0.004	-0.8455	0.2778	-1.4061	-0.2848
V2 Demand Orientation	Equal variances assumed	0.058	0.811	-4.518	42	0.000	-1.34091	0.29680	-1.93988	-0.74193
	Equal variances not assumed			-4.518	41.778	0.000	-1.34091	0.29680	-1.93998	-0.74184
V3 Market Scope	Equal variances assumed	0.058	0.810	-2.606	42	0.013	-0.8636	0.3314	-1.5323	-0.1949
	Equal variances not assumed			-2.606	40.935	0.013	-0.8636	0.3314	-1.5329	-0.1944
V4 Internationalisaton	Equal variances assumed	0.000	0.983	-2.427	42	0.020	-0.8409	0.3465	-1.5402	-0.1417
	Equal variances not assumed			-2.427	41.651	0.020	-0.8409	0.3465	-1.5403	-0.1415
V5CustSegmB2B (Categorical)	Equal variances assumed	0.034	0.856	-0.176	42	0.861	-0.045	0.259	-0.568	0.477
	Equal variances not assumed			-0.176	42.000	0.861	-0.045	0.259	-0.568	0.477
V6 Equity Size Owned by Incubator	Equal variances assumed	5.759	0.021	2.007	42	0.051	1.364	0.679	-0.007	2.734
	Equal variances not assumed			2.007	40.470	0.051	1.364	0.679	-0.009	2.736
V7 Team Formation by Incubator	Equal variances assumed	2.269	0.139	-1.788	42	0.081	-0.6364	0.3560	-1.3548	0.0820
	Equal variances not assumed			-1.788	37.998	0.082	-0.6364	0.3560	-1.3570	0.0843
V8 Access to Critical resources	Equal variances assumed	4.222	0.046	0.426	42	0.672	0.182	0.427	-0.680	1.044
	Equal variances not assumed			0.426	34.677	0.673	0.182	0.427	-0.686	1.049
V9 Mentor Depth	Equal variances assumed	2.467	0.124	-1.534	42	0.132	-0.818	0.533	-1.894	0.258
	Equal variances not assumed			-1.534	36.719	0.134	-0.818	0.533	-1.899	0.263
V10 Long Engagement	Equal variances assumed	0.065	0.800	-1.260	42	0.215	-0.3117	0.2475	-0.8111	0.1877
	Equal variances not assumed			-1.260	41.453	0.215	-0.3117	0.2475	-0.8113	0.1879

It is interesting to note that when one examines the rating of the means by the successful start-ups (see Figure 5-9 Box Plot and Table 5-19 Comparisons of Means of Psychologically Satisfied and Non-Satisfied Start-ups), V9 (Mentor Depth) was ranked as the highest but the statistical testing at p<=0.05 indicated no statistically significant difference between the successful and non-successful start-ups. Hence we reject H2b9 at p=0.05

Table 5-19 Means Comparison of Psych Satisfied vs Non-Satisfied

Comparison of Means of Psychologically Achieved and Non Achieved Startups (44						Ranking of Mean	
DV2 Psych Achieve Final Rating		N	Mean	Std. Deviation	Std. Error of Mean	Psych Satisfied	Signif at p=0.05 (see t-test table)
V1 Mkt Performance	Not Successful	22	4.55	0.9405	0.2005		
	Successful	22	5.39	0.9018	0.1923	4	Yes
V2 Demand Orientation	Not Successful	22	4.10	1.01963	0.21739		
	Successful	22	5.44	0.94784	0.20208	3	Yes
V3 Market Scope	Not Successful	22	4.45	1.1843	0.2525		
	Successful	22	5.32	1.0065	0.2146	5	Yes
V4 Internationalisaton	Not Successful	22	4.82	1.2006	0.2560		
	Successful	22	5.66	1.0953	0.2335	2	Yes
V5CustSegmB2B (Categorical)	Not Successful	22	1.45	0.858	0.183		
	Successful	22	1.50	0.859	0.183	10	
V6 Equity Size Owned by Incubator	Not Successful	22	4.59	2.462	0.525		
	Successful	22	3.23	2.022	0.431	9	Marginal
V7 Team Formation by Incubator	Not Successful	22	4.18	1.3588	0.2897		
	Successful	22	4.82	0.9703	0.2069	6	
V8 Access to Critical resources	Not Successful	22	4.50	1.711	0.365		
	Successful	22	4.32	1.041	0.222	8	
V9 Mentor Depth	Not Successful	22	4.86	2.077	0.443		
	Successful	22	5.68	1.393	0.297	1	
V10 Long Engagement	Not Successful	22	4.33	0.8666	0.1848		
	Successful	22	4.64	0.7721	0.1646	7	
						>=5	

Hence the predictor variables that have a strong influence on psychological satisfaction of the start-ups are V1 (Market Performance), V2 (Demand Orientation), V3 (Market Scope), V4 (Internationalisation) and possibly V6 (Equity Size).

In conclusion, the results of Hypotheses H2a and H2b are summarily represented in figure 5-10

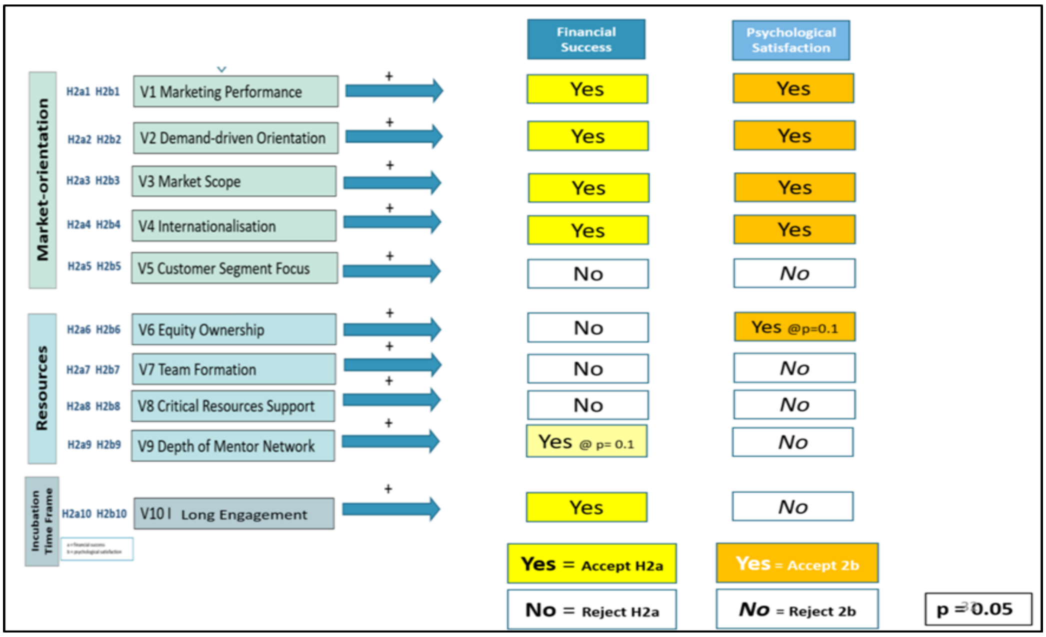

Figure 5-10. Summary of the results of Hypotheses H2a and H2b

(7) Binomial Logistic Regression Modelling

As both the dependent variables, DV1 Financial Success or No Success and DV2 Psychological Satisfaction or No Satisfaction are categorical, binomial logistic regression modelling technique was used to determine the independent variables that are significant and the parsimonious model that can predict the likely outcome.

4a) Binomial Logistic Regression on DV1 "Financial Success"

The Classification Table below indicates Model 1, 3, 5, 6 and 7 has high prediction power (at 84.1% overall) for the occurrence of financial success. However, Model 5, 6 and 7 has better predictive power for non-success (but slightly lower predictive power for Successful start-ups) which is relatively more important in my view because investors and start-ups do want to avoid financial losses. Hence Model 5,6 and 7 are worthy models for consideration as the analysis develops.

Table 5-20 Classification Table (Predictive Power of Fin Success & Non-Success)

Classification Table[a]					
			Predicted		
			DV1 Fin Success Final Rating		
Observed			Not Successful	Successful	Percentage Correct
Step 1	DV1 Fin Success Final Rating	Not Successful	10	5	66.7
		Successful	2	27	93.1
	Overall Percentage				84.1
Step 2	DV1 Fin Success Final Rating	Not Successful	9	6	60.0
		Successful	2	27	93.1
	Overall Percentage				81.8
Step 3	DV1 Fin Success Final Rating	Not Successful	10	5	66.7
		Successful	2	27	93.1
	Overall Percentage				84.1
Step 4	DV1 Fin Success Final Rating	Not Successful	11	4	73.3
		Successful	4	25	86.2
	Overall Percentage				81.8
Step 5	DV1 Fin Success Final Rating	Not Successful	11	4	73.3
		Successful	3	26	89.7
	Overall Percentage				84.1
Step 6	DV1 Fin Success Final Rating	Not Successful	11	4	73.3
		Successful	3	26	89.7
	Overall Percentage				84.1
Step 7	DV1 Fin Success Final Rating	Not Successful	11	4	73.3
		Successful	3	26	89.7
	Overall Percentage				84.1
Step 8	DV1 Fin Success Final Rating	Not Successful	9	6	60.0
		Successful	2	27	93.1
	Overall Percentage				81.8
Step 9	DV1 Fin Success Final Rating	Not Successful	8	7	53.3
		Successful	4	25	86.2
	Overall Percentage				75.0
Step 10	DV1 Fin Success Final Rating	Not Successful	9	6	60.0
		Successful	4	25	86.2
	Overall Percentage				77.3
a. The cut value is .500					
					Highest Prediction Accuracy

The Omnibus tests of model coefficients (see Table 5-21 below) will infer, when all the independent variables are considered together, whether the model is significant. The table indicated that all ten models are significant at the p < 0.05 level. However, the later models Model 2 to 10 (with less independent variables) has p <= 0.001. Hence another level of analysis was needed.

Table 5-21 Omnibus tests of model coefficients

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	27.539	11	0.004
	Block	27.539	11	0.004
	Model	27.539	11	0.004
Step 2[a]	Step	-0.107	2	0.948
	Block	27.432	9	0.001
	Model	27.432	9	0.001
Step 3[a]	Step	-0.390	1	0.532
	Block	27.041	8	0.001
	Model	27.041	8	0.001
Step 4[a]	Step	-2.350	1	0.125
	Block	24.691	7	0.001
	Model	24.691	7	0.001
Step 5[a]	Step	-2.112	1	0.146
	Block	22.578	6	0.001
	Model	22.578	6	0.001
Step 6[a]	Step	-1.460	1	0.227
	Block	21.119	5	0.001
	Model	21.119	5	0.001
Step 7[a]	Step	-1.229	1	0.268
	Block	19.890	4	0.001
	Model	19.890	4	0.001
Step 8[a]	Step	-1.102	1	0.294
	Block	18.788	3	0.000
	Model	18.788	3	0.000
Step 9[a]	Step	-1.458	1	0.227
	Block	17.330	2	0.000
	Model	17.330	2	0.000
Step 10[a]	Step	-2.592	1	0.107
	Block	14.737	1	0.000
	Model	14.737	1	0.000

The next level of analysis (see Model Summary table and Variables in the Equation table below) examined the Nagelkerke R Square statistic equivalent of R-Square in multiple regression). It showed how much variation in the dependent variable is explained by the model. A Nagelkerke R score that is above 0.5 is a strong predictor. Model 1 has the highest explanatory model where the Nagelkerke score=0.644 but is not a parsimonious model (with ten variables). However, if one considers the highest prediction power (Classification table) at 84.1% (where prediction of Success =89.7% and Non Success=73.3%); the highest number of variables that were significant at the p<= 0.05 level (V1 and 2) and top five mean rating by the successful start-ups (V9,4,1,2,3), then Model Five (V 1,2,3,6,7,10) is the model of choice that satisfied the stated criteria.

Table 5-22 Model Summary and Ranking of Predictive Variables

Highest Prediction Power[1]	Variables Significant[2] at $p < 0.05$	Variables Significant[2] at $p < 0.1$	Number of Independent Variables in the Model[2]	Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square	
				Model Summary				
84.1% (Success=93.1%; Non=66.7%)			V1 to V10	1	28.925[a]	0.465	0.644	
			V1, 2, 3, 4, 6, 7, 8, 9, 10	2	29.032[b]	0.464	0.642	
84.1% (Success=93.1%; Non=66.7%)	V 2	V1, 2, 3, 6 , 8	V1, 2, 3, 6, 7, 8, 9, 10	3	29.423[b]	0.459	0.635	
		V1 ,2 , 3	V1, 2, 3, 6, 7, 8, 10	4	31.773[c]	0.429	0.594	
84.1% (Success=89.7%; Non=73.3%)	V1 ,2	V1 ,2	V1, 2, 3, 6, 7 10	5	33.886[d]	0.401	0.555	Model of Choice
84.1% (Success=89.7%; Non=73.3%)	V1	V1 ,2	V1, 2, 3, 7 10	6	35.345[d]	0.381	0.527	
84.1% (Success=89.7%; Non=73.3%)	V1	V1 ,2	V1, 2, 3, 7	7	36.574[d]	0.364	0.503	
	V1	V1	V1, 2, 7	8	37.676[d]	0.348	0.481	
		V1	V1, 2,	9	39.134[d]	0.326	0.450	
	V1	V1	V1,	10	41.727[e]	0.285	0.394	
Top 5 Variables rated by Successful Startups V9, 4, 1 ,2, 3				a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.				
				b. Estimation terminated at iteration number 8 because parameter estimates changed by less than .001.				
1= Classification Table				c. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.				
2=Variables in the Equation				d. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.				
				e. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.				

Table 5-23 Variables in the Equation

	Variables in the Equation	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1a	V1 Mkt Performance	2.608	1.372	3.611	1	0.057	13.574
	V2 Demand Orientation	1.804	1.031	3.061	1	0.080	6.074
	V3 Market Scope	-2.338	1.279	3.342	1	0.068	0.097
	V4 Internationalizaton	0.306	0.639	0.229	1	0.632	1.358
	V5CustSegmB2B (Categorical)			0.107	2	0.948	
	V5CustSegmB2B (Categorical)(1)	-0.549	1.681	0.107	1	0.744	0.578
	V5CustSegmB2B (Categorical)(2)	10.458	40192.970	0.000	1	1.000	34807.171
	V6 Equity Size Owned by Incubator	-1.221	0.875	1.945	1	0.163	0.295
	V7 Team Formation by Incubator	-0.687	0.443	2.402	1	0.121	0.503
	V8 Access to Critical resources	1.355	0.897	2.281	1	0.131	3.876
	V9 Mentor Depth	-0.667	0.537	1.542	1	0.214	0.513
	V10 Long Engagement	3.049	2.005	2.313	1	0.128	21.098
	Constant	-17.533	10.225	2.940	1	0.086	0.000
Step 2a	V1 Mkt Performance	2.587	1.400	3.416	1	0.065	13.294
	V2 Demand Orientation	1.912	0.991	3.719	1	0.054	6.766
	V3 Market Scope	-2.437	1.288	3.580	1	0.058	0.087
	V4 Internationalizaton	0.376	0.610	0.380	1	0.538	1.456
	V6 Equity Size Owned by Incubator	-1.381	0.785	3.098	1	0.078	0.251
	V7 Team Formation by Incubator	-0.712	0.449	2.512	1	0.113	0.490
	V8 Access to Critical resources	1.466	0.877	2.799	1	0.094	4.334
	V9 Mentor Depth	-0.743	0.507	2.153	1	0.142	0.475
	V10 Long Engagement	3.364	1.907	3.110	1	0.078	28.900
	Constant	-18.948	9.865	3.689	1	0.055	0.000
Step 3a	V1 Mkt Performance	2.582	1.372	3.540	1	0.060	13.220
	V2 Demand Orientation	1.813	0.919	3.887	1	0.049	6.128
	V3 Market Scope	-2.278	1.191	3.656	1	0.056	0.103
	V6 Equity Size Owned by Incubator	-1.242	0.703	3.120	1	0.077	0.289
	V7 Team Formation by Incubator	-0.679	0.429	2.504	1	0.114	0.507
	V8 Access to Critical resources	1.374	0.817	2.826	1	0.093	3.951
	V9 Mentor Depth	-0.651	0.461	1.993	1	0.158	0.521
	V10 Long Engagement	3.131	1.741	3.232	1	0.072	22.887
	Constant	-17.143	8.764	3.826	1	0.050	0.000
Step 4a	V1 Mkt Performance	1.603	0.930	2.970	1	0.085	4.965
	V2 Demand Orientation	1.523	0.785	3.761	1	0.052	4.585
	V3 Market Scope	-1.488	0.883	2.842	1	0.092	0.226
	V6 Equity Size Owned by Incubator	-0.642	0.402	2.550	1	0.110	0.526
	V7 Team Formation by Incubator	-0.558	0.371	2.266	1	0.132	0.572
	V8 Access to Critical resources	0.674	0.487	1.919	1	0.166	1.962
	V10 Long Engagement	1.611	0.990	2.646	1	0.104	5.007
	Constant	-11.629	5.304	4.806	1	0.028	0.000
Step 5a	V1 Mkt Performance	1.538	0.866	3.157	1	0.076	4.657
	V2 Demand Orientation	1.172	0.669	3.075	1	0.080	3.229
	V3 Market Scope	-0.888	0.655	1.836	1	0.175	0.412
	V6 Equity Size Owned by Incubator	-0.291	0.249	1.366	1	0.242	0.747
	V7 Team Formation by Incubator	-0.559	0.372	2.257	1	0.133	0.572
	V10 Long Engagement	1.099	0.761	2.087	1	0.149	3.001
	Constant	-8.928	3.942	5.130	1	0.024	0.000
Step 6a	V1 Mkt Performance	1.739	0.839	4.296	1	0.038	5.689
	V2 Demand Orientation	1.068	0.632	2.852	1	0.091	2.909
	V3 Market Scope	-0.708	0.632	1.255	1	0.263	0.493
	V7 Team Formation by Incubator	-0.513	0.373	1.887	1	0.169	0.599
	V10 Long Engagement	0.633	0.585	1.168	1	0.280	1.882
	Constant	-9.634	3.876	6.178	1	0.013	0.000
Step 7a	V1 Mkt Performance	1.730	0.809	4.579	1	0.032	5.642
	V2 Demand Orientation	1.085	0.615	3.114	1	0.078	2.958
	V3 Market Scope	-0.611	0.597	1.048	1	0.306	0.543
	V7 Team Formation by Incubator	-0.473	0.364	1.685	1	0.194	0.623
	Constant	-7.493	3.018	6.166	1	0.013	0.001
Step 8a	V1 Mkt Performance	1.359	0.689	3.888	1	0.049	3.893
	V2 Demand Orientation	0.820	0.538	2.323	1	0.128	2.271
	V7 Team Formation by Incubator	-0.415	0.358	1.345	1	0.246	0.661
	Constant	-7.752	3.013	6.620	1	0.010	0.000
Step 9a	V1 Mkt Performance	1.034	0.609	2.888	1	0.089	2.813
	V2 Demand Orientation	0.843	0.537	2.461	1	0.117	2.323
	Constant	-8.150	2.882	7.996	1	0.005	0.000
Step 10a	V1 Mkt Performance	1.586	0.522	9.243	1	0.002	4.884
	Constant	-6.928	2.466	7.896	1	0.005	0.001

a. Variable(s) entered on step 1: V1 Mkt Performance, V2 Demand Orientation, V3 Market Scope, V4 Internationalizaton, V5CustSegmB2B (Categorical), V6 Equity Size Owned by Incubator, V7 Team Formation by Incubator, V8 Access to Critical resources, V9 Mentor Depth, V10 Long Engagement.

From the above Table 5-23 (Variables in the Equation), the parsimonious Model 5 selected has the following logistic equation incorporating six independent variables:

log(p/1-p) = –8.928 + 1.538*V1(Mkt Performance) + 1.172*V2(Demand Orientation)

- 0.888*V3(Market Scope) - 0.291*V6(Equity Size)

- 0.559*V7(Team Formation) + 1.099*V10 (Long Engagement)

where p is the probability of being a financially successful start-up.

4b) Binomial Logistic Regression DV2 "Psychological Satisfaction"

The Classification Table below indicates Model 1, 2, 3, 4, 5 and 6 has high prediction power (at 81.8% overall) for the occurrence of psychological satisfaction. However, Model 6 has higher predictive power for psychologically satisfied start-ups at 86.4% predictability but lower predictability for non-satisfied start-ups at 77.3% versus 81.8% and 81.8% respectively in the other five models.

Table 5-24 Classification Table (Predictive Power of Psych Satisfied and Not Satisfied)

Classification Table[a]

Observed			Predicted: Rating: Not Successful	Predicted: Rating: Successful	Percentage Correct
Step 1	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	4	18	81.8
	Overall Percentage				81.8
Step 2	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	4	18	81.8
	Overall Percentage				81.8
Step 3	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	4	18	81.8
	Overall Percentage				81.8
Step 4	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	4	18	81.8
	Overall Percentage				81.8
Step 5	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	4	18	81.8
	Overall Percentage				81.8
Step 6	DV2 Psych Achieve Final Rating	Not Successful	17	5	77.3
		Successful	3	19	86.4
	Overall Percentage				81.8
Step 7	DV2 Psych Achieve Final Rating	Not Successful	16	6	72.7
		Successful	4	18	81.8
	Overall Percentage				77.3
Step 8	DV2 Psych Achieve Final Rating	Not Successful	18	4	81.8
		Successful	5	17	77.3
	Overall Percentage				79.5
Step 9	DV2 Psych Achieve Final Rating	Not Successful	16	6	72.7
		Successful	4	18	81.8
	Overall Percentage				77.3
Step 10	DV2 Psych Achieve Final Rating	Not Successful	17	5	77.3
		Successful	6	16	72.7
	Overall Percentage				75.0

a. The cut value is .500

Highest Prediction

The Omnibus tests of model coefficients (see table below) will infer, when all the independent variables are considered together, whether the model was significant. The table indicates that all ten models are significant at the $p < 0.05$ level. However, the later models Model 6 to 10 (with less independent variables) has $p < 0.001$. Hence another level of analysis was performed.

Table 5-25 Omnibus tests of model coefficients

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	26.865	11	0.005
	Block	26.865	11	0.005
	Model	26.865	11	0.005
Step 2[a]	Step	-0.023	1	0.881
	Block	26.843	10	0.003
	Model	26.843	10	0.003
Step 3[a]	Step	-0.061	1	0.805
	Block	26.782	9	0.002
	Model	26.782	9	0.002
Step 4[a]	Step	-0.328	1	0.567
	Block	26.454	8	0.001
	Model	26.454	8	0.001
Step 5[a]	Step	-0.600	1	0.439
	Block	25.854	7	0.001
	Model	25.854	7	0.001
Step 6[a]	Step	-0.800	1	0.371
	Block	25.054	6	0.000
	Model	25.054	6	0.000
Step 7[a]	Step	-1.518	1	0.218
	Block	23.536	5	0.000
	Model	23.536	5	0.000
Step 8[a]	Step	-2.642	2	0.267
	Block	20.894	3	0.000
	Model	20.894	3	0.000
Step 9[a]	Step	-2.343	1	0.126
	Block	18.550	2	0.000
	Model	18.550	2	0.000
Step 10[a]	Step	-1.118	1	0.290
	Block	17.432	1	0.000
	Model	17.432	1	0.000

a. A negative Chi-squares value indicates that the Chi-

The next level of analysis (see Model Summary table and Variables in the Equation table below) examined the Nagelkerke R Square statistic equivalent of R-Square in multiple regression). It showed how much variation in the dependent variable was explained by the model. A Nagelkerke R score that is above 0.5 is a strong predictor. Model 1 parsimonious explanatory model where the Nagelkerke score=0.609 but is not a parsimonious model (with ten variables). However, if one considers the highest prediction power (Classification table) at 81.8% (where prediction of Psych Satisfaction =81.8% and Non Satisfaction=81.8%); the highest number of variables that are significant at the p<= 0.05 level (V2) and top five mean rating by the successful start-ups (V9,4,2,1,3), then Model Five (V 1,2,4,5,7,8) is the model of choice that satisfied the stated criteria.

Table 5-26 Model Summary and Ranking of Predictive Variables

				Model Summary				
Highest Prediction Power[1]	Variables Significant[2] at p < 0.05	Variables Significant[2] at p < 0.1	Independent Variables in the Model[2]	Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square	
81.8% (Success=81.8%; Non=81.8%)	V2	V2 4 5	V1 to V10	1	34.132[a]	0.457	0.609	
81.8% (Success=81.8%; Non=81.8%)	V2	V2 4 5	V1 2 3 4 5 6 7 8 9	2	34.154[a]	0.457	0.609	
81.8% (Success=81.8%; Non=81.8%)	V2	V2 4 5	V1 2 3 4 5 6 7 8	3	34.215[a]	0.456	0.608	
81.8% (Success=81.8%; Non=81.8%)	V2	V2 4 5	V1 2 4 5 6 7 8	4	34.543[a]	0.452	0.602	
81.8% (Success=81.8%; Non=81.8%)	V2	V2 4 8	V1 2 4 5 7 8	5	35.143[a]	0.444	0.592	Choice Model
81.8% (Success=86.4%; Non=77.3%	V2	V 2 8	V 2 4 5 7 8	6	35.943[a]	0.434	0.579	
	V2	V 2 8	V 2 4 5 8	7	37.461[a]	0.414	0.552	
	V2	V2	V 2 4 8	8	40.103[b]	0.378	0.504	
	V2	V2	V 2 8	9	42.446[c]	0.344	0.459	
	V2	V2	V 2	10	43.565[c]	0.327	0.436	
Top 5 Variables rated by Psych Successful Startups V9, 4, 2 ,1, 3				a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.				
1= Classification Table				b. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.				
2=Variables in the Equation				c. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.				

Table 5-27 Variables in the Equation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	V1 Mkt Performance	-1.280	1.131	1.282	1	0.258	0.278
	V2 Demand Orientation	1.959	0.766	6.548	1	0.011	7.096
	V3 Market Scope	0.343	0.672	0.261	1	0.609	1.410
	V4 Internationalisaton	1.198	0.678	3.125	1	0.077	3.313
	V5CustSegmB2B (Categorical)			3.006	2	0.222	
	V5CustSegmB2B (Categorical)(1)	2.865	1.653	3.006	1	0.083	17.549
	V5CustSegmB2B (Categorical)(2)	21.590	40192.970	0.000	1	1.000	2377972534.801
	V6 Equity Size Owned by Incubator	-0.249	0.324	0.590	1	0.442	0.780
	V7 Team Formation by Incubator	0.652	0.459	2.022	1	0.155	1.920
	V8 Access to Critical resources	-0.664	0.453	2.146	1	0.143	0.515
	V9 Mentor Depth	-0.095	0.330	0.082	1	0.775	0.910
	V10 Long Engagement	0.109	0.725	0.023	1	0.881	1.115
	Constant	-12.447	5.174	5.787	1	0.016	0.000
Step 2[a]	V1 Mkt Performance	-1.278	1.138	1.261	1	0.261	0.279
	V2 Demand Orientation	1.960	0.766	6.544	1	0.011	7.098
	V3 Market Scope	0.368	0.657	0.313	1	0.576	1.444
	V4 Internationalisaton	1.220	0.666	3.349	1	0.067	3.386
	V5CustSegmB2B (Categorical)			2.987	2	0.225	
	V5CustSegmB2B (Categorical)(1)	2.835	1.641	2.987	1	0.084	17.034
	V5CustSegmB2B (Categorical)(2)	21.619	40192.970	0.000	1	1.000	2450295654.242
	V6 Equity Size Owned by Incubator	-0.229	0.297	0.599	1	0.439	0.795
	V7 Team Formation by Incubator	0.649	0.456	2.022	1	0.155	1.913
	V8 Access to Critical resources	-0.675	0.445	2.302	1	0.129	0.509
	V9 Mentor Depth	-0.074	0.299	0.061	1	0.805	0.929
	Constant	-12.285	5.050	5.918	1	0.015	0.000
Step 3[a]	V1 Mkt Performance	-1.338	1.110	1.451	1	0.228	0.262
	V2 Demand Orientation	1.971	0.769	6.565	1	0.010	7.180
	V3 Market Scope	0.371	0.650	0.325	1	0.569	1.449
	V4 Internationalisaton	1.200	0.663	3.280	1	0.070	3.320
	V5CustSegmB2B (Categorical)			2.977	2	0.226	
	V5CustSegmB2B (Categorical)(1)	2.752	1.595	2.977	1	0.084	15.680
	V5CustSegmB2B (Categorical)(2)	21.480	40192.969	0.000	1	1.000	2131994006.977
	V6 Equity Size Owned by Incubator	-0.226	0.294	0.593	1	0.441	0.797
	V7 Team Formation by Incubator	0.630	0.445	2.003	1	0.157	1.878
	V8 Access to Critical resources	-0.689	0.442	2.427	1	0.119	0.502
	Constant	-12.138	4.930	6.061	1	0.014	0.000
Step 4[a]	V1 Mkt Performance	-1.044	0.929	1.262	1	0.261	0.352
	V2 Demand Orientation	2.020	0.742	7.418	1	0.006	7.540
	V4 Internationalisaton	1.108	0.626	3.133	1	0.077	3.028
	V5CustSegmB2B (Categorical)			2.950	2	0.229	
	V5CustSegmB2B (Categorical)(1)	2.584	1.505	2.950	1	0.086	13.248
	V5CustSegmB2B (Categorical)(2)	21.024	40192.969	0.000	1	1.000	1351335566.511
	V6 Equity Size Owned by Incubator	-0.218	0.288	0.575	1	0.448	0.804
	V7 Team Formation by Incubator	0.583	0.438	1.771	1	0.183	1.792
	V8 Access to Critical resources	-0.607	0.411	2.186	1	0.139	0.545
	Constant	-11.528	4.723	5.958	1	0.015	0.000
Step 5[a]	V1 Mkt Performance	-0.625	0.718	0.758	1	0.384	0.535
	V2 Demand Orientation	1.906	0.696	7.509	1	0.006	6.726
	V4 Internationalisaton	0.950	0.566	2.820	1	0.093	2.586
	V5CustSegmB2B (Categorical)			2.674	2	0.263	
	V5CustSegmB2B (Categorical)(1)	2.342	1.432	2.674	1	0.102	10.407
	V5CustSegmB2B (Categorical)(2)	20.903	40192.969	0.000	1	1.000	1197370169.171
	V7 Team Formation by Incubator	0.596	0.440	1.831	1	0.176	1.814
	V8 Access to Critical resources	-0.712	0.379	3.522	1	0.061	0.491
	Constant	-12.494	4.766	6.873	1	0.009	0.000
Step 6[a]	V2 Demand Orientation	1.599	0.575	7.730	1	0.005	4.949
	V4 Internationalisaton	0.794	0.526	2.280	1	0.131	2.212
	V5CustSegmB2B (Categorical)			2.483	2	0.289	
	V5CustSegmB2B (Categorical)(1)	2.195	1.393	2.483	1	0.115	8.977
	V5CustSegmB2B (Categorical)(2)	20.375	40192.969	0.000	1	1.000	706098284
	V7 Team Formation by Incubator	0.471	0.404	1.356	1	0.244	1.602
	V8 Access to Critical resources	-0.678	0.374	3.286	1	0.070	0.508
	Constant	-12.783	4.800	7.094	1	0.008	0.000
Step 7[a]	V2 Demand Orientation	1.516	0.536	7.992	1	0.005	4.553
	V4 Internationalisaton	0.828	0.512	2.614	1	0.106	2.288
	V5CustSegmB2B (Categorical)			2.043	2	0.360	
	V5CustSegmB2B (Categorical)(1)	1.793	1.254	2.043	1	0.153	6.008
	V5CustSegmB2B (Categorical)(2)	20.394	40192.969	0.000	1	1.000	719527572.276
	V8 Access to Critical resources	-0.594	0.349	2.888	1	0.089	0.552
	Constant	-10.394	3.930	6.994	1	0.008	0.000
Step 8[a]	V2 Demand Orientation	1.381	0.508	7.383	1	0.007	3.979
	V4 Internationalisaton	0.647	0.442	2.145	1	0.143	1.910
	V8 Access to Critical resources	-0.523	0.334	2.444	1	0.118	0.593
	Constant	-7.620	2.946	6.693	1	0.010	0.000
Step 9[a]	V2 Demand Orientation	1.535	0.485	9.999	1	0.002	4.641
	V8 Access to Critical resources	-0.294	0.286	1.061	1	0.303	0.745
	Constant	-6.017	2.475	5.912	1	0.015	0.002
Step 10[a]	V2 Demand Orientation	1.489	0.480	9.628	1	0.002	4.435
	Constant	-7.115	2.323	9.380	1	0.002	0.001

a. Variable(s) entered on step 1: V1 Mkt Performance, V2 Demand Orientation, V3 Market Scope, V4 Internationalisaton, V5CustSegmB2B (Categorical), V6 Equity Size Owned by Incubator, V7 Team Formation by Incubator, V8 Access to Critical resources, V9 Mentor Depth, V10 Long Engagement.

From the above table (Variables in the Equation), the selected parsimonious Model 5 has the following logistic equation incorporating five independent variables:

log(p/1-p) = –12.494 - 0.625*V1(Mkt Performance) + 1.906*V2(Demand Orientation)

+ 0.95*V4(Internationalisation) + 0.596*V7(Team Formation)

- 0.712*V8(Access to Critical Resources)

where p is the probability of being a psychologically satisfied start-up.

Note: Although V5 (Customer Segment B2B) formed part of Model 5, it was not included in the equation due to the categorical nature of the question and the non-statistical significance of p=1 & 0.102. On hindsight this variable should have been captured by rephrasing the question from one where the respondent had to select one of the three choices of B2B, B2C and Both B2B & B2C to one where the respondent rate on the seven-point Likert scale on percentage (by band) of business focused on B2B. This will be discussed as one of the limitations of this research.

Discussion

Predictors of Financially Successful Start-ups (T-test) and Prediction Model (Binomial Logistic Regression)

The T-tests showed that at p=0.05, the following predictor variables are significant: V1 (p=0.000), V2 (p=0.000), V3 (p=0.015), V4 (p=0.01), V10 (p=0.026) are statistically significant predictor variables for financially successful start-ups. Note that V9 (p=0.065) is marginally significant if we adopt the p=0.1 significance level.

Hence the null hypotheses of H2a1 (Market Performance); H2a2 (Demand Orientation); H2a3 (Market Scope); H2a4 (Internationalisation) and H2a10 (Long Engagement) are rejected at p=0.05, that is the alternate hypotheses that these predictor variables do have an impact on the financial success of start-ups. Note that V9 (Mentor Depth) is a possible predictor if we take p=0.1.

If we are to model the prediction of financial success, the logistic model with the highest prediction outcome is:

log(p/1-p) = –8.928 + 1.538*V1(Mkt Performance) + 1.172*V2(Demand Orientation)

- 0.888*V3(Market Scope) - 0.291*V6(Equity Size)

- 0.559*V7(Team Formation) + 1.099*V10 (Long Engagement)

where p is the probability of being a financially successful start-up

Predictors of Psychologically Satisfied Start-ups (T-test) and Prediction Model (Binomial Logistic Regression)

The T-tests showed that at p=0.05, the following predictor variables are significant: V1 (p=0.004), V2 (p=0.000), V3 (p=0.013), V4 (p=0.02) are statistically significant predictor variables for financially successful start-ups. Note that V6 (p=0.051) and V8 (p=0.673) were marginally significant if we adopt the p=0.1 significance level.

Hence the null hypotheses of H2b1 (Market Performance), H2b2 (Demand Orientation), H2b3 (Market Scope) and H2b4 (Internationalisation) are rejected at p=0.05, that is the alternate hypotheses that these predictor variables do have an impact on the psychological satisfaction of start-ups. Note that V6 (Equity Size) and V8(Access to critical resources) are possible predictors if we take p=0.1

If we are to model the prediction of psychological satisfaction, the logistic model with the highest prediction outcome is:

log(p/1-p) = –12.494 - 0.625*V1(Mkt Performance) + 1.906*V2(Demand Orientation)

+ 0.95*V4(Internationalisation) + 0.596*V7(Team Formation)

- 0.712*V8(Access to Critical Resources)

where p is the probability of being a psychologically satisfied start-up.

It is interesting to note that for both psychological satisfied start-ups and financially successful start-ups, the common statistically significant predictors for both groups are V 1, V2, V3 and V4. Hence incubators should pay close attention to these four predictor practices if they want to achieve success holistically.

Now it remains to ascertain which of these practices which the successful start-ups are deemed significant matches the practices stated by the Accelerators and Venture Builders in Study 1a. This was discussed in the next chapter.

Chapter 6 Discussion and Conclusion

6.1 Discussion

Given that the research has three sets of findings from Study 1, Study 1a and Study 2, this chapter will bring together the key findings from the three sets of research results. The end objective was to produce a coherent set of integrated findings or insights that will form the key thesis of this research. A summary of the key findings of each of the three studies were presented followed by an integrated triangulated discussion.

Key Insights of Study 1 (Face to face Interviews of eight incubation practitioners representing of four venture builders and four accelerators)

Study 1 which was made up of eight one-hour face-to-face interviews with experienced incubating practitioners (four accelerators and four venture builders) yielded three main insights:

Insight #1: Hybrid Forms of Incubation

There is an evolving trend of accelerators adopting more venture building practices resulting in a transitional hybrid form of incubation practices. This adds to the confusion when labels such as venture builders, start-up studios, corporate accelerators are extensively used in the industry. This supported the earlier hypothesis that there is confusion among stakeholders in the start-up ecosystem and justify the basis of this research.

Insight #2: Ten Key Focal Incubation Practices

The interviews elicited ten thematic incubating practices which both accelerators and venture builders claim they focus on in varying degrees. These ten practices (see table below) can be broadly classified into three major categories of market-orientation practices; resources practices and time or temporal learning engagement practice. The ten practices excluded fundamental practices such as the provision of basic facilities and basic education programs. Study 1a and Study 2 leveraged on the ten identified specific practices as the fundamental predictor variables for success outcomes.

Insight #3: Success is not only Financial but Psychological too !

Success is traditionally and narrowly defined in the industry as financial success. However, the practitioners mentioned that psychological satisfaction of start-ups must not be ignored. The rationale being that most start-ups fail in the initial ventures and may take a few failures before financial success is achieved. Hence unless there is some form of psychological satisfaction achieved, most start-ups will just abandon future ventures. Given this insight, two dependent variables were formulated, that is financial success outcome and psychological satisfaction outcome.

Key Insights of Study 1a (Qualtrics Semi-Structured Online Survey of twenty-nine incubation practitioners comprising key management of thirteen accelerators, eleven venture builders and five university-linked incubators)

Study 1a, which was initiated shortly after the main Study 2 commenced, was an attempt to measure the actual practices of venture builders and accelerators based on the ten focus practices mentioned by the incubation practitioners. The online outreach was global in nature as the final shortlist of twenty-nine respondents were from several diverse countries including the US, Canada, the UK, Hungary, Singapore, France, Denmark, The Netherlands, Turkey, India and Israel. Study 1a yielded the following insights:

Insight #4: Three Distinct Practices of Venture Builders are Team Formation, Mentor Depth and High Equity Share

Six of the ten incubating practices were highly rated and concurred by the practitioners as focal incubating practices of both venture builders and accelerators. They are in descending order of ranking: V7 (Team Formation), 9 (Mentor Depth), 6 (High Equity Share), 2 (Demand Orientation), 10 (Incubation Time) and 4 (Internationalisation).

Table 6-2 Ranking of Means of Various Entity Groups

	Ranked from Highest Rating to Lowest Rating Variables (1=V1; 2=V2 etc)						
Ranking	1	2	3	4	5	6	7
Box Plot	7	9	6	2	10	4	
Means Ranking (All 3 Groups) Rating 5 and above	7	9	6	2	10	4	1
Means Ranking (ACCs) Rating 5 and above	7	6	9				
Means Ranking (VBs) Rating 5 and above	7	9	6	2	10	4	1
Means Ranking (Uni Incubators) Rating 5 and above	2	7, 9	7,9	4	8, 10	8, 10	6

ANOVA Significance (p<=0.05)

Key:		
1	Market Performance	Differences between Acc and VB
2	Demand Orientation	Differences between Acc and VB
3	Market Scope	
4	Internationalisation	Differences between Acc and VB
5	Customer Segment B2B	
6	Equity Share	High Agreement
7	Team Formation	High Agreement
8	Access to Critical resources	
9	Mentor Depth	High Agreement
10	Incubation Time Horizon	Differences between Acc and VB

Of the six highly agreed practices, the following three practices, V7 (Team Formation), 9 (Mentor Depth), 6 (High Equity Share) were highly agreed by both Accelerators and Venture Builders as primary practices of Venture Builders. However, the ANOVA analysis indicate that of these highly agreed VB practice focus variables, three of them have statistically significant differences (V2,10 and 4). This would mean that there are differences in opinions or disagreement in how accelerators view these three practices as primarily VBs' practices.

Practice V7 (Team Formation), 9 (Mentor Depth), 6 (High Equity Share) certainly have high unanimous agreement that they are core Venture Building practices.

Key Insights s of Study 2 [Online Qualtrics Semi Structured Survey of forty-four start-ups or new ventures who have been incubated by accelerators (twenty-four start-ups' co-founders) and venture builders (twenty start-ups' co-founders)]

Study 2 was the main focal research targeting at start-ups who have been accelerated or incubated. In all there were fifty-five respondents from locations around the world including Japan, Singapore, Canada, Turkey, Portugal, India and the US. However only forty-four start-ups who were or being accelerated or venture-built were selected as the rest of the data sets were incomplete.

Insight #5:

There is no statistical significance that Venture Building compared to Acceleration Result in Financially Successful Start-ups or Psychologically Satisfied Start-ups, this could be due the problem of self-classification by start-ups because of the non-standard practices of Venture Builders and Accelerators.

The study set out to test two hypotheses namely:

H1Aa: Start-ups that have been incubated through a venture building program will have a higher likelihood of achieving financial success than start-ups that have been through an accelerator program.

H1Ab: : Start-ups that have been incubated through a venture building program will have a higher likelihood of achieving psychological satisfaction than start-ups that have been through an accelerator program.

satisfaction for their incubatees compared to the Accelerator incubation model.

In testing for Hypothesis H1Aa to ascertain if there was a positive relationship between a venture builder (as compared to an accelerator) and financial success, the chi-square test of homogeneity where p=0.45 (p=0.05) showed there was no significant difference between the accelerator and venture builder in helping new ventures achieve financial success. Hence, we cannot accept the alternate hypothesis of venture builders (compared to accelerators) as having better ability to achieve financial success for their start-ups.

Similarly, Hypothesis H1Ab was shown to be rejected too as p=0.226 (p=0.05). Hence, we cannot accept the alternate hypothesis of venture builders (compared to accelerators) as having better ability to help start-ups achieve psychological satisfaction for their start-ups.

Given that the two tests were conducted with the start-ups self-classifying themselves as either being accelerated or venture-built (which is a problematic definition as evidenced in Study 1 and Study 1a), the study will provide richer insight once we test the exact practices that these start-ups actually experience.

Insight #6: To groom financially success start-ups, incubators should pay focus on the five key practices of market performance, demand orientation, market scope, internationalisation and long-term engagement.

We set out to test the ten hypotheses of the predictor practices that were formulated in Study 1 for the two sets of success perspectives as dependent variables (financial success and psychological satisfaction). Refer to Figure 6-1

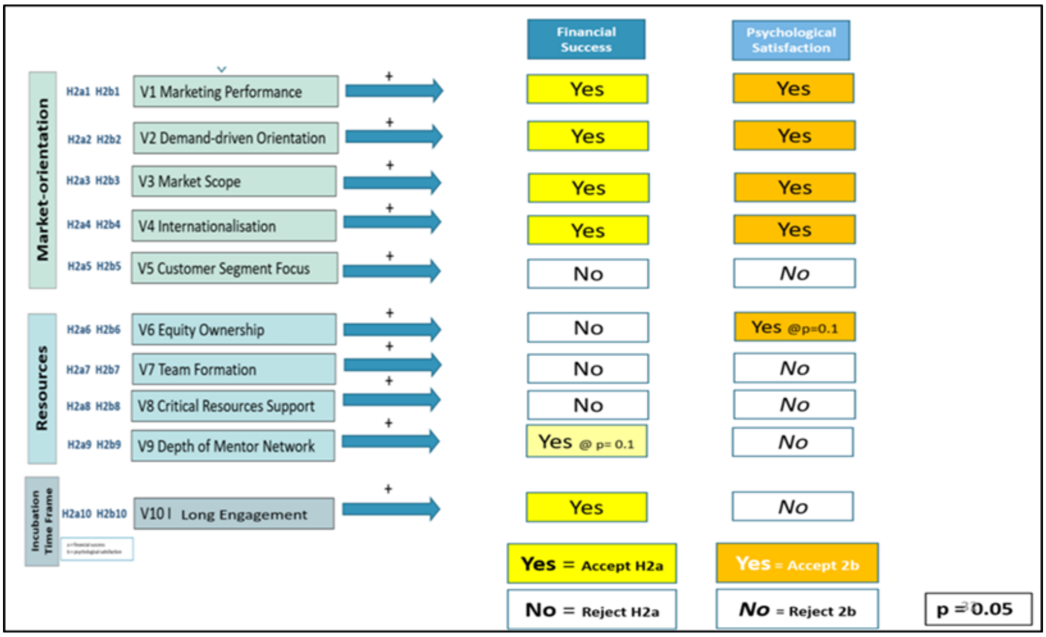

Figure 6-1. Hypotheses 2a and 2b Formulation

To achieve financial success, incubators will do well to pay close attention to executing the following five practices, H2a1 (Market Performance); H2a2 (Demand Orientation); H2a3 (Market Scope); H2a4 (Internationalisation) and H2a10 (Long Engagement).

Insight #7: To groom psychologically satisfied start-ups, incubators should pay focus on the four key practices of market performance, demand orientation, market scope, and internationalisation and potentially the equity size held by the incubator.

Four of these practices for psychologically satisfied start-ups were the same as that of practices that led to financially successful start-ups.

Triangulated Overarching Key Insights

Insight #8: Evidence-based approach to audit incubation practices is key to success

The table below shows the practices that incubators agree as VB practice focus (from Study 1a) and the significant practices that makes a difference to successful start-ups (Study 2). The key takeaway is not what incubators label themselves, but they should pay attention to the actual practices that indeed make a key difference to the success of the start-ups they incubate. The high frequency of matched color codes indicates that the incubators are meeting the needs of the start-ups. There is room for improvement to not ignore Practice 3 (Market Scope).

Table 6-2 Ranking of Means of Various Entity Groups

	Highest to Lowest Ranking of Practices they Agree						
Study1A What Acc/VBs/Inc Agree (Ranking of VB Practices) Above 5 rating	7	9	6	2	10	4	1
Study 2 Key Practices for Finacially Successful Startups Above 5 rating	1	2	3	4	10		
Study 2 Key Practices for Psych Satisfied Startups Experienced Above 5 rating	1	2	3	4			

6.2 Conclusion

This exploratory study has significantly contributed to the limited empirical studies of the effective practices of the two prevailing incubation models of Venture Builders and Accelerators.

The significance of the contributions was primarily in proving clarity to the characteristics of the two models and the identification of the ten incubation practices that are applied in the entrepreneurial and innovation industry. In addition, success outcomes should not be narrowly defined as financial but to expand to more holistic measures such as psychological fulfilment as this study attempted to explore.

Finally, as this quantitative and qualitative study was an attempt to shed light on the contribution of accelerators and venture builders in effectively incubating new ventures, it should pave the way to new future research directions.

In the next two final sections, I outlined the limitations of this study and suggest future research directions.

6.3 Limitations of the Study

This chapter identified, and discussed the weaknesses and limitations of the research, the mitigating measures adopted and offered some suggestions for future research.

First, the data sample was limited for all three studies, eight respondents for Study 1, twenty-nine data sets for Study 1a and forty-four data sets for Study 2. Ideally if the sample size could be enlarged especially for Study 1a and Study 2 the results could have been more robust. In similar studies of start-ups comparable to Study 2, sample size of more than one hundred were noted ((Miloud, Aspelund, & Cabrol, 2012). However, the sample size used in the three studies are considered acceptable given the exploratory nature of this research and the limited time frame allotted.

Second, there is the file drawer phenomenon where failed ventures were not willing to participate in the study. Hence this study had an unusually high number of successful startups. More unsuccessful cases would have increased the robustness of the research. This survivorship bias was anticipated as the researcher contacted several "failed" start-up founders who declined to take part in the survey. This could be partially overcome if more time was allotted to the study so that the researcher could persuade failed ventures to re consider and take part.

Third, the selection of successful and successful start-ups was an issue given that the cut-off date of July 1st 2019 was arbitrarily chosen to coincide with the beginning of the analysis stage due to the allotted time schedule of the research. Start-ups may take four to five years of development before one can decide on whether they are successful or not. The sample had several start-ups that are less than three years and may be pre-mature to decide on the outcome. While this weakness is acknowledged, a mitigation control in the form of inviting an expert to provide some form of inter-coding objectivity was implemented. Relating to the short time frame to assess the success outcomes of the start-ups, perhaps future longitudinal studies can be considered to overcome this limitation.

Fourth, the psychological satisfaction aspect of the dependent outcome measure was not considered earlier in the research but was incorporated mid-way in the due to the informative feedback of incubation practitioners arising from Study 1. Psychology is a specialised field of research that demands more in-depth preparation and study. Hence this study acknowledged that a deeper analysis of psychological research in the measurement of start-ups' satisfaction would add more rigour to the results. Despite recognising this as a limitation, I decided to proceed upon consultation with the supervisor on the basis that this exploratory discovery could spark further research interest and open an avenue of knowledge that would benefit the industry and academia.

Fifth, there was the element of self-reporting bias as the researcher has worked in the venture building industry for several years with some exposure to acceleration work. To overcome this weakness, several mitigating steps were undertaken such as conducting an extensive literature review from both the research community and incubator practitioners. Furthermore, the validation findings of Study 1 and Study1a, to a large extent mitigated any bias or blind spots that the researcher may have inadvertently brought to bear in this research.

Sixth, the common method bias ss acknowledged in Study 1 involving face to face interviews. This was to some extent mitigated using the more objective semi-structured online surveys of Study 1a and Study 2.

Finally, while the extensive use of the seven-point Likert scale had been consistently applied to measure objectively the responses of the participants, it is acknowledged that in one of the independent predictor measures, V5 (Customer Segment), the use of a categorical measure (B2B, B2C and both B2B & B2C) was a mistake and made the interpretation of the results problematic. On hindsight, the question should have been rephrased to fit into a seven-point Likert scale similar to the rest of the questions.

Given the above limitations and weaknesses, the findings of this exploratory research must be treated with care in the context of the scope, the research objectives, the limited sample size, the drawer cabinet effect, the time-constraint of the study, the static cut-off date of the outcome determination and interpretation of the findings especially the psychological perspective.

Nevertheless, the high number of mitigating measures employed and the use of three related studies to triangulate the findings do validate the strength of this research which are highly useful to stakeholders and informed further research.

6.4 Future Research Directions

Incubation models have evolved over time and that evolution has sped up in the recent years driven mainly from the keen interest of governments and the private sector in the pursuit of economic growth thought innovation.

This is an exciting century of the fourth industrial revolution where significant human endeavours and financial resources are devoted in this quest for growth through venture building.

The exploratory findings of this research have pointed to several areas where we do not know sufficiently and merits further investigation.

First, as the innovation ecosystem is quite complex involving many diverse stakeholders, future research should consider, using this research as a start point, the incorporation of moderating factors such as the age of the start-ups, the industry sector, the support provided by regulatory frameworks, the size of innovation grants does have moderating effects on the predicted outcomes.

Second, longitudinal studies which track the evolution of start-ups over a longer period will add robustness to our understanding of the time effect of the predictor variables. Given that most start-ups do not survive more than the three to five-year period, studies of this timeframe should be worthwhile considerations.

Third, increasing the sample size will certainly contribute to better quality findings. Future studies will do well if they can collect several hundred response sets across industries and countries and track these start-ups over time. The industry databases that were reviewed as part of this study showed significant quality gaps and perhaps future researchers might want to collaborate with these industry database providers to enhance the quality of data that meets high quality research criteria. Government agencies can be instrumental in encouraging this form of collaboration.

Fourth, the innovation industry is quite unique in the sense that many stake-holders place a high premium on education and knowledge sharing. As such, future research would be most fruitful where there is deep industry collaborative effort such as in-depth qualitative case studies of the evolution of incubating models, identifying the appropriate metrics useful for measuring outcomes and the assessment of incubation education. Hence future studies would be very well received if we embed the research lab into the community of practitioners. That would need strong tri-partite of governmental, industry and university research support to move in this direction.

6.5 Concluding Remarks

This research journey has certainly been a very fruitful discovery of not just the findings found in the incubation practice phenomenon but more importantly the acknowledgement that this field of research is highly needed as there is so much that we do not know for effective venture building.

The key contributions I have made in this study are:

1) contributing to the clarification of the language of Accelerators and VBs;

2) defining constructs that the industry believes are the differences between the two models and

3) identifying incubation practices that are impactful to successful venturing finaciually and psychologically.

The managerial implications are:

1) the findings will help new ventures assess which incubator models are more suitable for them based on the actual practices of the incubators; and not be misled by what the incubators label themselves;
2) the findings will help guide the incubation industry as to which practices lead to more successful ventures;
3) and finally, the findings will help public policy makers and investors to prioritise funding and resource allocation to effective emerging incubation models that are evidence-based.

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Appendix 1: Glossary of Terminologies

Term	Definition
Academics	Credentialed persons who perform research; are versed in scholarly publishing criteria, processes, and standards; and provide advice and guidance based on interpretations of findings in current research.
Accelerators	Defined either as: (1) a late-stage incubation program, assisting entrepreneurial firms that are more mature and ready for external financing; or (2) a facility that houses a modified business incubation program designed for incubator graduates as they ease into the market
Administrative Offices	Space in the incubator facility dedicated to offices and other amenities for the incubation program manager or professional staff. This space is not leasable to incubator clients.
Advisory and/or Governing Board	A dedicated group of business leaders, professionals, stakeholders, and/or specialists that provides competent advice and guidance for the incubation program management team on a regular basis. This group may also advise clients. If the board is a governing board, it has additional fiduciary responsibilities for the business incubation program.
Affiliate Client	A client that is not an occupant of an incubator facility but receives many or most incubation services for a fee. See also “virtual clients,” as these terms are sometimes used interchangeably.
Anchor Tenant	A business or organization that leases space from an incubator but does not receive incubation services. Space is usually provided at market rate. Resident mentors also may be included in this category.
Angel Investors	Groups of high-net-worth individuals who invest money in high-potential start-up businesses in return for an equity ownership position in the company. They often provide smaller investments and earlier-stage funding than do professional venture capitalists. Angel investors obtain a return on their investments when the companies in which they’ve invested experience a liquidity event; are acquired, merged, or have a successful IPO (initial public offering of stock); or are bought out by later-stage investors.
Angel Networks	Connected groups of high-net-worth individuals who are accredited angel investors. Sometimes these individuals join together to collectively invest in high-potential start-up businesses. Angel investments are generally smaller and earlier-stage than professional venture capital investments.

Business Incubation Programs	Programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed or orchestrated by incubation program management, and offered both in the incubator and through its network of contacts. A business incubation program's main goal is to produce successful

	firms that will leave the program financially viable and freestanding. Critical to the definition of an incubation program is the provision of management guidance, technical assistance, and consulting tailored to young growing companies. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services, and assistance in obtaining the financing necessary for company growth.
Business Incubator Facility	The space or building devoted to housing the business incubation program of services, incubator management, and resident and anchor client companies. “Business incubation program” and “business incubator” often are used synonymously. However, the research team for this project defined a business incubator as a multitenant facility with on-site management that directs a business incubation program, as defined above.
Business Service Providers	Professional business assistance consultants who augment the skills of incubation program staff. These individuals – with expertise in specific subject areas such as marketing, finance, business planning, procurement, and patent law – often provide their services on a no- or low-cost basis. Along with incubator staff, these individuals provide the value-added service that is the core of effective business incubation. These individuals may also be referred to as “outside service providers,” denoting that they are professionals resourced by the incubation program but they are not paid staff.
Client Companies	Participants in incubation programs that receive incubation services from program staff and the
Complementary Benefits	Any benefits that accrue to an incubator sponsor or supporter including reuse of an abandoned facility, creation of student internships, access to SBA guaranteed loan programs, joint research opportunities,

Equity	The value of an incubator's client company that may be shared by owners and investors.
Experienced Entrepreneur	An individual who has experience growing his or her own company or others' companies, including a person who may be a serial entrepreneur.
Financially Sustainable	Having a diversity of dependable income sources, such that if one source of funding fails, the incubation program still will be fully functional.
Full Time	Persons who work 35 hours or more per week in the incubator or for a client company.
Graduate Firms	Clients that exit an incubation program after completing a set of benchmarks or goals. Exit criteria are often part of the client's lease or service agreement, and they apply to both resident and affiliate (non-resident) client companies. Companies that leave the incubator but do not meet the required benchmarks are not considered program graduates.
Hybrid	In terms of sponsorship, a hybrid incubator is one that has multiple sponsors that share financial and/or governance commitments, with no single controlling entity.
Incubation Program Manager	The executive who directs an incubation program's operations. Most managers report to either the chief executive officer of the program's sponsoring organization, a university president or dean, or a board of directors that governs the program. Some incubation program managers have alternative titles, such as president, CEO, or executive director.
Leasable Space	The total amount of space in the incubator facility that is dedicated for rental by both anchor tenants and resident clients (excludes administrative offices and shared common space, for example). This term is used interchangeably with "net leasable space."
Limited Participants	Company representatives or founders who attend training programs or networking meetings (or access mailboxes or other services) without having gone through the selection process required for formal admission to the incubation program.
Mentors	Industry experts and business service providers who offer ongoing counseling to incubator clients. A mentor provides a voice of experience on a long-term basis, perhaps through

	one or more stages of a company's development. Groups of mentors having different areas of expertise may be assigned to individual companies.
Microentrepreneurs	Entrepreneurs who run businesses that have five or fewer employees, require $35,000 or less in start-up capital, and do not have access to traditional (bank) financing.
Mixed-Use Incubator	An incubation program that fosters the growth of many kinds of companies; the businesses in a mixed-use incubator are not required to fit into any specialized niche. Companies in mixed-use incubators may include service, manufacturing, technology, and other types of firms.
Net Leasable Space	The total amount of space in the incubator facility that is dedicated for rental by both anchor tenants and resident clients (excludes administrative offices and shared common space, for example). This term is used interchangeably with "leasable space."
Occupancy Rate	The percentage of leasable or net leasable space available for client lease that is actually being rented by incubator clients.
Part Time	Persons who work less than 35 hours per week in the incubator or for a client company.
Participating Clients	Incubation program clients who rent and/or use the incubator facilities, programs, or services on a regular basis and have not graduated from the program.
Post-Incubation	Services offered to companies that have graduated from the incubation program (i.e., access to specialized facilities as needed, consulting services, CEO roundtables, and networking functions).
Pre-Incubation	Services offered to companies or individuals who have not been formally admitted to the incubation program (i.e., FastTrac or NxLevel training and business plan reviews).
Primary Stakeholders	The organizations or entities that have or should have an interest in the incubation program's success. In addition to sponsors, these could include local government agencies, economic development organizations, industry sector networks, Small Business Development Centers, and others whose missions are such that they should have an interest or "stake" in the incubation program's success.
Primary Sponsor	Entity that provides regular financial and other support for a business incubation program. A sponsor may or may not have developed the incubation program initially, but a current sponsor maintains ongoing responsibility for managing or governing the incubator and may provide

	subsidies to fund program operations. In some cases, a sponsor may initiate the program, but if it ceases its financial, governance, or management role, the incubator likely would then operate independently with no sponsor. If two or more sponsors provide financial or management support and there is no single controlling or primary controlling entity, the incubation program likely operates with hybrid sponsorship. (See “hybrid.”)
Professional Staff	Incubator staff who might include a chief operating officer, information technology professionals, client business advisors, professional facility managers, and/or other management professionals who are normally paid staff of the incubator.
Resident Client	A participant in the incubation program that rents physical space in a facility-based incubator and receives incubation program services that may be provided for additional fees.
Self-Sustainability	Having a diversity of dependable income sources, such that if one source of funding fails, the incubation program still will be fully functional.
Service Incubator	An incubation program that fosters the development of entrepreneurial firms in the service industry. Firms may range from landscapers, graphic designers, and consulting firms of many types to Internet-based companies and Web development firms. An incubation program may target a segment of this sector for its services.
Social Entrepreneurs	Entrepreneurs who run companies whose business model includes achieving a social good in addition to being successful in business and generating profits. Such a company might devote a percentage of its profits to a philanthropic cause, or it might devote its services or products to ameliorating a social problem such as hunger or to lack of access to clean water or pharmaceuticals, etc.
Still in Business	Businesses that have participated in the incubation program in the past that are still successfully operating as businesses, generating revenues, developing products, and/or hiring employees.
Technology Incubator	Incubation program that fosters growth of companies based on technologies such as software, biotechnology, robotics, nanotechnology, or instrumentation. Technology incubators may focus on commercializing early-stage technology, developing new applications for existing technology, or both.

Total Annual Revenue	The sum of all incomes generated for an entire fiscal year including: 1) sales; 2) Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) or other grants; 3) Venture Capitalist investments; 4) Angel investments; and 5) technology licensing arrangements.
Total Cash Equity Investments	The sum of all the cash revenues received by a company for which it has offered stock, warrants, or other ownership instruments. Cash equity does not include ownership that is dependent on sweat equity (working in or for the company in return for an ownership interest).
Types of Incubators	Overall industry specialization of an incubation program indicating the program's primary focus area. In this survey, we recognize the following primary types: manufacturing, mixed-use, technology, and service.
Venture Capital Investors	Persons or groups that give cash sums to high-potential start-up businesses in exchange for shares in the company. Venture capitalists always seek an exit strategy in which the company is merged or acquired, or its stock is sold on the public stock markets, permitting the investors to recoup many times their initial investments. Professional venture capitalists generally manage and invest large sums of other peoples' money through a professionally managed entity such as a limited liability partnership.
Virtual Clients	This term may be used interchangeably with "affiliate clients" for clients that are not in residence in an incubator. However, it also may be used to denote clients located at a distance from incubation program management when the program doesn't offer multi-tenant space, or denote clients primarily served via computer and Web-based programs that bring together networks of people and other resources for the purposes of serving client companies that are not housed in any central location.
Volunteers	Persons who accomplish work for the incubation program but are not paid staff. Anyone donating time or services without receiving monetary compensation is a volunteer.
Without Graduating	Clients that stopped participating in the incubation program without completing graduation criteria or without completing required business development milestones.

Appendix 2: Questionnaire for Study 1, 1a and 2

Study 1 Questionnaire

Study 1 Semi-structured interview questionnaire

Participant Code: ____________ (**A**: Accelerator; **V**: Venture Builder)

Name of Participant: __________________________

Title: __________________________

Company: __________________________

Country/Location: _____________________

Date of Interview: _____________________

Question 1: Experience level of the interviewee

Objective: To gather background and experience of the interviewee

Question:

a. How long have you been in the venture industry business ?
b. How many new ventures have you been associated with ? Built or incubated or accelerated ?
c. Do your organisation consider itself as an Accelerator or Venture Builder or Others (please state if others eg Accelerator primarily with some elements of VB practices)

Question 2: Definition of Success of New Ventures

Objective: To obtain clarity of the definition "Success" of new ventures

Question:

a. What is your definition of "success" of a new venture ?
b. What is your expectation for success ?

c. What is defined as "failure" of your new venture ?
d. What is your tolerance for failure ?

Question 3: Differentiators of the 2 Incubation Models

Objective: To obtain differentiators of VBs & Accelerators

Question:

Ask these questions only if they consider themselves as Accelerators:

a. What are the core competences of an Accelerator ? **(ask this question if interviewee is an Accelerator)**
b. What are the main services of an Accelerator ?
c. What are the strengths of an Accelerator ?
d. What are the weaknesses of an Accelerator ?

Ask these questions only if they consider themselves as VBs:

e. What are the core competences of a Venture Builder ? **(ask this question if interviewee is a VB)**
f. What are the main services of a VB ?
g. What are the strengths of a VB ?
h. What are the weaknesses of a VB ?

i. What do you see are the main **differences** between an Accelerator and a VB ?

j. What do you see are the **similarities** between an Accelerator and a VB ?

k. If you had to prioritise, what are the 5 most important things that you would do as an **Accelerator** ?

l. If you had to prioritise, what are the 5 most important things that you would do as a **VB** ?

m. Is there anything recently that you discovered is <u>NOT important</u> as you thought it was ?
n. Is there anything recently that you discovered is <u>VERY important</u> which you did not thought so previously ?

Question 4: Fit for purpose (who is suitable for which models ?)

Objective: To determine the appropriateness of when to apply the 2 models

Question:

a. In what kind of situation would an Accelerator program be suitable ?
b. What profile of people (startups) are suitable to join your Accelerator program ? **(ask this question if interviewee is an Accelerator)**

c. In what kind of situation would a VB Program be suitable ?
d. What profile of people (startups) are suitable to join your VB program ? **(ask this question if interviewee is a VB)**

e. If you were to advise someone about the path they should take for a new venture, what would your advice be ?
f. Would your advice be different if they already have a team ?
g. Would your advice be different if they already have customers ?
h. Would your advice be different if they already have an MVP (Minimum Viable Product) ?

Question 5: Impact on New Ventures

Objective: To determine impact on new ventures after undergoing incubation by the 2 incubation models

Question:

a. Why have you chosen the Acceleration model ? **(question for Acceleration interviewee)**

b. Why have you chosen the VB model ? **(question for VB interviewee)**

c. What do you notice about the key differences in new ventures before and after undergoing your program ?

   If they are silent, suggests the following:

- market awareness
- market sizing
- financial acumen
- understanding of team/team development
- appreciation of competition
- go to market and going beyond their domestic market
- leverage mentors better\connectivity to VCs
- business acumen

Study 1a Questionnaire

Venture Building: Differentiating Practices!

Start of Block: Introduction

Q1 Thank you for taking part in this research survey. This research focus is on the different practices of Accelerators and Venture Builders. Accelerators include Y-Combinator, 500 Startups and Techstars; the emerging incubation model of Venture Builders (also known as tech studios, startup factories or venture production studios) include Rocket Internet, Wesley Clover's Alacrity, Obvious Corp and Entrepreneur First.Your responses will be kept completely confidential. The online survey should take approximately **5-10 minutes** and your participation is voluntary. There are no unanticipated risks in this study beyond what would typically experience in everyday life. You have the right to withdraw at any point during the study for any reason and without any prejudice.

End of Block: Introduction

Start of Block: Introduction

Q2 If you like to contact the Principal Investigator or the Supervisor to discuss this research, the details are: Principal Investigator: Patrick Thng at patrickthng@smu.edu.sg and Supervisor: Professor Philip Charles Zerrillo at pzerrillo@smu.edu.sg For any questions regarding your rights as a participant in which you wish to contact someone unaffiliated with the research team, please contact the SMU Institutional Review Board Secretariat at the following e-mail/phone number, providing the name of the Principal Investigator and the study title or else quote the IRB approval number RB-18-148-A001(119). SMU IRB secretariat at irb@smu.edu.sg and phone: +65 6828 1925

By clicking the button below, you acknowledge that your participation is voluntary, you are 18 years of age, and that you are aware that you may choose to terminate your participation in the survey at any time and for any reason. Do note that the survey is best displayed on a laptop or desk computer. There may be some incompatibility with mobile devices.

End of Block: Introduction

Start of Block: Block 7

Q3 Which type of incubator do you characterise your organisation?

◯ Accelerator (1)

◯ Venture Builder (2)

◯ Both (3)

◯ Neither (4)

End of Block: Block 7

Start of Block: Block 6

Q4 What is your incubation model?

____

End of Block: Block 6

Start of Block: Background Information

Q5 How long has your organisation been established ?

◯ Years (1) ____

Q6 Which country did your organisation originate when it was first established ?

____

Q7 What is the name of your organisation ? (Optional)

____

End of Block: Background Information

Start of Block: Market Orientation

Q8 **Venture Builder (VB) incubators are expected to pay more attention to the following items when compared to Accelerator incubators** :

Q9 VBs help the new venture to...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral: Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/Not Applicable (8)
increase sales (1)	○	○	○	○	○	○	○	○
focus on marketing (marketing is distinct from sales where marketing involves market intelligence gathering; pricing; promotion; positioning the innovation etc) (2)	○	○	○	○	○	○	○	○
evaluate the competition (3)	○	○	○	○	○	○	○	○
understand prospective customers (4)	○	○	○	○	○	○	○	○

Q10 VBs help the new venture to...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral: Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/ Not Applicable (8)
acquire customers (1)	○	○	○	○	○	○	○	○
overachieve customer acquisition goal (2)	○	○	○	○	○	○	○	○
have a better understanding of the customers' needs (3)	○	○	○	○	○	○	○	○
have a better understanding of the industry needs (4)	○	○	○	○	○	○	○	○

Q11 VBs help the new venture to...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral: Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/Not Applicable (8)
sell to a wider range of customers (1)	○	○	○	○	○	○	○	○
pivot the initial innovation (2)	○	○	○	○	○	○	○	○

Q12 VBs help the new venture to...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral: Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/Not Applicable (8)
to sell beyond the local market (1)	○	○	○	○	○	○	○	○
to connect globally to partners with industry connections (2)	○	○	○	○	○	○	○	○

Q13 VBs emphasise to the new venture to sell to businesses (B2B)

- ○ Very Strongly Disagree (1)
- ○ Strongly Disagree (2)
- ○ Disagree (3)
- ○ Neutral: Neither Agree or Disagree (4)
- ○ Agree (5)
- ○ Strongly Agree (6)
- ○ Very Strongly Agree (7)
- ○ No Opinion/Not Applicable (8)

End of Block: Market Orientation

Start of Block: Resources

Q14 VBs take a significant equity of the new ventures (more than 10% of the new venture equity)

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

Q15 VBs help new ventures to recruit the co-founders to form the founding team

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

Q16 VBs incubate only new ventures when the teams have already been formed

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

Q17 VBs provide strong IP Protection assistance to the new ventures

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

Q18 VBs provide mentors with deep industry expertise

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

End of Block: Resources

Start of Block: Time Compression Diseconomies

Q19 VBs provide continuous active engagement with the new ventures after the formal training program (typically more than 2 years). [Engagement is broadly defined as helping with the team development dynamics, reinforcing what was taught in the formal training program, connecting to business networks to help grow the revenue of the new ventures, active mentoring and guidance, tracking closely the progress of the new ventures, recommending new investors etc]

- Very Strongly Disagree (1)
- Strongly Disagree (2)
- Disagree (3)
- Neutral: Neither Agree or Disagree (4)
- Agree (5)
- Strongly Agree (6)
- Very Strongly Agree (7)
- No Opinion/Not Applicable (8)

Q20 Due to the extended time spent with the new ventures, VBs help new ventures to consolidate the knowledge gained from the formal training program

- ◯ Very Strongly Disagree (1)
- ◯ Strongly Disagree (2)
- ◯ Disagree (3)
- ◯ Neutral: Neither Agree or Disagree (4)
- ◯ Agree (5)
- ◯ Strongly Agree (6)
- ◯ Very Strongly Agree (7)
- ◯ No Opinion/Not Applicable (8)

Q21 VBs provide structured training programs during the incubation period

- ◯ Very Strongly Disagree (1)
- ◯ Strongly Disagree (2)
- ◯ Disagree (3)
- ◯ Neutral: Neither Agree or Disagree (4)
- ◯ Agree (5)
- ◯ Strongly Agree (6)
- ◯ Very Strongly Agree (7)
- ◯ No Opinion/Not Applicable (8)

Q22 VBs have longer time horizon (4-6 years) for their new ventures to be financially successful

- ○ Very Strongly Disagree (1)
- ○ Strongly Disagree (2)
- ○ Disagree (3)
- ○ Neutral: Neither Agree or Disagree (4)
- ○ Agree (5)
- ○ Strongly Agree (6)
- ○ Very Strongly Agree (7)
- ○ No Opinion/Not Applicable (8)

End of Block: Time Compression Diseconomies

Study 2 Questionnaire

Venture Survey_Apr2019

Start of Block: Survey Agenda

Q1 **Venture Building: What Matters!**

Thank you for taking part in this research survey. This research focus is on effective practices of Accelerators and Venture Builders. **Accelerators** include Y-Combinator, 500 Startups and Techstars; the emerging incubation model of **Venture Builders** (also known as tech studios, startup factories or venture production studios) include Rocket Internet, Wesley Clover's Alacrity, Obvious Corp and Entrepreneur First.Your responses will be kept completely confidential. The online survey should take approximately **15 minutes** and your participation is voluntary. There are no unanticipated risks in this study beyond what would typically experience in everyday life. You have the right to withdraw at any point during the study for any reason and without any prejudice. If you like to contact the Principal Investigator or the Supervisor to discuss this research, the details are: Principal Investigator: Patrick Thng at patrickthng@smu.edu.sg and Supervisor: Professor Philip Charles Zerrillo at pzerrillo@smu.edu.sg For any questions regarding your rights as a participant in which you wish to contact someone unaffiliated with the research team, please contact the SMU Institutional Review Board Secretariat at the following e-mail/phone number, providing the name of the Principal Investigator and the study title or else quote the IRB approval number RB-18-148-A001(119). SMU IRB secretariat at irb@smu.edu.sg and phone: +65 6828 1925

By clicking the button below, you acknowledge that your participation is voluntary, you are 18 years of age, and that you are aware that you may choose to terminate your participation in the survey at any time and for any reason. Do note that the survey is best displayed on a laptop or desk computer. There may be some incompatibility with mobile devices.

- ○ I consent, begin the study. (4)
- ○ I do not consent, i do not wish to participate. (5)

End of Block: Survey Agenda

Start of Block: Part A: Background Information

Q2 Is your company:

- ○ for-profit (1)
- ○ non-profit (2)

Q3 What was the approximate month, year and location the company was formed?

- ○ Month (8) ____
- ○ Year (9) ____
- ○ Location of company (10) ____

Q4 How many founders does/did your company have?

____

Q5 What industry sector was your company's founding focus?

____

Q6 Our company primarily do the following type of sales:

- ○ B2B Sales only (1)
- ○ B2C Sales only (2)
- ○ Both B2B & B2C (3)

Q7 What is the name of your company (Optional)

____

Q8 Was your company incubated primarily by an ..... (the option that you select will be referred to as "the incubator" from this survey onwards) . **Accelerators** include Y-Combinator, 500 Startups and Techstars; the emerging incubation model of **Venture Builders** (also known as tech studios, startup factories or venture production studios) include Rocket Internet, Wesley Clover's Alacrity, Obvious Corp and Entrepreneur First.

○ Accelerator (1)

○ Venture Builder (2)

○ Both Accelerator & Venture Builder (3)

○ None of the above (4)

○ I don't know ? (5)

Q9 Our main co-founding team was formed ___ months before starting the incubation program. (choose 1 option below)

○ 6 months (1)

○ 12 months (2)

○ 18 months (3)

○ more than 18 months (4)

○ NA as our company was formed after we started the formal business training program (5)

End of Block: Part A: Background Information

Start of Block: A1: Background of your incubator program

Q10 What was the name and location of the incubator your company was accepted to?

○ Name (1) ____

○ Location (2) ____

Q11 When was the approximate month and year your company was accepted to the incubation program?

○ Month (1) ____

○ Year (2) ____

Q12 How long was your formal incubation program? (formal means the structured on-site classroom workshops)

○ Months (1) ____

Q13 Is your engagement with the incubator ongoing ? (Yes or No)

○ Yes/No ? (6) ____

○ If Yes, skip this response. If No more engaging with the incubator, how long was the entire incubation in Months ? (entire means the relationship when you first commence working with the incubator and ends when you cease to engage the incubator) (7) ____

Q14 Our incubator owned ___ % equity of our company in exchange for taking part in their incubation program. (choose 1 option below)

○ 0% (1)

○ 0.1%- 5% (2)

○ 5.1% -10% (3)

○ 10.1%-15% (4)

○ 15.1%-20% (5)

○ 20.1%-25% (6)

○ more than 25% (7)

Q15 After you completed the structured business training, our company had a continuing relationship with the incubator for ____ :

◯ less than 1 year (1)

◯ 1 to 3 years (2)

◯ more than 3 years but less than 5 years (3)

◯ more than 5 years (4)

End of Block: A1: Background of your incubator program

Start of Block: A2: Respondent Company's Activity Profile

Q16 What best describes the current status of the company?

◯ The company is still in operation now and actively doing business (1)

◯ The company is not in operation now and cease business (2)

End of Block: A2: Respondent Company's Activity Profile

Start of Block: Part B: REVENUE PERFORMANCE and PSYCHOLOGICAL ACHIEVEMENT

Q17 What was the estimated Annual Revenue Run-rate (ARR) [example US$100,000] of company when it entered the incubation program?

____

Q18 What was the estimated number of customers that the company had when it entered the incubation program?

____

End of Block: Part B: REVENUE PERFORMANCE and PSYCHOLOGICAL ACHIEVEMENT

Start of Block: B2: Funding Traction

Q19 After the formal incubation program, our company was able to receive

- ◯ No further investments (1)
- ◯ Up to including Series A (2)
- ◯ Series B (3)
- ◯ Beyond Series B (4)

End of Block: B2: Funding Traction

Start of Block: Part C: SURVEY ON INCUBATION PRACTICES EXPERIENCED BY START-UPs

Q20

Part C: SURVEY ON INCUBATION PRACTICES EXPERIENCED BY START-UPs

As a part of the research, the survey aims to gain an understanding of the incubation practices as experienced by the start-ups in the three areas of Market orientation, Resources and Learning. To assist in the data collection of this aspect of the research, the following survey questions are posed for all respondent companies if they were accelerated or venture-built or a mix of both. The requested responses for survey are generally based on a 7-point Likert scale where 1 reflects a very strong disagreement with the survey item; while 7 reflects very strong agreement. There will be cases where the respondents do not know or have no opinion or find the question not applicable. Hence Option 8 allows them to select that option. There are altogether **28 questions** spread across the three themes derived from an earlier exploratory study.

End of Block: Part C: SURVEY ON INCUBATION PRACTICES EXPERIENCED BY START-UPs

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Start of Block: A. Market Orientation

Q21 The incubation program helped us ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (8)
to increase our sales (1)	○	○	○	○	○	○	○	○
to increase our marketing effort (2)	○	○	○	○	○	○	○	○
to be more focus in our marketing effort (3)	○	○	○	○	○	○	○	○
to evaluate the competition (4)	○	○	○	○	○	○	○	○
to understand prospective customers (5)	○	○	○	○	○	○	○	○
to connect globally to business partners (7)	○	○	○	○	○	○	○	○

Q22 After the incubation program ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (8)
we became more efficient at acquiring customers (1)	○	○	○	○	○	○	○	○
we were able to overachieve our customer acquisition target (2)	○	○	○	○	○	○	○	○
we were better able to understand our customers' requirements (3)	○	○	○	○	○	○	○	○
we were better at identifying industry needs (4)	○	○	○	○	○	○	○	○
we were able to sell to a wider range of customers (5)	○	○	○	○	○	○	○	○
we improved our ability to pivot our product (6)	○	○	○	○	○	○	○	○
we were able to sell beyond our local market (7)	○	○	○	○	○	○	○	○

End of Block: A. Market Orientation

Start of Block: B. Resources

Q23 Our incubator was ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (9)
instrumental in recruiting the co-founders of our company (1)	○	○	○	○	○	○	○	○
useful in helping us to protect our IP (Intellectual Property) (2)	○	○	○	○	○	○	○	○
useful in providing mentors who had deep industry experience (3)	○	○	○	○	○	○	○	○

Q24 The team we had before joining the incubation program was the same team we had after the incubation program (within 12 months after completion of the incubation program).

- Very Strongly Disagree (10)
- Strongly Disagree (11)
- Disagree (12)
- Neutral; Neither Agree or Disagree (13)
- Agree (14)
- Strongly Agree (15)
- Very Strongly Agree (16)
- No Opinion/N.A (17)

Q25 Our company has co-founders with deep industry experience.

- Very Strongly Disagree (4)
- Strongly Disagree (5)
- Disagree (6)
- Neutral; Neither Agree or Disagree (7)
- Agree (12)
- Strongly Agree (9)
- Very Strongly Agree (10)
- No Opinion/N.A (13)

End of Block: B. Resources

Start of Block: C. Time compression diseconomies

Q26 Our incubator continued to actively engage with our company after the formal business training program.

- Very Strongly Disagree (1)
- Strongly Disagree (10)
- Disagree (11)
- Neutral; Neither Agree or Disagree (12)
- Agree (13)
- Strongly Agree (14)
- Very Strongly Agree (15)
- No Opinion/N.A (16)

Q27 Post Series A investments, our incubator ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (8)
continued to actively engage with our company (1)	○	○	○	○	○	○	○	○
was highly involved in our team development dynamics (2)	○	○	○	○	○	○	○	○
was highly involved in building our business network (3)	○	○	○	○	○	○	○	○

Q28 We were able to apply the information we learn because we have sufficient engagement time with our incubator.

- ○ Very Strongly Disagree (1)
- ○ Strongly Disagree (2)
- ○ Disagree (3)
- ○ Neutral; Neither Agree or Disagree (4)
- ○ Agree (5)
- ○ Strongly Agree (6)
- ○ Very Strongly Agree (7)
- ○ No Opinion/N.A (8)

End of Block: C. Time compression diseconomies

Start of Block: D. Success

Q29 After the incubation program ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (8)
our Monthly Recurring Revenue improved (1)	○	○	○	○	○	○	○	○
our company was able to achieve our financial targets (2)	○	○	○	○	○	○	○	○

Q30 Our company was ...

	Very Strongly Disagree (1)	Strongly Disagree (2)	Disagree (3)	Neutral; Neither Agree or Disagree (4)	Agree (5)	Strongly Agree (6)	Very Strongly Agree (7)	No Opinion/N.A (8)
able to achieve our business goals which we define when we form our company (1)	○	○	○	○	○	○	○	○
satisfied with our life and business balance (2)	○	○	○	○	○	○	○	○
proud of the social good that our company was able to do (3)	○	○	○	○	○	○	○	○

Q31 What is your email contact (optional, strongly requested in rare case where clarification needed via email correspondence) Thanks

____

Appendix 3: Eight Interview Transcripts of Study 1

Background of Interviewee R1A

Participant Code: R1A

Incubator Type: Accelerator

Date of Interview: Jan 18 2019, 10am

Job Level/Title: Cofounder & CEO

Contents

Question 1: Experience level of the interviewee

P Thng 0:02
Great. Okay, thank you

for taking the time for this semi structured interview. So first, just get up. So we will be having this discussion, the context of your role and experience when you're running [company name]. Okay, good.

So what was your title at [company name]?

R1A 0:26
Co founder and CEO

P Thng 0:28
Co founder and CEO of [company name]

R1A 0:31
.asia

P Thng 0:32
.asia

and then location?

R1A 0:36
Singapore

P Thng 0:40
would you classify yourself more as an accelerator or venture builder?

R1A 0:45
Accelerator

P Thng 0:54
Okay, so the first question I want to pose to you here is the following a bit of background. So how long have you been in this venture industry business?

R1A 1:05
So we incorporated [company name] from memory on the 11th of February 2010, it was either January or February.

P Thng 1:15
So this was about 8 years right. Good. Before that what were you doing before this

R1A 1:22
immediately before that I was running an

investment and advisory company working with predominately Creative Industries SMEs in Europe and and in Singapore,

P Thng 1:36
Right. So you've got both European experiences. Good. Thank you. So next thing, how many new ventures Have you been associated with either you accelerated

R1A 1:47
the

number of teams that went through our accelerator was 70, 7-0.

P Thng 1:53
So [company name] operated in 2010, and I understand that you've moved on to some other new business. So how long was this operation?

R1A 2:02
So we incorporated in 2010, it took us 18 months to raise funding and to test out the core components of the accelerator. So we actually went live recruiting in September 2011, and then we were actively accelerating through 2012, 2013, 2014 and 2015. And since January 2016, through to December 2018, I have been doing startup style innovation with large enterprises and corporations companies like Bosch Munich, re Allianz Fonterra, reason campaigner

P Thng 2:44
Right, so when you mentioned about the 70 teams does that start from around 2011, all the way up to now.

R1A 2:50
So yes, they the first team actively started in our program after recruitment in January 2012, and the last team left our program in December 2015.

P Thng 3:04
Ok, Thank you. Right. So you consider yourself as an accelerator?

R1A 3:08
Yes

Question 2: Definition of Success of New Ventures

P Thng 3:09
Ok good. So now let's get into the meat of the research. First, I want to get some clarity of the definition of success of new ventures what's your definition of success of a new venture?

R1A 3:25
when we set up [company name], the startup ecosystem in Southeast Asia was very nascent. And our purpose was to get startups to seed stage investments. So our focus was on investment readiness. And we quickly realized that that to succeed, we would have to not just accelerate startups, but we would also have to build the ecosystem around the startups. So we would have to build a community of mentors, a community of investors, and we would have to substantially change the methodology which we inherited from TechStars who were very generous in sharing their insights with us. So success for us. I think if I look back now, at the time when we set up

[company name], it was something that we did out of passion, main main one, my co founder, his full name is [name], [name] and I were motivated by community building, the slogan we use for [company name] was entrepreneurship will always be difficult, but it doesn't have to be lonely. We both had the experience of tremendous benefit from being part of the community when we were learning to be entrepreneurs. And we wanted, so a success on a personal level for us was, to be honest, was about building a vibrant community. Of course, we had other stakeholders involved as well. And in the end, after about two years, this question of what constitutes success? Who are we working for? What is this thing actually an accelerator? I, we went round and round in circles thinking, what are we trying to optimize for here? Are we trying to create a return for our investors? Are we trying to do the best thing for our founders are we trying to go some other [unintelligible] so I ended up writing my master's thesis To be honest, as a kind of therapy to explore what the hell is an accelerator, I think we can now be a lot more clear about those questions, because there's a lot more of them in the world. But in the back in 2011, 2012, it wasn't clear what an accelerator was, or how you would measure success. Now, I think you can say some accelerators are set up specifically to take companies from seed stage through to international growth, for example, 500 startups runs a thing called distro dojo, which is all about scaling internationally, TechStars, which originally inspired us has moved down stream instead of pre-seed to seed stage, most of the companies they work with now are around series A, and more mature businesses. And if you're trying to go for returns to investors than a more mature business has, you know, is better formed and in some ways more likely to succeed for your investors.

P Thng 6:12
So where I'm coming from in that question was referring to the startups, the new companies that you've built.

R1A 6:19
Raising seed funding.

P Thng 6:20
So as an accelerator, what would you consider a successful new venture that you've accelerated,

R1A 6:27
I'll try to give you some examples, right. So after the 70 startups I we always said to ourselves, we need to figure out what success means numerically, in Southeast Asia. And I think the conclusion I've come to now is, it means a business that's worth 100 million dollars or more, if we've fostered some of those in the portfolio, then then we've succeeded. And the reason I say that is because the economics of an accelerator are such that one in 10, if you do well as accelerator, one in 10 startups does well. So when you do the math on all of that, and exit, which happens at less than 100 million dollars, really doesn't move the needle and doesn't help you create a sensible return to the investors who found the accelerator. So that's assuming that you end up taking a typical 8% of 8, 9% of equity in the startups before dilution, which is what we did, I can go through the math of that in more detail another time you like, but as a result of that, so we ended up saying, Well, on a base level of success, we feel we have a fiduciary duty to our investors, of course, and we promised them two to three X on their money.

And in order to deliver that when you work backwards through the math, you end up needing at least one in 10 companies to exit it, you know, ultimately 100 million dollar valuation, by which time you're going to be deemed diluted down to one and a half 2% of that entity. So after a period of several years, if you put say, 25 to $50,000 in after say, five to eight years, if you had a 100 million dollar exit with 2, 2% of it, you're going to end up with a couple million dollars back

P Thng 8:14
So your definition of success, primarily is about the upon exit, right

R1A 8:19
I actually find now I look back on it, it's very helpful to be asked this question because when I really look back now, and I think what remain and I really trying to do on a personal level, we wanted to innovate the process of innovation, we wanted to, the metaphor I would use is that before accelerators,

lots of people said, entrepreneurship is important to the economy. But we were a bit like hunter gatherers, investors would go out into the forest and try and catch a unicorn before someone else. Now, this is fine as a strategy if there are not many hunters, and there are lots of unicorns, but if you've got lots of hunters, and not many unicorns or unicorns aren't appearing very regularly, then it's not really a great strategy to build a regional economy.

8000 years ago, our ancestors moved from hunter gatherer to farming. And so the thing ultimately, the motivating main and I personally was wanting to see how can we farm startups in quantity? How can we understand the patterns of success and failure? How can we understand the processes that will consistently produce across the portfolio a reasonable return, and I think we achieved that I think we've achieved deep insight into that along with partners around the world. But then if I look at the other stakeholders, I mean, perhaps, to answering all these questions. So in the end, at the end of my thesis, I ended up my [unintelligible] masters. I ended up

saying that when most people look at an accelerator, they think of it like a car wash, you put 30 entrepreneurs in one end and you sprinkle magic fairy dust mentoring on them. And after a few months out, pop shiny investment ready startups. So most people look at start-up to an accelerator, like a pipe, which, and then they would measure success in terms of, well, how many of your startups get funded, and how, what's the quantum of investment, you know, that kind of thing, we took a different view, we said that an accelerator is a platform business that brings together a series of stakeholders, it brings together one - entrepreneurs, it brings together recent alumni who are trying to work out

what they've just been through is an intense experience. It brings together mentors, it brings together startup investors. And then there were a whole series of technical vendors and other people who are secondary, and with no disrespect, higher education institutions are in that mix as well. People who are kind of ancillary to the process, but not really core to it. So what we ended up realizing was that as in every platform business, like YouTube, or whatever, each stakeholder group has its own job to be done. And so when you come to define success for an accelerator, in order for anything to work, you have to create success for each of those pools of stakeholders. So investors have to get a decent return. Mentors have to get a great experience. And the complex thing about managing and operating an accelerator then is that it's

some of those transactions are non financial. For example, a mentor success for a mentor might be I learned about new technology, I learned about a new territory, I learned about a new business model success for a founder might be I've always wanted to try entrepreneurship. I went through the experience, even though my startup didn't work out, I ended up getting to know someone who got funded with a really great idea better than mine. And now I've joined that other startup.

P Thng 11:46
What about your focus on success for the startups themmself? What do you define? If I'm a startup then as an accelerator? How would you define that I am a successful startup.

R1A 11:57
So they typically when startups, first time entrepreneurs, when they come into an accelerator, they, they think, Oh, I want to be the next Facebook, I want to be the next Google because that's what they read about. Those are the kind of role models after they've been through an accelerator, I think they realize a really good accelerator, they realize that entrepreneurship is a kind of lifestyle choice. And

there's an enormous amount of luck in whether any particular venture succeeds or fails. And they end up coming away realizing that it's the community that's important, and the experience they've been through, not the actual venture. And we always tell them to be perfectly honest, that if you look at most entrepreneurs, I think people are very successful, you're much more likely to achieve that when on third or fourth venture not on your first. But if you do achieve some kind of passable result with your first or second, then that's a calling card,

I come from a film and television background. I've never as it happens, never went to film school. But my wife, teaches, at one, when we have people making films for the first time, we do not expect their student graduation film to be one that wins the Oscar, you know, it's going to be a few years afterwards while they learn the craft. And I very much sure it's interesting that people are starting to use this phrase studio to describe a community of, of people building businesses, because I've come to believe that

there is a lot of artisanship, you know, I think a lot of people talk about artistry and entrepreneurship. And that's different to what you learned on an MBA, if you go and work in a large corporation, you can measure things, things are much more controllable, there are risks, but they're also three years of previous accounts, and Bloody Bloody blah. So you can apply analysis. Whereas in entrepreneurship, when you're starting from nothing, analysis doesn't get you very far at all, because there's nothing to analyze.

So to summarize, I think that ultimately what startups come out of an accelerator with is is a visceral understanding of how to apply the tools of an entrepreneur to create value out of an absolutely ambiguous,

blank sheet of paper,

and they come out with the confidence that there is method in the madness, there are patterns in the void, and that there is a community that will support them when they try to create value. And to me, that's the valuable thing.

P Thng 14:27
Interesting. So you're saying that to you, a successful new startup would have achieved success if they had a really good as your term - visceral understanding of

R1A 14:43
Yeah and I think what then happens interesting enough is that value comes back to us as the, the owners of that accelerator, because sooner or later, the the best entrepreneurs that we work with, will want to work with us again, on their next venture. And in fact, on the very first day of the accelerator, we said, we said to all the startups joining in all honesty, the chances of you creating the

next Google on this program are almost vanishingly small. But we're interested in working with you on your next venture and the venture after that, and, and that's absolutely true. So if the investors who you'll meet most of the investors who will back you are backing you because they want to get to know you. And, you know, you're part of this community here in Singapore, we need to build trust between us, we need to build understanding between us, we need to build great teams, the people you've come to this accelerator with, may or may not be the best people for you to build a world class venture with, but until you've all been through some experience together, so I guess, ultimately, that it was about community building and education, really, so.

So financial success is not, you know, the primary goal all the time

R1A 15:53
Anyone doing early stage an accelerator is not a way to get rich, absolutely not really, really hard way to make money,

P Thng 16:02
Right. So based on experience, you know, if you can hit one out of 10 you know more than 100 million, you know

R1A 16:06
You'd be doing really well and good

P Thng 16:08
Ok, thanks. Next. So what is defined as failure of a new venture

R1A 16:15
Um the what, the things that we saw is, we actually ended up

drawing up a list of patterns and anti patterns, mostly anti patterns. So we looked at failure modes, the way that startups crash. So I, I divide failure of a startup into kind of noble failures and, and stupid failures. So it's a bit like the Catholic Church with, you know, venial sins and mortal sins,

noble ways to fail, are that you heroically explore a new business model or a new technology, which is very hard to describe to users before you begin and some kind of experiential product or service and you try that out.

And it just turns out that the market doesn't want it for reasons that couldn't be foreseen. And if you find that information out quickly, then yes, technically, it's a failure. But actually, it's a learning experience. So for example, Bosch would not mind me talking about this separate in the corporate environment. We together with Bosch, we set up a start-up in Vietnam to explore a new security device for motorcycles, anti-theft device combined with an insurance policy and we found out within six months that yes, we could create the device Yes, we could package it up with insurance. But the price point that Vietnamese consumers were prepared to pay was too low to make a viable business that was of interest to Bosch because they were used to buying cheap Chinese hardware and couldn't that they couldn't understand the intangible value of insurance component. Now, there's no way that we without testing that there's no way that we could have found that out and Bosch, were delighted, even though we spent, you know, two or 300 Euros, 230,000 Euros, exploring that over a six month period, we found it out probably four times quicker than they would have found it out internally. And so similarly with startups if you fail for that reason, that seems to be noble, stupid reasons to fail, are producing a product that nobody wants at all. When if you done customer discovery properly, you could have figured that out teams blowing up. That's really unfortunate.

That's a shameful way to end it seems to me going bankrupt. If you end up burning through investors, money, you know, seed stage investors, manual pre-seed investors money and the business doesn't work, but you land the aircraft gracefully. That seems to me to be perfectly okay. You know, you might have been handing heading for London, you only make it as far as Paris, that's okay. But if you go bankrupt, so you end up leaving debts behind and [unintelligible] like that seems or don't pay staff. That seems to me to be just bad management. So those would be some examples of failures.

P Thng 18:58
And then a question - just now you mentioned about typically you don't expect the first startup to or their very first startup to be probably third, fourth or even fifth right. And even sometimes I hear after the seventh or eighth so, of the 70 teams that you have built, accelerated. How many were their generally in percentage, how many were first time? Or all of them were first time?

R1A 19:24
I would say almost all of them half I say 80, 85% of them were first time entrepreneurs

P Thng 19:32
Good, I just want to get some sense of it thank you

R1A 19:35
Can just pick out one more piece that failure modes question. Yeah, we one of the things that we we catalog was if there was a series of patterns of failure. And there are some very specific patterns of failure that we selected against when we selected startups. So for example,

Paul Graham, who set up Y Combinator, published an article about a pattern he's observed, which he calls hackers in a cage so sometimes you'll end up with a team that has got a very charismatic,

hustler type entrepreneur at the center of it.

And then maybe three or four sort of meek engineers working for them. And as the business develops, initially, it appears that the entrepreneur, at the center is the is the value adding person because they're winning all the business and getting them into an accelerator, whatever. But over time, it becomes apparent that actually that hustler is just a hustler and is gonna run out of steam and can't scale. And actually, it's the engineers who are creating a genuinely valuable product. Now, at that point, if the if the shareholdings in the business have been set up, such that the loud mouth entrepreneur has got the majority of shares, the team will blow up sooner or later. And that's a classic pattern. Another example of a failure pattern we saw was what we, one we call dev shop. So out there, there are lots and lots of struggling

development shops, software development shops in Southeast Asia, and places like India or Philippines. And it's a slog, they have to keep winning business to develop mobile phone apps, or whatever, for large corporations. It's pretty tedious, and they never end up any equity. So the grass is always greener on the other side for them, they always fantasize, oh, if we only had a product that earned us money in our sleep, you know, the classic sort of IP argument, and then the mindset they go through is, I'll tell you what, why don't we, why don't we go on accelerator, they'll give us some money to develop that product, which we will then own. And if it works out, that's fantastic. It will earn us money in our sleep. But if it doesn't, we'll just go back to doing consulting work.

And so we would, we would look very carefully at teams that apply to us to see whether if it basically was a bunch of guys who've been working together as a work for hire dev shop, because almost certainly as soon as they hit a bump in the road, they're going to go back to that work. And the same will be true for management consultants, with a bunch of MBAs, management consultants, if soon as they hit a bump in the road, they'll go straight back to consulting

P Thng 22:04
You're unlikely to want to take in this kind of performer.

R1A 22:09
And we explicitly selected against those anti patterns as we call them.

P Thng 22:14
Excellent, thanks. Thanks. In fact as often we says it's not just about studying success. I think failure is important

Good, thank you very much. Then, so its quite interesting. You said that you've published a series of the pattern and anti-pattern, would you be able to, you know, after this?

R1A 22:20
Yup

Share? Yeah, I think [name] put those online. So

P Thng 22:33
Thank you, thank you very much. Okay. Next question is, what is your tolerance for failure?

R1A 22:42
Very high.

we reframe quotes, failure, unquote, as feedback.

It's, it's not something we aim for, but it's something that we accept.

Question 3: Differentiators of the 2 Incubation Models

P Thng 22:56
Yeah, so it's quite different from the corporates now, the tolerance for failure is so low, but you guys have that can kind of DNA, that something is expected. Okay, good. Now, the next question is to look at differentiators of venture builders and accelerators, I now want to put yourself as an accelerator, right? So what do you think are the core competencies of an accelerator?

R1A 23:23
To curate and align the interests of the key stakeholders around them, and I mentioned those stakeholders earlier. So one entrepreneurs have a series of interests and the competencies, there must be around recruitment around structuring a

program that's appropriate for those

those entrepreneurs about setting expectations with them.

And if its first if it's pre-seed level, investors pre-seed level entrepreneurs, then getting them to investment for us, that was a key, you know, [unintelligible], one of our slogans was from idea to investment in 100 days. And then I think, after the program has finished

supporting those entrepreneurs at their at their wish, not at our whim. So once they leave us and they receive full on investment, then we, they treat us like mom and dad, and they come back to us and they think of the communities being a tremendous source of support, but but we're not going to be hammering them for KPIs like a VC would, if we look at mentors, the competence that we need there is to select to recruit and attract and select mentors who have the right motivation. So one of the challenges is that the people who typically come forward most easily are

one of two categories, they're either the people who basically want to sell their services, fee for time as a consultant, or there are people who want to use an accelerator as a sales channel to sell their legal practice to sell their accounting practice, whatever it is, and those motivations are not evil, it's just that they're not necessarily aligned with the interests of a of a startup.

So we and we found that we needed to understand the motivations of mentors quite carefully. And I could go into that in more depth some other time if you want to about how we categorize and mentoring and then I think in terms of the investors who were coming to the program,

we needed to attract investors, set their expectations

I'm talking about investors in startups now, set their expectations, weed out the bad apples, there's a function of an accelerator to has been to play

policeman in a startup ecosystem. There are a lot of bullshitters out there amongst the early stage investors, there were a lot of time wasters people who want startups to come and dance for them, like lap dances, you know, for their entertainment. And really, they never write a check. There are people who've got completely unhelpful expectations of the amount of control or equity, that they'll take in a startup. So there's a function for an accelerator to set expectations, and also to somehow redress the balance of power between accelerator between startups and a, and, and investors. So we, for example, would keep a little black book

before our startups went into any investor pitch after they left us,

we would brief them on what that's investor has asked the last three startups that we've sent to them how that investor behaved if the investor did follow through with a with a company how long they took to make a decision,

because investors

typically work on information asymmetry, and use that as a power as part of a power game. So we try to we try to level out that to try in the best possible way, not by obviously, we have an interest in the startup itself. But we also have an interest in the investor community behaving well and the market functioning. So I guess there's, if you think of a mark, for example, when it comes to valuation, if you ask any angel investor, they'll always say that startups have an unrealistic expectation of valuation. Of course, they would,

you know, and its their, baby. So there is a job for a kind of a market maker, I suppose there, you know, and in some sense, there's a market making function that that, you know, I don't know whether that's been analyzed in

the literature, but I think that's one thing.

And I could go over other kinds of stakeholders as well. But that's

P Thng 27:55
So those are the core competencies?

R1A 27:57
Yeah.

P Thng 27:59
Ok, then what about in fact I wanted to ask you, generally, how long is your former acceleration program

R1A 28:04
100 days

P Thng 28:05
About a 100 days

R1A 28:06
Yup

P Thng 28:06
So its a three-month program?

R1A 28:07
Yup

Yeah, three and a bit.

P Thng 28:12
So typically, most accelerators, what they do is, you know, they will invite, you know, open up, and then you'll get all this application, you interview you sieve them out, and then you put them through this hundred days, right. So, after going through this hundred days, what happens after that 100 days?

R1A 28:29
So we try to match them up with a seed stage investor, who will then carry them forward, and we try to create that match as soon as possible. So about halfway through the program, we will try and start matching them up with lead investors who'd be of interest in a country like Singapore, there are still probably only 6, 8, 10 lead investors that I would want leading around into a pre- in to a seed stage startup, there are loads of people who will pile in afterwards

who are not necessarily done money, but they are, but they're not necessarily either people with a capability or the capacity to support the seed stage startup. So for example, most corporations that might seek to get involved with a startup have absolutely none of the competence, capability capacity, to actually help that startup

when it's so young, when it's the

seed stage.

P Thng 29:27
So, interesting, so what do you look for in your the 6 to 10 [unintelligble] investors

R1A 29:32
typically x entrepreneurs who understand what happens at seed stage, they understand that the business is still pivoting that the business model will still change, they understand that the metrics are not yet firm, they understand that the startup probably won't have reached product market fit almost certainly will not yet have reached product market fit. And they have the capacity to take the startups through a journey, which I actually think is even harder. I my own view is that, you know, most of our startups when you receive a seed funding would raise enough money to give them 18 to 24 months runway and during that time. So the gap between seed stage and series A, not only do you have to hit the numbers, find product market fit, you also have to change the whole culture of the business away from being a founder-led business where everyone's a founder to suddenly having employees in a multi level structure and putting in place the governance and the reporting and bloody bloody, blah.

P Thng 30:27
so interestingly, so you're saying that this lead investor seems to be quite critical

R1A 30:32
The [unintelligible] stage is absolutely crucial

P Thng 30:33
So probably a month or 1 in 10 are successful, this six, six to 10 whoever they are, you know, are the ones who really bring them to the next stage.

R1A 30:41
I think so yeah and I could name I mean, I could, I can tell you off the top of my head. So those are people like Paul Santos, Michael Blakey, William Clifton, TNF ventures, Eddie Chau,

who else

there are very few in Singapore, in Singapore, who I've seen consistently do this, there are lots and lots of later stage, you know, VCs who typically come from a finance background or the company background and they think they can play this game, and they have no idea what they're doing. And the problem we've got in Singapore at the moment is a bunch of people through their connections, raise series A funds and then found out there wasn't enough deal flow to satisfy those funds. So that capital has been deployed in the last two years into companies, which to be honest, are at too early a stage. And the funds have now thought, Oh, my God, I've only got you know, two people in this fund. And I'm suddenly got to these startups all coming to me asking me for advice, and I've got no idea. I've been up on stage at conferences pontificating about how much value I add and how much I give you much more than the money and that's why you should come to me as an investor. And then when they actually had to deliver results. I haven't got a freaking clue what they're doing. They know how to read a balance sheet, but they have no idea how to build a business.

P Thng 31:59
I see. So you're saying the key competencies are not there.

R1A 32:01
Yup, I think that's a really critical scaling block in Singapore. We don't have investors that many of us who are prepared to do the, roll up the sleeves, risky, awkward business of dealing with young It's like being a kindergarten teacher. You know,

it's university professors that get the accolades in society, not kindergarteners,

P Thng 32:27
Unfortunately.

R1A 32:28
Yeah.

P Thng 32:28
Ok. So the main services of an accelerator, I guess you've mentioned, right, so during this 90 days, obviously, they go through a program right, so one they go through a program.

R1A 32:40
Yeah.

And then secondly, you do the connection to as you said, the

To mentors

P Thng 32:47
The lead investors and mentors.

R1A 32:50
Yeah

P Thng 32:51
All right and you guys are typically take a certain percentage for your services, or do you take cash I mean a percentage of equity.

R1A 33:01
Percentage of equity and I can tell you about how we ended up coming to that number, if you are interested.

P Thng 33:07
Ok good, so yeah generally, what's the range of

R1A 33:11
all converge to about eight, well we ended up with 8.88%.

And the reason why is because

in if you try to do any logical, there is no logic for what percentage an accelerator should take. And in this culture, if we put forward 8.88% people feel shitty, if they don't agree, it feels like an auspicious number is somewhere between five and 10.

P Thng 33:40
OK, for the research so do you guys take cash as well as part of this deal

R1A 33:44
No

P Thng 33:44
Just your equity right?

R1A 33:46
Yup

P Thng 33:46
Ok, good

R1A 33:48
We we put cash into the startups we invest 25 to $50,000

P Thng 33:51
So you guys are getting funding from the investors who actually invest in your-

R1A 33:55
So there are two sets of investors in our in our community. One is the investor who invest in startups. And they are the largest number by far. And then there's a much smaller number of people who invest in the accelerator itself.

And they and those two groups end up with very different value propositions and come in for very different motivations.

P Thng 34:15
I see, so that's the large one. Ok good. What are the strengths of an accelerator, what do you think are the weaknesses? Based on experience.

R1A 34:24
So I think the strengths are the opportunity to very rapidly give

entrepreneurs the opportunity to learn by doing, you know, broadly speaking I'm not an educational theorist. But you know, broadly, you could say that some education is just in time. And some is just in case if I teach you differential calculus, because one day you might need it, that's just in case if you've got to go to an investor with a discounted cash flow forecast tomorrow at three o'clock, and you've only got 12 hours, then you need it just in time. And we find that entrepreneurs are typically very motivated by just in time mentality. So if we, through our program, we have a core curriculum that we run through the program, which is you know the essential stuff they need to know some of it is obvious like how to read a term sheet or, you know, the basic legal stuff they need to know as a director, but a lot of it is motivated by we would pick up on the crises that they were facing. So each week, we would have a check-in meeting with our startups where we set their objectives and key results for the next week.

And we would build around the issues being faced by the startups the next element of the curriculum. So my own experience as an education, education science TV producer, is that people are not very interested in facts. But when they have an emotional reason to connect with those facts, they're much more likely to absorb them and apply them.

P Thng 35:54
So it must, being relevant.

R1A 35:56
Second, so we make the we build the education contextually around the experiences that the entrepreneurs are going through.

P Thng 36:03
Ok good, so that's one strength of an

R1A 36:08
Accelerator.

P Thng 36:08
Accelerator, right.

R1A 36:09
And I think, and I think the, another strength would then be the really key thing is the community

P Thng 36:14
Community connection

R1A 36:18
err and community and the, yes, I mean,

TechStars, who inspired us

have a thesis that they call a boulder thesis, because it comes from Boulder, Colorado. And that thesis is that

only entrepreneurs will ultimately lead the growth of an entrepreneurial ecosystem in any location. So the theory goes like this that all around the world people are interested in being the next Silicon Valley and what happens is when economy is on the up, everyone gets very excited politicians wants to be seen shaking hands with pretty young female entrepreneurs outside Institute of entrepreneurship bankers think they can make loans lawyers think they can do deals and get paid fees. Angels are very happy to invest. Then as soon as there's a whiff of recession, the angels all put their money into gold. The politicians get voted out of office, the lawyers start doing divorces. The bankers get retrenched. And so the whole ecosystem collapses. So there's this boom bust thing on a time cycle of you know, three to five, eight years in most cities around the world. And the only people who truly remain interested an committed to entrepreneurship through that period are entrepreneurs, again, with no disrespect, higher education institutions, they tend to become very interested when there are grants and students who wants to learn entrepreneurship, but when the economy takes a downturn and then the community dies away. So the strength of I think of an accelerator is to act as the kind of glue in a community, it's to act as a piece of street theater. I mean, one of the reasons why we only ran at sort of quarter long program is that in in three months, hundred days, you can create enough of a sense of the beginning and a middle and an end for the community to feel that there are winners and losers, there are people succeeding there is it's a piece of street theater, and that glues the community together.

P Thng 38:12
You mentioned about the glue, the role of the glue in the community, right. And the second was the opportunity to rapidly give entrepreneurs the opportunity to learn. So those are the key strengths. What about the weaknesses?

R1A 38:27
The weaknesses, the really big one is the for a private accelerator is the business model. If you're dependent entirely on you create value in the ways I've described. But if the only way you capture value is through a share and equity, you're going to have to wait a very long time, most of the equity you hold isn't worth the paper it's printed on, it's extremely difficult to track the startups after they leave you and to

have all the following investors respect your position. And rather than trying to screw you, which they would typically do

so actually capturing value from a purely equity based, accelerator, which is a really difficult thing to do. Another weakness, I think, is that an accelerator is by nature a co if you think take susan collins definition, it's a cohort driven thing. And there are entrepreneurs out there who are incredibly individualistic. [Name] and I often have questions would would Mark Zuckerberg have come to our accelerator? You know, would Steve Jobs? The answer is probably no. So I think one of the weaknesses is if you were to define entrepreneurship success, only by the kind of the outliers in history,

the people who are now running, you know, unicorn companies, then I think you'd say, Well, how many of those unicorns have been through an accelerator, and some of them have, but but not all of them. And throughout history, obviously, they'll nobody went through an accelerator. So

I think you have to say, what accelerators need to prove is that for a community, they can more consistently farm and educate entrepreneurs.

And that value-add, and how that's articulated and how it's appreciated is not yet firm the context in which accelerators are operating are so varied, the purposes for which they're set up are so diverse, and the competence with which they're run is also very varied. And as a result, a huge weakness at the moment is, it's extremely hard to measure impact, and to compare apples with apples.

P Thng 40:49
So you seem to hit on this where I was also looking at venture builders, they tend to be better trackers of, you know, the development and then consistently hand hold them just to make sure they don't fall off the cliff. Or you know, bring them back.

maybe there's something that we

R1A 41:08
We can pick up on

P Thng 41:09
The difference, thank you.

R1A 41:10
Which is all a lot easier when you're dealing with a smaller number of people for a longer period of time, and you have more control. And yup.

P Thng 41:16
so if you had to prioritize what are the five most important things that you would do as an accelerator?

R1A 41:22
Recruit great teams

P Thng 41:24
Ok, recruitment.

R1A 41:28
I would almost say, the next five things are to recruit great teams, if you start off with with really great teams, the rest of it is easy.

P Thng 41:38
Easy, all right, ok. So now, let's put a scenario you've now gone through this exercise, and then looking at really five great teams in there. So what's the next important thing?

R1A 41:48
So the next thing after that, I think will be too

to set expectations with all the other stakeholders, and to align the interests of the other stakeholders around the accelerator.

And then I think if I was going to pick a number four thing, I would say that mentoring is them is the value add, that's actually what the value add. But in order to deliver the value add mentoring value add effectively, you need to have aligned expectations for all the parties involved.

And those to be honest, I think are the most important things.

Integrity, maybe, I mean, yeah, integrity. And every one of the things that you tend to notice about successful accelerators is that they are the people who run them are very

direct. They're not necessarily, you know, loud mouth and critical. But they are ruthlessly honest ruthlessly honest, because in 100 days, there isn't time to bullshit, no sugarcoating. So it has to be authenticity.

And that's much easier. If you're, for example, if you don't have a corporate sponsor, if you have a corporate sponsor there's a load of wayang called for that

suddenly is an enormous, jarring culture clash. So as soon as you know, big boss comes over, and you need to put on some kind of display, and then the manager that's your liaison with the corporate sponsor is worried about how things are going to look for their sponsor and, and then startups are expected to come and lap dance for them. And while the big boss ask stupid questions, and meanwhile, they're thinking, you know, I've got 100 days here and I've got to raise money, and otherwise, I'm out of money. So that so that kind of misalignment is really uncomfortable,

P Thng 43:41
Then let me see is there anything recently that you discovered is not important as you thought it was as an accelerator, that you know as you look at initially you thought it was really important but when you look back its really not important at the end of the day.

R1A 44:00
I would now say physical

space, I, I could run an accelerator at a Starbucks,

it doesn't matter. It really doesn't matter at all. There's nothing special about the space I think where space physicality is important is in a very nascent ecosystem, very, very early stage ecosystem then having a hub where people come together is terribly important. And initially, when we set up [company name], the physical space was really important now that there are lots of CO working spaces and other places that startups come together, I think that function isn't so important to you anymore

P Thng 44:35
Then is there anything recently that you discovered is very important, which you did not thought so previously?

R1A 44:52
Really tediously the systems and processes to track investment. So when you have 70 startup sort of been through an accelerator, there's probably three or four legal agreements for each of those and then as they go through multi-stages of investment afterwards, each of them ends up with bespoke different arrangements with follow-on investors and the cost and complexity of managing the portfolio is something that we really had not made proper allowance for.

Question 4: Fit for purpose (who is suitable for which models?)

P Thng 45:24
Ok, thank you very much, ok fit for purpose who's suitable for which models, you know, I'm trying to figure out what kind of terminology entrepreneurs would be appropriate to go for the acceleration model. So my first question, what kind of situation would an accelerator program be suitable?

R1A 45:49
Can I tell you about our selection criteria? Therefore? Yeah, so our selection criteria evolved through several stages, but I'll give you the endpoint, we ended up realizing that we needed a balanced team. So the corny thing for digital startup that you need a hacker, a hipster and a hustler. So you know, someone that understands technology, someone that understands design and user experience, someone that understands

what do we have hustling so i was telling those, okay, hipster hustler. I think we also realized another there's that corny thing, people saying any business, you need to finder a reminder and a grinder, you need someone who's going to win the business, someone who's going to organize things, and someone who's going to do the work. And I think you have to have those in a rather sort of [unintelligible] team model kind of way, a balanced team in that sense. Second thing we look for would be domain insight. So if a company wants to do women shoe, retail online, is really important that they have a genuine insight into that domain. The next thing we look for is passion. And the reason we look for that passion is because the company will hit a bump in bumps in the road, multiple bumps in the road, and there is this picture that Paul Graham drew called the trough of sorrow, you know, typically takes nine to 18 months to find product market fit. And during that time, there will be lots of if you post it on a graph kind of wiggles the false hope. And if a company has not got passion for the thing that they're doing, if there's not some higher purpose, beyond just making money, they will go back to consulting or go and take a job or the team will fall apart there needs to be a higher purpose. And finally, I think the thing we ended up realizing was that when most people evaluate a start up, they will evaluate the idea

because that feels less personal, it feels more objective. But in truth for a pre-seed startup, the idea is almost meaningless because it will pivot and evolve through a Lean Startup iterative process. So we would only give the idea itself 20% of the valuation of the the score on a team coming in we're much more interested in the domain insight the thing that they've the core inside that they've got and so 80% of our valuation with them beyond the team itself. And we look for the team to have integrity and to be coachable. So one of the things we do in our recruitment process would be to take them through

an experience where we give them some advice, and then a week or two later come back to them and say, Well, what do they do with that advice? If they've passively aggressively said yeah yeah yeah yeah yeah to us? And then done nothing with it, then are they really going to be coachable? Can we add any value if they've taken our advice, found that it didn't work, discover something new and interesting, that's a really positive sign that they aren't you know, coachable and intelligent if they meekly accept our advice, and don't really understand it, but apply it because the big boss said, you know, professor who said it, and that's not a good sign either. So we look for teams that in a mature adult way, will engage in a dialogue around the advice they're being given,

we would discriminate against any kind of lying, any kind of misrepresentation, deception, and the reason that was extraordinary prevalent in our teams. Finally, there were some very simple things that we look for, we look for teams which have read books, there seems to be an enormous correlation between people who, you know, if entrepreneurship success, a lot of it seems to be down to pattern recognition. And people who have read books about success and failure in the startup world have made some effort to try and learn from the patterns of the past, you know, and there's that quote, isn't there that those who don't understand history are condemned to repeat it, and and again, and again, we would see startups we'll be thinking, well, surely you must know why Kodak failed. If you don't know why Kodak failed, then you shouldn't be trying to do an imaging business. Do you know what I mean? So we

looked for teams, which have done some prior art, I've done some reading and research if they vehemently denied that they have any that there are any other competitors to them but then in 10 seconds, we can show them with a Google search that actually there are 20 competitors have they talked to those competitors have they mystery shopped them have they got some advantage over them and typically they wouldn't have.

P Thng 50:19
Good, so those are the kinds of qualities that you look for, thank, thank you very much. Later we face this question which is much easier what's your recruitment criteria and straightaway you know. So towards the end now let me just ask if you were to advise someone about the path they should take for a new venture, what would your advise be?

R1A 50:42
If you're a first time entrepreneur, go to an accelerator and select that accelerator based on conversations with its alumni, look at the statements that the operators of the accelerator make about the accelerators values. And it's value, you know, and it's values and its value proposition and look for validation of those statements by the alumni. And if those values and the value proposition align with you, I think that you would make much more progress quicker and to accept going into an accelerator, an accelerator accelerates you in two directions. This is down this comes from [name] at MIT, you know, he points out the accelerator either makes or breaks the business, the the objective is in a short period of time, if it's gonna work, get it to success quicker if it's going to fail, break it quicker, so that we can all stop wasting time.

P Thng 51:36
So instead of dragging them and wasting it.

R1A 51:36
Yeah.

P Thng 51:38
Ok, very good. So so that's what you advise check with the alumni and find out whether they are suitable, what would your advice be would your advice be different if they already have a team that means they come to you as a team?

R1A 51:49
Oh, so they we would only take teams so we there is are there are models of acceleration that are all about team formation. And for example, Entrepreneur First is a two or Anthela are both two-stage processes, they have a three months team formation process. And then they have an accelerator, which, as far as I can see, is very similar to what we were doing at [company name], I think, actually, that's a if I were going to do an accelerator ever again, that's the kind of model I would go if I was going to accelerate again, because I think what we saw was that most people don't have the professional and social networks have sufficient scale when they're first time entrepreneurs to get the right team together. So out of a team of three people, there'll be one person who's not up to scratch, at least.

P Thng 52:33
Ok good, would your advice be different if they already have customers that Mr. team comes to you.

R1A 52:42
We have we had plenty of teams with customers.

P Thng 52:45
In a sense it would be similar.

R1A 52:45
Exactly the same, your advice be different if they already have?

And by the way, with the cast of teams that already have customers, usually, they don't know why they have customers, and they don't know how to get more customers. So usually, the thing that they're struggling with is, yeah, we want some business. But we don't know why we want that business. We don't know why we lost the other business, they've usually got no understanding of their business model, because they've stumbled into it. So what they're missing, it's that classic thing about theory and practice, you know, they've got all the practices and they've got no theory as to, to analyze decision making for the future said, By joining an accelerator, they can accelerate their pattern recognition, and they're learning of the packs required to build a successful business.

P Thng 53:27
Right. So those with the MVP and they have some customers, you know,

R1A 53:30
Exactly same advice, yeah.

P Thng 53:32
Quite interesting. Let me ask you this question about the 70 teams that so far most of them, when they join you, they came with ideas mainly, or they have really identified a very specific company or industry problem where they've spoken to the industry or the company, or do they come with I've got this great idea? Because I've worked in this industry. And so I'd like to tackle this problem. That means my question simply is, when they come to you do they have already investigated got a kind of a commitment from a corporate with that problem, or do they come in with this idea, and I'm going to conquer the world?

R1A 54:15
So I think it's a time factor here also, which is that

we used to have a joke with [company name], we'd have a little box by

the door, and we called it the genius box. And we say, when you arrive on your first day, we want you to write down your brilliant idea that's going to make you a billionaire and put it in that box, so we can keep it safe for you. Because the chances of that idea actually being correct are vanishingly small. So when we began [company name] in 10, 2010, 2011, 2012 2010

that time most entrepreneurs would come up and come to us and say that I have an idea and we'd say to them not interested in your idea, I'm interested in your domain insight, I'm interested in your understanding of a customer problem. And at that time, the whole language of Lean Startup was only emerging I mean, around 2012, so there wasn't a design thinking was still not not widely understood. So the concept of empathy was, the concept was still quite not understood and the concept of a job to be done was not well understood. Now, those things are much more widespread. If you read a blog in many languages around Southeast Asia, you'll hear people talking about customer

problems, and so on. And, and, and the language has got more sophisticated. So in recent years, you know, we don't talk about problem statements anymore. We talk about jobs to be done,

and which are more subtle, nuanced definition of a business opportunity, and that language is sort of has permeated into the community now to go back to your question where you asked was there a specific need to a corporate in our case,

none of the startups came in specifically aiming to solve a problem for a corporation. Interestingly enough, many of them, the most successful businesses that we backed have all turned out to be fast type businesses solving boring, steady problems for large corporations. So for example, [company name] is one of our most successful businesses, it uses AI to do KYC for banks. Now, they didn't start off like that they came in with a recognition of a pragmatic problem. Having worked in large corporations, the software engineers recognize that corporations have data buried in Outlook date, Outlook, Outlook, emails,

SQL databases is splurged all over a corporation. And if you're trying to find information relating to a particular customer, in a Telco, they might be in all sorts of databases. So they created a new initially a generic cross platform search engine. And the and people liked that, you know, they were okay with that. And some corporations would pay them $20 per seat per year for a cross platform search engine. But what they haven't done is narrowed down on the specific use case that would give them product market fit. And when they I really, really focused on applying their AI technology to that one really tedious problem KYC, then it really worked. And the pattern we ended up learning through that experience was that in the b2b context, if you want a start-up to succeed, it has to do three things, it has to make money, which pleases the CEO, it has to save money, which pleases the CFO, and it has to ideally address some tedious compliance issue, which will get the compliance officer so the three biggest blokes the compliance officer who's got to say yes to it, the CFO who's got to sign off on it, and the CEO all need to be, you know, preferably something that ticks all three boxes, that's much more likely to get adoption. And

so these are the kind of patterns that emerged through and again, being part of an accelerator. As soon as we have an insight like that, it sounds obvious when you say it, but we can then share that around our community, build it into our mentoring and the whole community learns a lot quicker than any individual startup

P Thng 58:03
It appears you have this continuous learning of what they say

R1A 58:06
Absolutely

P Thng 58:07
They've passed the six signs was that? [name] [unintelligible], the sixth sense or whatever

R1A 58:14
I think we're accelerating all that we're learning as a community, and we're able to transfer insights from one domain. So if we learned that domain in banking and, FinTech then how do we apply that to hospitality or logistics

or something else?

Question 5: Impact on New Ventures

P Thng 58:36
Why have you chosen when you started the [company name], why did you choose the acceleration model

R1A 58:42
We, we felt that there were broadly two approaches, there was a Moneyball approach where statistically, if we did and we were aiming to do more startups, we were aiming to do probably twice the number of startups that we actually ended up doing.

We looked at it we said, there's an enormous amount of chance in this, we can't have a perfect filter that selects the very best stars for the future consistently all the time. So the best way to do this is to have as large portfolio of several hundred startups. And we weren't alone in thinking that I mean 500 startups is cool 500 startups because that was the investment thesis. I think if you ask [name] now he would say to you actually probably need at least I did ask him this question online once and face to face also. And he reckons it's probably a couple hundred, you probably need to guarantee yourself a unicorn, somewhere in there in a 100 in a 200, you're going to find a unicorn.

So we went for the approach that said, let's do a widespread and the reason we did that is because I think we were humble about our ability to pick winners that the temptation, you know, historically, entrepreneurs have been very vision driven. And they've said, I have taste, you know, I am an arbiter of taste in this world. And I believe that this issue this technology, this market is going to be successful in the future. And usually investors will back historically entrepreneurs, because while he was right, last times, I've no idea why he's right this time, but he probably will be, and there's no logic to it is really is about following the herd. So vision driven entrepreneurship, if you've genuinely got confidence, and you've got some thesis, and you can persuade investors to back you, you could do a venture builder, and you could build a smaller number of ventures typically clustered around a vertical or a business model or a technology. In our case, we thought, this is a very, very early startup ecosystem that we're entering.

The most important thing is that we get great teams. And if we limit ourselves to one vertical, you know, we were the very first startup accelerator in Southeast Asia, we limit ourselves to one vertical, the chances of finding enough are going to be very low.

P Thng 1:00:50
So you guys were looking at them in terms of timing and it was good opportunity where this market was quite nascent

R1A 1:00:56
Yeah

P Thng 1:00:56
So that's why you chose that model.

R1A 1:00:58
Yes, and others at about the same time, maybe different choice and we [unintelligible] whether they were more successful or not.

P Thng 1:01:03
Okay, so my last final question is, what do you notice about the key differences in new ventures before and after undergoing your program?

R1A 1:01:15
They have vary along with the practice, they have other kinds of knowledge, there's a lady called Hillary Austin who wrote a paper, how [unintelligible] called artistry, I think she wrote it with Roger Martin from the Rotman School of Business and she suggested that maybe there are three kinds of knowledge that an artist has, there is knowledge that you read in books. So if you are a ceramic artist making art, you could read about pre-raphaelite art, or ancient Egyptian art, or whatever, that's the stuff that you learn the facts, then there is experiential knowledge. So if I'm making a pot, and I bake the clay in a fire, which looks that color, and I bake it for this long it will and when the clay feels like this, when I put it in, and it will come out like that, that's the sort of pattern recognition

knowledge that you can only get through experience. And then finally, is the first set of knowledge that she calls directional knowledge. So for example, if I'm a Islamic artist, I will probably not create representations of the human form, that's one of the things which the Quran

forbids it's not halal, so.

So Islamic art is pushed towards, you know, those geometric patterns and the things that you see around Mosques, and is beautiful in some way because of that. So I think in the same way, if you think of that applying to entrepreneurs, there's a bunch of stuff to do with how to read a balance sheet, how to read a term sheet

duties of a director, you know, Bloody Bloody, but all that stuff is book burning, then the pattern recognition stuff, like the stuff I've just suggested, you know, you've got to do something that works for the CFO, the CEO, and the compliance officer, that stuff which you can learn as an individual. But it's, it's much quicker to learn as part of the group. And again, I think if you look at artists, there are schools of artists who come together with schools and academics who move into a new area, and they learn by experience, and then is that third thing, which is you set by the, the sort of

belief system, the value system of an entrepreneur, so if you're interested in

You know if you're a very technology-driven team, and you're obsessed with the idea of productivity, that's going to take you down one particular direction, if you're a team that's really obsessed with, with online communities, and, and optimizing human interaction on a platform that's going to take you down another direction.

So often, I think the domain insight that people have is something that would fit into that third category. You know, that's what helps you choose the domain, I'm going to do a travel startup because I, I worked at that business for 20 years. And I really can see those opportunities.

P Thng 1:03:55
All right, so in the observation you mind, you mentioned about the 70 teans right, so they joined your programs and then after three, four months, you know, thye finish they leave the program, so I guess you did some follow up with these [unintelligible] right? And what did you notice when you followed up with them? You know, what was the difference in the whether, do you think they were much more aware of the market now, the size, did they improve their financial acumen skills did they have a better understanding of teams?

R1A 1:04:29
So I can answer that through several different lenses.

I could look at it through the sort of the classic business lens, you know, what did they achieve, and whatever. And I think there, I can say that when we compare the startups that came out of our program to a random group of 70

that didn't go through the program that applied to us 5% of the teams that didn't go through the program secured seed funding when we did our survey, whereas 50% plus secured seed funding now, securing seed funding is not success, but it's perhaps some proxy for, for success. So that's the business lens, if you like, the hard sort of short term metric. I think the other metric the other one I'm more interested in, I suppose, was the human journey that these guys were going through. And that was very interesting when they leave the program that kind of zonked, it's a bit like when you've seen someone, a bunch of undergraduates finish their final exams, that kind of though it's been such an intense experience, they are trying to make sense of what just happened, you know, and their identity changes at that point, they suddenly think, Well, now, I am an entrepreneur now, I it's almost as if we've kind of graduate. And that's one of the reasons why we had we thought it's very important to have a demo day some people say, sometimes, why do you have a demo day at the end of an accelerator? Wouldn't it be more efficient, just to set up a bunch of one to one meetings with investors well, it might be more efficient, but in terms of the community is terribly important to have a celebration, you know, there's a reason we have birthdays, there's a reason we have these rites of passage in society. And then I think, picking up on that human thing, the other thing I noticed then was, they would then go through a period of sort of two or three months of sort of bewilderment, thinking, gosh, I had really intense support every day, from mentors, and so on. And they've been working as a totally unsustainable pace in a way that you couldn't possibly continue working out without killing yourself. And so they feel a bit bewildered. And typically, they're having a lot of investor meetings during that time. So they kind of they would keep coming back to us a bit like, again, undergraduates tend to come back to this and the student bar after they after they graduated, then there was an interesting thing that came in, I don't know if this was just the male entrepreneurs, but about three to four months after they graduated from us, some of the most successful younger teams kind of had this

sort of teenage rebellion thing, they, they, they get their seed funding, and they become incredibly cocky. And it was a bit like, I wonder whether my son will go through this now he's just joined secondary school, I wonder if he will now kind of look down on his primary school and think, oh, that was a baby-ish experience, you know, I'm a proper entrepreneur now. And I don't want I'm ashamed ofthe fact that I was in kindergarten, I was in a school. So there was this period when we actually had real, I've seen it with several startups, when they kind of really resented us as an accelerator. And they were typically focus on the fact that, you know, you've got 8.88% of my equity, you took that away from me, and I'd sort of say to them a bit like a dad, you know, we, you know, in all honesty, we do give you the first money that anyone ever gave you. And we did spend a large amount of time curating experience for you. And they would be,

they would, they would hate us for about six or eight months, some of them, not all of them hate us, but some of them would come back during that period. And they want to be mentors, because they, they would want things, I think it's an instinctive urge to do reflective practice, actually, we tried getting our entrepreneurs to keep reflective practice journals, and it's just hopeless, there's no way they're just not the kind of people who are going to do that. But they do need to reflect and we found after the program, they by coming back and talking to people who were kind of, they are now a year further down the path from the next cohort, you know, go over one that's come in, they would revisit their own experience, watch this, the participants in the cohort after them, or the one beyond that go through the same learning experience, they were kind of solidify the learning experience. And I noticed that pattern very repeatedly.

And then there's a period after that about a year, 18 months after they left us when they sort of lose interest by that time they are now sort of speaking at conferences, and they've got a team of, you know, 20, 30 people to manage. And then their relationship changed with us. And they became more like

that to say, they would treat us like mom and dad. So

the analogy I will be giving us in the West, and it's very typical to leave home when you're 18, 19. And when you leave home, your relationship, your parents change, they're still your parents, but you kind of come back as an adult. So I still get entrepreneurs, our teams reaching out to usso often. And they want to typically talk about issues that they can't discuss with their follow on funders, they wanted to talk about

their own goals in life, they want to talk about relationship issues with, you know, their partners in business or in life, they want to talk about, was this the right business to be done doing? Should I give up on this thing? Or is it you know,

P Thng 1:09:26
More coming to you like a life coach.

R1A 1:09:28
Yeah, so the relationship changes very much to be a live coach, one or two of them. Just sort of

[unintelligible], I mean, the some of the foreign ones just break off communication completely, and basically run away with our money, which is really frustrating, we knew that would be a risk up front. And another thing that was very frustrating. And this is going back to the disease and dishonesty thing we now know that there were probably three teams that went through the program explicitly with their own hidden agenda, to learn how to run an accelerator so they could go and set one up in their home country. So they took our money, they stole all of our methodology, and then they tried certain accelerator, they've all failed. But we know from we had an anthropologist working for us studying as for the first two years that we were in operation, and, and those anthropologists became very close to the teams. And we indirectly know through those anthropologists that that was actually the real agenda for a team from Indonesia, a team from Philippines and the team from Vietnam.

P Thng 1:10:32
Interesting, you mentioned, they run away, that means you've got equity and then

R1A 1:10:37
And it's worthless. And we, you know, so, for example, there is a Chinese entrepreneur I'm very fond of

who I, I've spent a lot of time with mentoring. He's got an excellent product, but he's quite a inexperienced entrepreneur, he's gone back to China, he's got funding from some kind of municipality, who's put him into some kind of accelerator. And, of course, in Chinese culture, he's now got people who are very close to him, who are taking him out drinking and eating and everything else and their agenda.

They have no interest whatsoever in us. And, for example, it became one point, and he told me how he reincorporated the business in China without telling us and was using all the IP he developed with our money in China. And he was very open about this, because he couldn't see that that was any issue. And I said to him, Well, that's a that's a bit of an issue for us. Because, to be honest, you know, we paid we invested that with you, and he just didn't, he didn't really understand that, that he had some kind of obligation to us, you know, moral or financial, and he was just wasn't part of his culture. Yeah.

P Thng 1:11:53
So hang on, this part I just want to pull out. Your money that means as an accelerator, you actually give them some stipend?

R1A 1:12:00

Ee invested 25 to $50,000 into each of the 70 startups.

P Thng 1:12:04
I see, I see so 25 to $50,000 per start-up

R1A 1:12:08
Yup, right

P Thng 1:12:09
And during the next three months,

R1A 1:12:10
Yeah

P Thng 1:12:11
Alright ok, ok good.

R1A 1:12:13
And that will be typical of an accelerator to invest between 25 and $100,000.

P Thng 1:12:18
And then for, facilities you charged them or?

R1A 1:12:21
We didn't charge anything. Some accelerators like for 500 startups would give you $50,000 and then take back $25,000 in fees because that way you can claim you had a $50,000 investment Even though 50 you know, we always thought that was bullshit. So,

P Thng 1:12:37
okay, good. Just give them the cash. So I think at this part its just the formal ending of the discussion, so I really appreciate it.

R1A 1:12:45
You're welcome. Yeah.

P Thng 1:12:47
I mean, its so expansive and you know took us about one hour, 15 minutes.

R1A 1:12:50
Really? Wow. Okay.

P Thng 1:12:51
Thank you so much.

Background of Interviewee R2A

Participant Code:	R2A
Incubator Type:	Accelerator
Date of Interview:	Jan 31 2019, 9am
Job Level/Title:	Co Founder/COO

Contents

Question 1: Experience level of the interviewee

P Thng 0:02
Okay, so whatever we transcribe I will anonymize it, so everything that identifies your company we'll take it out.

R2A 0:08
I mean, I can only speak from my perspective as a Cofounder of sort of [Company name] no longer in Singapore, I think the timeline was 2014 to 2016 so it was, 2013, 2016.

P Thng 0:28
So I'll do the formal part of this interview. First usually there's a consent to make sure that you consent first... that you're above 18 years and all that stuff

R2A 0:40
Am I? Yeah, okay.

P Thng 0:50
Okay. Good so you just sign here, thanks. Its part of those ethical thing that we keep track at SMU.

R2A 0:52
Yeah.

P Thng 0:52
Okay, good. So I'm going to first start off by asking the following, I've only got about five questions. We should get this done over in about 30 to 40 minutes at most. So, at [company name], what was the title and where was the location?

R2A 1:12
So, I was at [company name], London, and Singapore co founder and COO.

P Thng 1:27
Start off with the first question, first question is to get some information about your background. How long have you been in a venture industry

R2A 1:36
So now I mean now looking back it's been

P Thng 1:38
Yes

R2A 1:40
Only, only seven half, seven years so yeah.

P Thng 1:45
And how many new ventures have you been associated with, build, incubated or accelerated or invested?

R2A 1:51

50, I mean hands on right so [company name] did 180, right? So under my leadership role in London and Singapore, I did 30 and then I did myself 10 probably now then have [unintelliglbe] for 10 or 50, yeah.

P Thng 2:13
So do you, [company name] consider itself as an accelerator or venture-?

R2A 2:18
Accelerator

Question 2: Definition of Success of New Ventures

P Thng 2:20
Good so that's the first question. Question 2, definition of success of new ventures or new startups so. So firstly, I want to get some clarity about what's the definition of success of a new venture?

R2A 2:33
For [company name] or for my perspective

P Thng 2:35
From your perspective of those startups

R2A 2:38
In, in [company name]?

P Thng 2:40
Yes, in [company name]

R2A 2:41
So I think the way we got, we are team and the industry got measured is how many partnerships with corporates are being established and during the accelerator, read the key key key KPI partnerships can be, POCs or letter of intent or obviously, any kind of contract that is one major milestone. The second one is big numbers follow on funding. So how much funding does the startup or the startups raise within the first 12 months of finishing the accelerator? That's I think, is one of the key numbers that accelerators awlays have on their flags. Say erase this and that.

P Thng 3:31
But then from the new ventures perspective, that means the start of.

R2A 3:35
Yeah.

P Thng 3:35
Perspective, what do you define as successful startups?

R2A 3:40
I think, for them, it's, it's, it has several aspects. The first one is more the internal one. So the startup comes to get more insights on the team building, on strategy, on how to set up a marketing plan, how the finished model look like a revenue model, business model so this all kind of the knowledge

that they are looking to receive in a very condensed time with the accelerator. That's one I think, externally speaking, it's that they are coming to find more customers they're coming to find more investors and also think some of them are looking for more promotion or more you know know a brand to be attached to, to, to increase value and so, there was always this you are one of the top 10 startups in Asia. And so that helps them as well. So I think there's two factors - internal factor and external factor. So I think that's what I normally would say they will call a success if they have achieved most of those things. Yeah.

P Thng 4:45
Then what about in terms of financial measure? How would you sum it?

R2A 4:50
Yeah,I mean, obviously, there's a financial stipend or grant attached to being an incubator accelerator, the various models that a boot camp we had 15,000 pounds or SGD 25,000, that startup got three months of the program. Yeah, but I in return for 6 to 8 on equity.

P Thng 5:16
6 to 8 percent.

R2A 5:17
Yeah, I think that however, I would not, I myself, never told them that many of us can force it on them. I also think them they never really came to an accelerator, because there's money. If they come for that money, that they shouldn't be there.

P Thng 5:32
All right. So how then do you define after you've accelerated them? How would you consider them or when you say they are successful?

R2A 5:44
I think every startup has its own little DNA and its own little, you know, dynamic, every startup has its own uniqueness. So for some startups, it's really about when they have signed up 10 major corporate lines, if that were B2B, for example, if they're B2C can argue, is to have crossed the 10,000th user mark, and others is really to hire excellent engineers, or sales staff. And that's where somehow everything clicks, you know I'm always about the click, when does it click, when all those come together. And that's for each startup is different I think, inside [company name] case we had mostly B2B companies, majority were B2B. So that's where I think the [unintellgible] are important to look into the next within the next two years time to kind of go somewhere, break-even. So have a B2B business model that gets you long term contracts into the door probably again five to 10 that

P Thng 6:47
So less that two years break-even?

R2A 6:48
Yeah

P Thng 6:50
And then you're looking at how do you also measure success in terms of x number of times on the investments?

R2A 7:00
Investments?

P Thng 7:01
That means in terms of returns do you like $100 million

R2A 7:06
No no, we never had we've never had those numbers we're I think we did this model of accelerator is not to primarily make money as an investment venture turn, that that long term this model of accelerator, has like no change if you ask me to become more corporate. So the short term cash flows that you receive from corporate sponsors, are more valuable than, than a 5 to 10 year rise, of venture returns from your investment. Where Y Combinator and probably TechStars in US who started very early who are the only who really can claim to have them they received money from from from the investments, I don't have any other accelerators out there who made money from the extra investment.

P Thng 7:55
Let me now move into question - part of two, what is, what do you would define as failure of new ventures?

R2A 8:06
To fail, comes comes various ways. I always have the people

P Thng 8:11
People

R2A 8:11
People, so the co founder leaves, the [unintelligible] team falls apart. There was a there was a when the team falls apart for various reasons, co founder leaves, you know, the wife or the husband says, I want to go back somewhere. Yeah, disagreement around ownership, if you have disagreement on strategy, I have seen this so many times. And this is probably the most common reason why it failed at the beginning. Second one is certainly might sound focused. So the customer didn't sign up that the funding didn't come through. But to be very honest, and this is from founders don't face that they will sail through this. So it comes back to people.

P Thng 8:49
People, right. Strong founders are really key.

R2A 8:54
Yeah, yeah. And I, and again, I see it in our, you know, cohort, what had founders leave, co founders leaves and actually the team were stronger because of, the co founder left. So it's also next, right? That's also very good time. Three months to come. Because con, so condensed, so hyper pressure that some people can't stand it as it is a very good test for people who is actually endurable and who's not, right.

P Thng 9:16
Good test of endurance, huh.

R2A 9:17
Yeah, yeah, yeah correct.

P Thng 9:18

Okay, good. So now let me move on to the question three. I want to differentiate between the two incubation models, venture builders and accelerators you are familiar with venture builders right?

R2A 9:30
Yeah. So.

P Thng 9:31
So basically, my first question is, what do you think are the core competencies of an accelerator means what should you really be good at?

R2A 9:41
I also know the answer to venture builder, okay, so the core competence of an accelerator is, I think, to the people on the platform or whatever is need to really [uneligible] a platform so what it means is that you are pulling in the right resources from various knowledge pools to again, provide knowledge and insights to accelerator to basically build a little teaching program so that you have someone coming in for marketing someone coming in for finance of clients, really have your, your experts at hand. So you have to know those, you have a good network. Secondly, you have to excellent network with that customers. So industry contacts, potential clients. And again. So, [company name] was sponsored by many, many banks and other institutions. I was basically networking the whole time with with Becky, CEOs and innovation heads and so on innovation labs to just say, Hey, you know, what, did you [unintelliglbe] this. So it's a mass of networking game. And thirdly, it has connections to the investment industry, which again, is a third said earlier, it's very important to get the funding so I was also networking a lot with investors, VCs family offices, so I think the three key things competencies, yeah, yeah, measurable as they are different things I think.

P Thng 11:07
And what are the main services of an accelerator? Typically what they provide?

R2A 11:10
so I think it's a it's an office, real estate for normally Three, two or three plus one, four months.

P Thng 11:18
One to four months.

R2A 11:19
Yeah then you have the cash cash component to it, then you provide sort of intangible like virtual services, all those AWS credits and marketing credits, and Google whatever credits because you are you are a partner of those programs, you provide these classes, master classes and workshops for free, then you run several events with clients and investors. That's then yeah, I think big one is obviously Demo Day, which is a very big component of an accelerator so we have a big demo day. That's a big service. I think we spend a lot of money on this [unintelligible]

P Thng 12:16
Okay, so demo day

R2A 12:17
You have it is a big one. And then we did a very good job, that's at [company name], I think, also expensive. But yeah, so that, and then yeah, I think that was [unintelligible], there was I mean, I can tell you what others are doing. But the [company name] that was that.

P Thng 12:31

So services, and then what do you think are the main strengths of an accelerator?

R2A 12:45
I think a very important one - that's underrated or, very often, it's inviting family and, and it's, it's providing a safe harbor for experiments. And for other founders to meet other founders, I think the best if I look back and think what were the best classes we ran if you like, and also the ones that are most valuable were the peer to peer classes when, you know, we had pizza and beer. And then we just talked about the problem with the founders, we just took the CEOs and founders out there, we just talk about issues with the team. And whatever there is it there I think I remember those are very, very valuable for and I don't think you have that much you should have it, founder any case, it's especially I think in an accelerator that's a very important one its this yeah is really, this is friendships and trust, you can establish a little family with Max is highly intense, but as, you know, founders are not easy

P Thng 13:39
Yeah there's like conflicts and all that stuff right?

R2A 13:41
We have a lot of fights with the people as well, I think it's a very, that's very its a core strength of accelerator. Then secondly, I really, I think it's, it's if you think about the this, this age of information, flow of age of contact, and LinkedIn and whatnot and WhatsApp I think that an accelerator helps to accelerate the introduction to the right people. So if you think of, if you want to sell to a bank, it normally takes three or four attempts to find the right person and an accelerator, maybe shorten this by two months, because you are saving two or three emails. That's really what I mean, it's really in a very efficient way to meet people that are relevant to speed, speed to market speed to clients, speed to investors go to market.

P Thng 14:27
Go to markets faster.

R2A 14:28
Yeah, yeah, yeah.

So I got my, my, my, my day was just filled with introductions. I've sent so many introduction people, I just connected people every time connection.

P Thng 14:39
So those are the two key strengths.

R2A 14:41
I think, ideally, ideally, it's also Yeah, so I think there is a certain, its very tough times, right? For entrepreneurs and founders. And if you, I can't claim I've done a start up before successfully, that well, I've done but for them. But in any case, it always helped many of them were just looking for a home. And it's so much, we brought in also other speakers who done it before, who exit the company successfully, just for the founders talk to those guys to gain the knowledge around the tough times it was very valuable. So it's really connecting to other entrepreneurs outside.

P Thng 15:41
What do you think are the main weaknesses of an accelerator?

R2A 15:45

I think they as we're living in this fast moving world, the question was, how does accelerator how does the model fit into those times, times are changing. So in 2000s, [3 company names] were the dominant, prominent and successful I would say, because there was no LinkedIn or Facebook, no, there was no money, there was a bit of information asymmetry, you couldn't get mentors, you couldn't get investors easily. But these days, everyone is a start up dude. So you can easily find people online or at events, I think that's where the relevance in the ecosystem is different. So I think that maybe we should have added sorry, another point of strength, sorry.

P Thng 16:37
Go ahead.

R2A 16:38
Maybe go back to the other point is,

P Thng 16:40
thing was that [company name], the strength was what we did particularly in London ended up more and more in Singapore was to build an ecosystem. I think we, we did a very good job in setting up a FinTech ecosystem with others with MAS and so on to bring this, bring people together really I think we rolled so many events organised so many meetups and events that you meet everyone came together finally and it's very it's a very centralized function and I think that helped me quite a bit to come together yeah there was a core strengths as well. Weaknesses then yeah you weakness that you kind of every good founder has to go through tough times you have to go through this catharsis I call it you have to go through this transformation of the Cali you have to have to be screwed over so an accelerator is also only something is help startups to start up and those funds are not always the best so you can argue the best ones don't need an accelerator that's where I think want to be part of success story of startup in an accelerator because that's the business model like but the really good ones they would not pick an accelerator because they would do it themselves 'cause they have to do themself you have to fail in order to to win and accelerators are trying to not make you fail and that is a flaw in itself.

So what he's trying to do is also

R2A 18:26
And yeah yeah so that also what I kind of then felt with what [unintelligible] tried you know with with an accelerator you always I always feel I was dancing around the core the the core the I define entrepreneurship as three core things, there's the company, the startup, the founder and you have the customer obviously visa vie whatever it's b2b or b2c and the third component is risk capital, the investor so you need some risk capital opinion.

So these are the three core elements everything around to be doing co working spaces, accelerators, incubators, venture builders is just circling around and also we tried to make money from these core three elements and that's that's the thing also where startup and this was Silicon Valley right they have built this the last 50 years they have this three three core things they are very strong there. Everyone else just dancing around we're trying to flirt with all those guys and I felt I always feel one layer too far removed from all this and that's why [unintelligible] side note and doing with more investing, right. So again because if you're really good if you have all these two things together you don't need all this and an accelerator has to be damn good to play there but it's only certain verticals and you know if it's very tax intake was is tough enough to say right okay an accelerator can be that good to help you with other things is it earlier speed to market, speed to clients but the eternal flies you not always get the best because if you're the best you don't need an accelerator yeah so that's that's really have to be really good with what are you doing and it's really tough

P Thng 20:16
So what what do you think about the fact that the program is relatively short 1, 2, 3, 4 months? You think that's also a weakness or you think its a strength?

R2A 20:24
I mean we can think there's a officially three months but three plus one so that's three month program then demo day then you have actually probably three months beforehand so you have like

P Thng 20:33
About six seven.

R2A 20:34
Yeah, so it's a six months like touch points that you were how you but there's a three months condensed here, yeah. but yeah, we I will view it is it is a it is short, yeah. And again, I I couldn't personally speaking it couldn't, you know, you have three months coming in, you're like creating a family and then after three months, keep them all together. And you feel like, Oh, my God, I could have done so much more with them and I want to be part of the longer journey and that's again, why I felt that I want to be an investor because you look over the

P Thng 21:04
Because that model is bringing in batches right?

R2A 21:06
Yeah in batches, its like manufacturing lines

P Thng 21:09
So that's also one of the weaknesses, too short a period

R2A 21:10
Too short

P Thng 21:10
To follow through

R2A 21:12
Yeah, right.

P Thng 21:13
Whereas venture builders tend to take a bit much longer

R2A 21:15
[Unintelligible] stakes in the company

P Thng 21:17
They've got stakes, high stakes

R2A 21:19
Just the business model, yeah. Yeah

P Thng 21:21

So you think having a high stakes generally

R2A 21:24
I again, it depends, it depends, depends on function. So and I started venture building model quite a bit as well. And [unintelligible] again, the good founders don't need an venture builder. If you have a good founder and say you want Michael Gee, I want 100%. But if you if you're founder that lacks some scales or networks whereas, you might say okay, I compromise terms of equity

P Thng 21:54
In fact, I'm gonna come to the next point.

R2A 21:56
Yeah, sorry okay.

P Thng 21:57
What kind of personality or start-ups will be suitable for accelerators?

R2A 22:02
Yeah its a good question.

Question 3: Differentiators of the 2 Incubation Models

P Thng 22:05
What do you see are the main differences between an accelerator and a venture builder?

R2A 22:11
I think that there's a different risk profile as I said earlier, I think everything comes down to risk at the end of the day venture builders take more concentrated bets on certain ventures and also have a different risk-return turn model in there so high stakes, that's one and then accelerators are you know they throw money at hundreds of them and then see which one sticks but you also have less equity right so most of us yeah but that's key difference for me

P Thng 22:42
The key

R2A 22:43
Then there's a lot of other things around, services you provide venture builders are more focused on their services I think there's a the team is more involved is more of a co founder status than anything else I think, accelerators you know co founder you're more of a platform venture builders, normally invest more money accelerators certainly less.

P Thng 23:08
So accelerators, typically what's the range of investment

R2A 23:13
So I think for the acceleration stage, you normally do 20, 20 US right up to I think these days, 50 US dollars and they take your 6-8% many accelerators have no business also follow on funding plug and play so they then invest additional $200,000 afterwards, which I like it's a good model actually, I think its a good model.

P Thng 23:35

Whereas what's your understanding of venture builders?

R2A 23:38
They they, I mean, there's this staged approach, normally.

P Thng 23:41
Equity stake, generally

R2A 23:42
So i hear everything from do they own 40% to 80% of that

P Thng 23:51
[Name] got 60%

R2A 23:53
Yeah, okay yeah.

P Thng 23:54
We find sometimes some start-ups are just not suitable for them, because we look at some of their background. Next, what do you see are the similarities between an accelerator and a venture builder?

R2A 24:06
You are dancing around the ecosystem, right. You're part of the circus. So so you, you, you're trying to help set start-ups start up and and you're trying to monetize or trying to profit from a start-up's success? I think that's very similar you are not a founder, founder itself, you are complimentary, ideally, part of that founder story.

P Thng 24:35
So that part is similar.

R2A 24:36
Yeah, I think its similar, yes.

P Thng 24:37
But the programs are slightly different because one is a bit longer term.

Okay. Yeah. Now, as you look back, is there anything recently as you thought about it now that you discovered at the end of the day it is not that important as an accelerator or what you used to think was really important as you looked back, that wasn't important at all

Let me see, you would not want to emphasize on that anymore.

R2A 25:19
I think we spend a lot of time polishing pitch decks and I would argue that these days you have to have a good pitch deck. I agree with that over pitch and the deck. But we spent the weeks doing some that I think that's just rather go out there and find customers

P Thng 25:43
To find customers.

R2A 25:44
We spent a lot of time also trying to connect to investors early. I think that not always I've changed my view on this. I think you should only talk to investors once you're ready. Listen again, comes to the click. I. Yeah, I think founders are a bit too driven by money these days, especially in Singapore, Hong Kong, London, New York these expensive cities and less so unfortunately. Talk to customers.

P Thng 26:09
So that's something on hindsight, you think is very important, right? Yeah, my customers so important is to find customers. And then its important not to engage investors too early.

R2A 26:21
Yeah.

P Thng 26:21
Right okay. And then probably spend less time on pitching

R2A 26:24
Yeah, yeah.

Question 4: Fit for purpose (who is suitable for which models?)

P Thng 26:24
Okay good. Final, okay question four who is suitable for which model so in the case of a accelerator what kind of situation, what kind of people do you think would be more suitable to join accelerators

R2A 26:39
Compared to venture builders?

P Thng 26:40
Yup.

R2A 26:40
I mean, the different types of entrepreneurs are the ones who can do it by themselves who have done it before or they're just gifted. There are the ones who certainly more co founder material and there are the ones who are probably lost in life and need your help so so I think there's many many entrepreneurs unfortunately, are doing entrepreneurship because of the dominance of the different now so there's a lot of negative energy and you know, I don't like corporate I need to do startup I think it's unfortunately a wrong reaction, and I had many of them in my incubator, like accelerator. Well, it's Yeah, I don't think it's the right motivation to its unfortunately, a trend that everyone wants to do a start-up because it's apparently the thing to do anyway so so so I think in terms of what I just said so I think if you if you're co founder material that means you're very much aware of what you're lacking and what do you need to make it a success and that's for venture builders come in with. I think where you certainly are compared a bit with an MBA and you know, you kind of and I haven't haven't done one so I don't we know that but see you've done a corporate life you've done what other career you have and now you're doing start-up boy, while you're doing an MBA and accelerator is something else and basically an MBA so it's a its this kind of person that needs new direction that needs a safe harbor again, it's the last a lifetime founder that is is. Yeah, and I don't want to I have highly respect for most of them. Many of them are my friends. I don't want to dismiss

them its very difficult for me right now. I'm still on the board of them right. Um, but I saw that I think it's certainly people who need some stellar brainwashing

What was he doing with his brainwash them? And it's like, it's either it's either young young people who never sort of start us off before we just need to get used to finish morally how to do marketing how to hire team so its basically just to startup MBA to get them to accelerate this knowledge which can acquire itself a particular owner or the other side, it's more the corporate folk late 30s, 40s, who knows of accelerator, but been in corporate for 10 years, 12,13 years. And now he's also been brainwashed. Yeah, yeah. So these are the

P Thng 29:37
These are the two main types, those that as you said, going for this startup MBA a bit lost and you know.

R2A 29:43
Yeah

P Thng 29:44
So that's those young people. And in the 30s, 40s they've done corporate negative energy. So that's also to brainwash so those are good whereas, the co founder material-type

R2A 29:54
Yeah

P Thng 29:54
Probably a VB.

R2A 29:54
Yeah, because also, because also venture builders, also venture builders also are run by people so the founder of a venture builder normally has done start-ups before, so they kind of it now as well for my case. I've seen so many founders, I kind of see who's good at that founder. And you kind of just feel it, you see it and I don't think a venture builder takes too many too many loss-in-life people aboard. You have very diverse.

P Thng 29:55
Very selective

R2A 30:25
Yeah, yeah. So you can, because that's more selection here. But we also have certainly co founder, material people in accelerators but because we have such a big numbers. Yeah, you know, it's just a numbers game as well. So I'm not saying they don't exist here, they also exist here its just, there is high diversity. Yeah, if if an accelerator is also highly selective and very, very, very good. They will also end up with more of those, but it's just. But the impression I got was more mainly on on the other side.

P Thng 30:55
So you mentioned so there's another entrepreneur called did it before?

R2A 30:58
I mean, yeah, I mean.

P Thng 31:01
So for those who did it before, likely to do an accelerator?

R2A 31:07
No, no, no, no, no, I, I suspect they should just get gets shit done.

P Thng 31:11
Okay, thank you very much that seems useful. So those are the situation an accelerator would be suitable for. Okay, now, if you're to advise someone about the path they should take for a new venture if you were to advise someone about the direction of the path. That they should take for a new venture what would that be?

R2A 31:32
Yeah, it happens a lot. Still, these days. I get many, many calls. Many people call me and ask what should I do, what should I do? I said something earlier already, I will stand to this, spend more time thinking about the product and spend more time thinking about total customers and do your do your the [unintelligible] the markets right, you have so many tools available these days to just let me correct myself, I myself I build products I decide when. And so easy, I don't, I'm not a computer scientist. But you have so many tools online, particular to build wire frames, mockups, some fake apps, just do it. Got, then talk and get feedback. I I understand that more case would b2c that's easier. And I am unfortunately, again, biased a bit more more in b2c person than b2b, to be very honest, but in particular, FinTech is such a heavy b2b focus areas that tech security right I mean, you cannot build a security startup with 10 grand Iyou'd have to invest a million dollars straigight. So it's such a difficult journey where you have to have such a high upfront costs and you have to be a fairly wealthy person yourself to to invest that cash before you actually talk to our accelerators, my investors. And again, this is again, what I said earlier its people unfortunate talk to investors and make the start-ups early success dependent on other money. You know, I tried now, again, I come across so many founders say, I can only put a product now, if you invest in me. I say no I'm so sorry but I only invest once I've seen some products. Or you know at [name] FinTech again you have to have your license sometimes you can only start a company with a license. For a license, I need one million dollars. So can you give me money now? No, I cannot so you have to be very much aware on what's the product, what's the market? How do you prove the product clicks with the customer for a market situation. And then get money that's unfortunately there's this misperception in the market and we are at the end of the the know, the bull years. It's ingrained in our startup mindset right now that there's so much money available so let's kind of go out and raise money it will change I think it will be correction coming up as you all know I can't wait I can't wait because it will also reset a bit of this mindset there's too much money, unfortunately people are funding startups very early these days I mean people get funding very early with high valuations still and then unfortunately gets a bit of a miss it will catch up on you I mean startups will then you know, if they raise the next round if they haven't gotten on this right. Then they have [unintelligible] no output. Yeah, yeah.

P Thng 34:24
So if I summarize that, you know, it's take the demand driven approach meaning that figure out what the customers really want, what's the problem you're trying to solve and get maybe some early commitment of customers who are prepared to and and build it first. Don't wait for money and then start building. Let's see. Next question is, would your advice be different? This advice, if they already have a team?

R2A 34:52
I've got a team anyway

Yeah we we took, we took a few single founders on board I gotta tell you 100% [unintelligible] rate. Yeah, I mean, maybe, maybe one or two, not like, it's so, so obvious, as single founder. You just you need to convince someone else to be especially your first customer, right? Whoever, is the co founders is your first customer right, to be able to communicate a shared vision and be able to, to run them the shared vision because it reflects somewhat about your mindset, because as a founder, you have to and then one [unintellibile] It's too funny, right? You have to stand for your vision almost determined that this is right, with, otherwise, why would you do a start up but at the same time you have to have empathy, the compassion for customer needs. And this is so so important. I see so many founders in particular single founders who who are dismissing many of their customers requests or whatever that is because they're just so believing in themselves. And this again, is not necessarily then the best and you can almost get the very high correlation between these type people having not a co founder, because if you have a co founder, it means you have compassion for others using you have to be able to a bit of open-minded, you have to have a very clear swim swim lane and define what you want to go for in life but be open for others coming in. And this is again, I found this who were unfortunately, as with older corporate corporate founders, and they didn't have a co founder and the product failed because they were just so almost arrogant

P Thng 34:53
Oh yeah in your case

Too fixated, they cannot see

R2A 36:41
Can't see yeah, so having hope on a system is just so urgh

Question 5: Impact on New Ventures

P Thng 36:46
It's amazing to get that information. Then my last question on impact on new ventures after undergoing your program, right? So first question is, why have you chosen the acceleration model when you already did [company name]?

R2A 37:01
It was my personal journey right in my my personal journey is I was 24 in London and I did a few ventures there something key in tech and it's something that IOT I was actually at the time still doing my masters in entrepreneurship at UCL, I was just a young, naive German living in big big London and one of my professors approached me and said, you have the energy and the passion for start-up building. So why don't you talk to some boot camp about setting up an accelerator in FinTech. And I heard of [company name] it's the biggest brand in Europe it's an accelerator brand iin Europe back then, I think still now there's were some programs in I think was it Amsterdam and Copenhagen they were not that big back then but they were quite dominant so I said yeah let's talk to them and and the story goes that I thought FinTech means technology in Finland and I actually okay I well you know Finland is a nice country you know nice nice nice nice nice people and never been there so let's do this then he goes it actually miss finance not Finland. What does matter I can also the financial now I'm engineer by training and I think I may be able to pick it up and so then yeah i was i was keen to a new could be the platform for me to to move level up. And it's almost in a way if I'm very honest with you is like I said, 10 to 20 years ago, you graduate from university and then you need to get Goldman Sachs JP Morgan whatever the jobs its a perfectly career move right, so what I mean you can do anything afterwards like McKinsey or whatever those are. To me it was,

I'm taking the startup career move is if you're an accelerator, you you kind of can do almost everything afterwards.

P Thng 38:55
I see

R2A 38:58
And I'm probably the new type of employee or the generation, generation what is it I'm millennial that is having done a career in venture which is new, they new what this puzzle was North America. But yeah, yeah. So I started as a career stem.

P Thng 39:20
So for those who have gone through your program, those 20, 50 or how many startups that went through your acceleration program? What do you see were the key differences before and after they went through your program? Were they better at market awareness?

R2A 39:43
They were better at marketing and better at pitching.

P Thng 39:50
Marketing, pitching. What about appreciation of competition, appreciation of team?

R2A 39:57
I think the team aspect was important as well I think I again, it all depends on also who runs the accelerator, it depends on the MD and in this case was me, I have to be very honest and almost genuine and raw approach to my founders and try to make them also feel honourable. And I would like to think even though I was a young guy many of them were Brit twice my age they left more mature as people as well

P Thng 40:25
More Mature

R2A 40:27
They left as better people and many, many of them we're still very good friends and this is really I think you you. Yeah, I still now I mean I if I hear voice afterwards as far from each other and they're connected, right? And it's really powerful connection is just, yeah. You've got a lot of like, open apps. Yeah, that's crazy.

P Thng 40:49
Oh, no, this is a notification

I think that's really about all in the formal part of this interview.

Background of Interviewee R3A

Participant Code: R3A

Incubator Type: Accelerator

Date of Interview: Feb 4 2019, 10am

Job Level/Title: Head [Company Name] Singapore

Contents

Question 1: Experience level of the interviewee

P Thng 0:01
Okay. Okay.

First question is I'm interviewing you from the perspective of a accelerator, going to experience that in [company name].

R3A 0:11
Okay, right.

P Thng 0:14
So, what was your title when you were running?

R3A 0:17
Head, Head, [Company name].

P Thng 0:24
And, and when was the location?

R3A 0:26
Location was here in Singapore in China on Amoy street.

P Thng 0:33
So this semi-structured interview has 5 questions.

R3A 0:38
Okay.

P Thng 0:38
So the first question is just to get a bit of your background.

R3A 0:41
Sure.

P Thng 0:42
So how long it is the venture industry business?

R3A 0:48
On the venture side, not very long, so it's less strict. My answer is not gonna be streamlined. So basically, I was a founder Okay, in the early days of the internet when founders and VCs, it was a very different business, I then started a couple more companies as the this business and industry grew up. About four or five years ago, I started working as a mentor here at SMU, at different other kinds of VCs. And that kind of got me into the business. Eventually I became, three years ago I was the entrepreneur in residence in Singapore for [company name] accelerator which is part of sosv So I'd say that was three years ago, maybe four years ago and I did that for six months. Okay. At which point then I was hired by Telstra to run [company name] and that was from June of the 17th of June 2018. So that eight or nine months Previous to that I was the entrepreneur in residence for [company name] accelerator in Singapore. All right cool.

P Thng 1:57

Okay, so you've been in this industry not long? Right. Cool. Okay, so you've been in industry not long

R3A 2:00
Yeah. Three, four years here on this side of the fence. Yeah.

P Thng 2:02
And how many new ventures have you been associated with?

R3A 2:05
Oh my goodness. So let's call it 1/3 that I've had active participation in. So [company name] had 10, okay? [company name] probably a handful, four or five. As a independent kind of mentor, there's probably been four or five but I love going to pitch events and early stage of it is like that. So I'll talk to anyone and and, you know, I'll see probably pretty are a few hundred startups and talk to them.

P Thng 2:33
Okay good. Do your organization or in this case [company name] consider itself as an accelerator or venture builder?

R3A 2:41
It was an accelerator very clearly an accelerator.

P Thng 2:44
So now I'll go to question two.

R3A 2:45
Sure.
Question 2: Definition of Success of New Ventures

P Thng 2:47
So, definition of success of companies that you've accelerated.

R3A 2:51
Yeah.

P Thng 2:51
So first I want to get some clarity. What's the definition of success of?

R3A 2:58
Exactly. So there is no one definition here so and within the industry when we get together with other other accelerator founders we talked about this a lot. So an initial success measure could be following funding okay and if you're at the stage that we were at, which is kind of pre-seed it would be you know 100,000, 150,000 something like that would be successful. But, there are also companies that are successful and don't need that right they're actually commercially viable and successful so do they even need funding so there was a company within [company name] that that didn't get that funding but signed a eight figure deal with an American company. Okay, and now they're raising a little bit of money now to do the operational stuff okay, so to me I think it's a combination of commercial viability success as well as follow on funding they're not prerequisites but you need at least one if not both, in order to be successful, considered successful.

P Thng 4:03
You either generate revenue or

R3A 4:05
Right.

P Thng 4:06
Okay good, thank you very much, then what's your expectation of success? What do you expect, you know as a

R3A 4:12
You mean numerically?

P Thng 4:13
An accelerator, yeah. Whether numerically or subjectively?

R3A 4:19
Sure. So, in general, from what I get out of the industry when I talk to people is that everybody is very happy that five years later, you'd have two of the companies out of ten that are surviving, okay.

P Thng 4:33
How many?

R3A 4:33
Two out of ten and still surviving means continuing to grow and continuing to raise funds and continuing on an upward path, by either of those metrics. At [company name] we're much we are much higher. We have about eight out of 10 right now. And it was a very successful model here the other [company name] cohorts were successful but not, as I would say that the very good accelerator program so in Southeast Asia if if they have 50% of the companies successful in five years, they've done very well.

P Thng 5:06
What are the [company name] how many cohorts or how many batches?

R3A 5:09
So Singapore has three only. [company name] also had four other instances in, in Australia and only two are running now, one is Melbourne one is Sydney. So there have probably been that that that 20-ish, 22 cohorts I'd say.

P Thng 5:28
Sorry, 22 cohorts?

R3A 5:30
Yeah.

P Thng 5:30
Whoa, and each cohort is roughly?

R3A 5:33
Numbers at call it eight to ten? Call it ten average. Somewhere eight, somewhere twelve. Yeah.

P Thng 5:37
So 22 cohorts at say about that means its about 200-220

R3A 5:41
yeah, so roughly 250 companies came out

Question 3: Differentiators of the 2 Incubation Models

P Thng 5:46
Let me now go to question three, differentiating between two incubation models. So first, my question to you as as accelerator, what do you think are the core competencies of an accelerator?

R3A 5:59
Okay, to me, and this is extremely personal and also different from most other people. But I feel like the core competency of an accelerator is, is to help a company that already has a business model that already has a product that already has some traction and maybe some funding and the basis of a team, help them refine that business model in terms of product market fit, learn how to pitch and successfully raise money, learn how to scale the company, and that means learn how to actually make money, okay. And then there are some subsidiary bits and pieces to that which are, you know, operational, how do you hire? Where do you hire, when do you hire, when do you expand, all those kinds of business, operational things we talk about, but, and I hope to help with, with the core bits of the accelerator, or the other ones.

P Thng 6:55
Okay good thank you. And so the main services of an accelerator, what do you generally offer when you [inaudible]?

R3A 7:03
So [company name], or, or in general,

P Thng 7:07
[company name] first, and then maybe in general.

R3A 7:09
Okay, so [company name] did a few things, we worked very, very hard on product-market fit to make sure that you were doing the right thing, when you're a startup, everything looks attractive, everything's an opportunity, right? So cutting away the ones that aren't essential, trimming that down, okay, so that you know what you're doing. And then focusing on being successful in that little space.So in many ways, cutting the business down to, to a key core of measurable success, and then rebuilding from there. Learning how to pitch and learning how to pitch means learning how to communicate what your business does to a variety of different kinds of audiences, whether it's a sales audience, you're trying to sell your product, or raise money, or hire people, or the press Okay. So being able to communicate that. The next bit is, I'd say, those are the two key ones, really being able to communicate what you do, and understanding what it is that you do, then the execution part we help with, but I think that's less essential for an accelerator. The things that an accelerator can do are these other things.

P Thng 8:22
So what do you think, are the strengths of an accelerator?

R3A 8:27
Well, ideally, the strengths of an accelerator are, one - may help companies understand who they are, and get better at it, trimming away all that fat and that other attractive stuff, to being able to

communicate clearly to a variety of audiences what it is they do, so that they can second - successfully sell, raise money, hire people promote themselves, those kinds of things

P Thng 8:48
When you say raise money? Would you consider accelerator, the strength or one of the strengths of an accelerator, is your connectivity to invest?

R3A 8:57
Yeah, absolutely. So so then there's the community part as well, which is not only what we are helping the companies learn, but exposing them to many different things. So part of that would be mentors, and making sure that we have a good strong, helpful mentor pool, because a lot of accelerators have mentors. And a lot of mentors raise their hand because they want it on LinkedIn, but they're not actually helping, okay, making sure we have that, making sure that they're getting exposed to the right kind of investors, constantly. So you know, in in for [company name], we had, we can pitch events where anybody could come, so that by the time we got to the demo day, all of the VCs knew all the companies already.

P Thng 9:37
Alright, okay, go on.

R3A 9:39
Okay. The next bit was exposing them to other startups. So one of the things I think we did really well was because it was vertical agnostic. Each company didn't compete with the other one, so that all of the companies could compare notes, what worked and what didn't work or what they've tried and didn't try. And if you talk to any, so that was super helpful for them. It was a FinTech-only accelerator, vertical. You and I are ultimately going to be competing for the same dollar. So we're not going to be quite as open about our companies, the vertical agnostic was super helpful, because everybody shares, you know, and that means you don't have to make every mistake somebody else's made some of them for you. And you can share the wins and losses. That was huge. And then the other thing that we did that I think was very, very important was we took the team, to Silicon Valley for two weeks, to San Francisco, the valley where they could meet and see what it was like there, meet VCs meet other companies that are in the same space, talk to people who are in the startup business and see what it's like. That was huge, because Singapore has a lot of things here, a lot of advantages, but that's it's not the valley. The valley's the valley, right?

P Thng 10:48
So global exposure.

R3A 10:49
Exactly. Exactly. which I think was really important that get get out of here. Get on the streets.

P Thng 10:55
See what's [inaudible]?

R3A 10:56
Yeah?

P Thng 10:56
Can I ask, at [company name] how long is your accelerator program?

R3A 11:00

It was a six month program. The new versions is gonna be four months, six months is probably a little long.

P Thng 11:05
So the new version is going to be four months.

R3A 11:08
Yeah, I think operationally you can't run you can't raise, there's a money problem at six months. The [unintelligible] doesn't work with the program. Yeah.

P Thng 11:18
What do you think are the weaknesses of an accelerator?

R3A 11:23
Weakness number one is you can drink your own Kool Aid and thinking the coolest thing about on the block, right, and not be open to new ideas. Okay, I see that in a lot of accelerators. There are probably inherent biases in choosing certain kinds of companies or founders over others, you know, it's not a perfect recruitment system, which is, and the same goes for mentors and investors as well. You know, I may like you a lot. So I'll invite you to a lot of these things. But I may not like that other guy or not know them. And think, heard something bad so I'm not gonna bring him in. So I think there's, there's a chance for a personal bias in the running of it. Not sure how to get rid of that-

In-breeding, right? I mean, you know, we're cool. We're doing it so well, we must be awesome, right?So how do you how do you how do you keep reminding yourself of that other stuff? One of the things that I think structurally for, for accelerators globally, is keeping track of the alums. Okay, meeting other and hearing the story from other companies that have gone through an accelerator is incredibly helpful. It's very hard for accelerators to track those companies, even though they were there a year ago or two years ago. Okay. Nobody has an answer to that, that I know of, which is, you know, I think it's a problem in the, there's an industry of startups, which we're starting to develop here, that's one of the weaknesses there. And then also, other accelerators, don't talk to one another, the groups formally, so, you know, they might be one that [company name] and you, you talk to your friend at the one at [company name], but there's nothing structured so that we do stuff together or bounce ideas off each other, which I think could be helpful because any of those charged particle ideas are good.

P Thng 12:08
In-breeding?

Now, you mentioned about the four months or even six months program. Do you think is that also one of the weaknesses of a accelerator meaning that after four or six months? You know, your start-ups just disappear and?

R3A 13:32
Well,yeah, there's two or three parts to that question to answer. Sorry, part number one is, how do accelerators track their alums? Unclear. The answer is unclear everybody's trying different stuff. I don't think there is a successful way yet. More importantly, is and not so much here in Singapore but everywhere else in emerging markets that I see how do you get funded, okay, that the traditional funding mechanisms for success, companies that successfully exit accelerators disappearing, VCs are moving up hired, like, you know, A rounds B rounds those kinds of things outside of Singapore, you really have no formal angel community, which would be like, if you go to the States, that's where angel investing happens. Or seed investing happens. So you have a lot of companies that struggle to

raise, okay, which is actually what I think that's sort of my drum that I'm beating right now, personally, how do we fix that problem? That's the big problem. I think. Singapore is good because you have very small VCs you have angel groups here. Wealthy individuals, get it, but you know, you gotta, you gotta [unintelligible] gotta be in Mari, got to Mongolia or Kazakhstan. There's nothing there. There's, there's a hole.

P Thng 14:48
So what you see are the main differences between an accelerator and a venture builder? From your perspective.

R3A 14:55
So I am admittedly very biased towards accelerators.

P Thng 14:58
But what do you see are the main differences?

R3A 14:59
I, to me, an accelerator takes a company that already has an idea and a plan and a team and helps them refine that, even though it may be pivoting, it assumes that the and encourages the founders to be good and strong and thoughtful, and create the best product that they can what they have, I think that it also takes only a little bit of money for a little bit of ownership. Okay.

P Thng 15:25
And usually when you say little bit, what's the range at [intellibille]?

R3A 15:28
[Company name] was a safe note. So it was based on the next round, so it ended up being like, three-ish percent four-ish percent, which was low, you know, some, some take eight, some take ten, some take on some sort of wacky, you know, depending on how much money you've raised, and I put in, you know, hundred thousand dollars, and it could be 12%, I don't know.

P Thng 15:52
Kind of range.

R3A 15:54
Yeah, yeah, it can be a big range by doing a safe note, we kept it small and it doesn't get in the way of our discussions. So to me, a venture builder is a little bit different, where you're trying to find you find an idea and build a team around the idea rather than have a team and get the right idea for the team. So inherently, there's a problem there, I think, is that the right idea isn't always the first idea. Okay so the first the first business model that you come up with, or business [unintelligible] that you come up with, for whatever reason, isn't the one that you you end up with? Okay.

P Thng 16:31
You think that's a danger of a venture builder?

R3A 16:33
Yeah, I think, yeah, because I think it doesn't, and I don't know so well, I don't know how they might morph if, if you realize, Oh, this is a bad idea its not going to work. Let's do something else. I don't know if it venture builders do that. In accelerators. It's encouraged.

P Thng 16:48

Very often?

R3A 16:49
Yeah. Okay. And so, so you have acceelrator you have the flexibility to change your company shape, right? I don't know about a venture builder.

P Thng 16:59
So pivoting is quite encouraged in a accelerator?

R3A 17:04
Well, I do I'm not sure all of them do. But I do.

P Thng 17:07
So what now do you see are the similarities between an accelerator and a venture builder?

R3A 17:10
I think the similarities are that we, can we go back to the venture builder for one second? Okay, one of the downsides, I see to the venture builder is that it asks founders to work very hard, like you would if it was your own company that you come up with, with less equity. Okay, so I guess I am skewed rightly or wrongly against that, because I feel like in some ways its taking advantage of the founders. Okay. Now, it may end up net, net net, but they end up with the same percentage of ownership right at the end of dilution of on either side, but to me going in and seems like the found- if I'm going to work that hard, I want it to be my company, that, that sort of sums it up for me.

P Thng 17:30
So it may meet certain, may, appeal to certain profile of folks who want to get into this-

R3A 18:03
Right, right. Exactly. There's a little bit of safety there

P Thng 18:04
Which would be the profile that [inaudible].

R3A 18:05
Yeah, yeah. And and their spouses.

P Thng 18:11
Right. So what do you see the similarities between an accelerator and-

R3A 18:14
I think they both help your companies and they both help innovation and they both help to solve, hopefully solve problems. I think that that's all good. I think they go about a different ways. But the idea of helping to build smart, strong new companies that solve problems, I think is, is the key similarity, and that sort of, you know, fires me up about it too, on a personal level, right, that that's what we're trying to do. We're not trying to have another dating site, we're not delivering coffee better, you know, we're actually solving real problems here, right.

P Thng 18:46
So if you had to prioritize waht the five most important things that you do as an accelerator?

R3A 18:51

Five most important things, wow.

P Thng 19:04
Would market validation? Would team chemistry, which really? You know, five things.

R3A 19:11
yeah, I'm just trying to figure it out here.The most important thing to me, Well, one of the, okay, this is not ranked by priority, it's just five important thing. So one - exposure to other founders and other related specialists is huge and by that I mean accelerators by nature, have the ability to introduce you to a professor from SMU or a guy who started Google or something like that, where you might not be able to do that, ordinarily on the streets. That's huge. Okay, another thing is really working to validate the business model, your business model, so that you don't make any mistake out there. Okay, a third one is teaching how to pitch. Pitch, pitch, pitch, pitch, pitch, pitch, pitch, because most startups suck and they continue to be terrible at it. And it continues to hurt them all the time. Okay, even if the best product and the best team, they cannot describe what they're doing if without being able to describe what they're doing, they're going to fail. Is that 3?

P Thng 20:30
Yep 3.

R3A 20:32
4 is exposure to investment. To good, smart and solid investment. I think, I think five is it's softer. It's like, you're not alone. You teach the, we teach them that it's sort of like, it's okay to fail on your own. [intelligible] in an industry where it's like that, and other people are like you. So you're not a failure. You're not alone. You're not depressed-

P Thng 21:15
Like a community?

R3A 21:15
There's a community here and that's really good, because we read all these sad stories about, you know, founders who feel like they failed, you know, do something drastic, and we don't want that, you know,

P Thng 21:29
Now, next question. Is there anything that you discovered recently? That is not as important as you thought it was when you first started in this industry? So now as you look back you feel its really not important.

R3A 21:40
Wow, really? Good question. You know, not really, I guess, like, in general, I feel like some people are enamored with bad metrics, and bad numbers right? I don't think that's really a problem. If there's a problem with too much money too soon. Yeah, that that struggle is glorious, but rather that you need to figure out really what you're doing. And if you have too much money up front, you start focusing on the kind of shares you're going to buy rather than like trying to solve the problem.

P Thng 22:44
So in that case what's not so important is you realise you chase for money right at beginning and then suddenly get all this money.

R3A 22:49

Yeah

P Thng 22:49
It's not so as important as making sure that

R3A 22:52
You doing the right thing.

P Thng 22:53
Okay so next question. Is there anything recently that you discovered is very important, which you did not thought so previously, its really the key to success.

R3A 23:21
I guess I thought this before, but I know it now more is get out there and talk, talk, talk, talk, talk, talk, get up off your chair. You know, the key thing to being a successful business person, whether it's a startup or another kind of company is communicating what you're doing with other people, okay.

Yeah, reaching out and there is a real desire within startups to stay behind your desk and code without finding out do people really want this? Do customers want it, do funders want it? Is it the right thing? Am I making a mistake? So that's kind of communication is key. It's a get on the street and talk to people. And I'm finding this myself as a founder again, so I, even I, I say it even more now.

P Thng 23:40
Reaching out?

So I'm going to question four.

R3A 24:12
Okay.

P Thng 24:13
The appropriateness of when to apply this model. Basically, what sort of folks would you think would be the kind of right profile

R3A 24:21
Okay

P Thng 24:21
To join an accelerator program?

R3A 24:22
Okay, different accelerators have different thresholds, the one we had, which I liked a lot was that you need to have a product that works that has some traction, it can't be a napkin, you know, you got, you're beyond the napkin stage here. It doesn't necessarily mean it's hugely successful, or you have a lot of money, but you have customers, it's in the field. So that's part one. Part two is that you have your own engineering team, or at least engineers on staff, because as you start to go through an accelerator program and you're iterating quickly, if you do this on a contract, that's very difficult to do. You need somebody to be there working with you all night. Not like calling though, and then saying, hey, can you help me all night tonight?

Question 4: Fit for purpose (who is suitable for which models?)

P Thng 25:08
So in terms of the people, what kind of folks, generally are really suitable to join your program?

R3A 25:13
Crazy ones.

P Thng 25:16
People characteristics.

R3A 25:17
People characteristics are there are two parts to this. Multiple parts. Okay. For me, the, solving the problem part is very important. Okay. Increasingly, I lean towards startups that are solving a real problem, clean water, clean air, education, food, transport, those kinds of things, okay. So you need to be passionate about that, not you know, I mean, some of the stuff is really not sexy at all. But you love it. That's cool. I like that more. So, you need you need to be passionate about the problem you are solving. Okay. Number two, is you have to realize this is not like, anything else you've done, you know, it's it's a full time job. It's more than a full time it's an ultra full time job. You know, there's going to be nights and weekends and you're not, you know, there's a there is a social cost, and you need to be at least cognizant of it. When you walk in the door, that there will be the social costs.

P Thng 26:21
That's what you say about the wife, right, making sure that the wife supports.

R3A 26:23
Yeah yeah yeah, it's very true. It's very true. And, you know, we've seen so many families blow up over this. I mean, it's like, sad, but true. And I think you need to be have a, maybe this is something you learn, you know, you need to be able to fail, okay, that does, it doesn't crush you, because you're going to fail a lot. You're gonna mistakes a lot. People are going to say no, a lot. And you

P Thng 26:49
have to be able to get back up and do it again. I mean, you know, I had roommates when I lived in San Francisco who are actors, okay. And they go to hundred auditions before they got a commercial, right? You got to be and I thought how do you do that? How does your ego do that? You get better at it if you do this, but you need to have that resiliency.

In fact, we're starting to see some people using venture builders equivalent, like a similar to studio?

R3A 27:14
Yeah

P Thng 27:15
Because you get all these actors pitching.

R3A 27:16
Exactly. Exactly.

Question 5: Impact on New Ventures

P Thng 27:18
Now I'm going to ask the last question. Impact on new ventures, that means the impact on new ventures after undergoing acceleration in your model. So first, why have you chosen the acceleration model?

R3A 27:34
To some extent, it chose me. Okay, to be honest, but I like it more. Because I think I personally can have more of a positive impact on companies and their growth. And their founders growth, both business and personal, okay. I, I believe that, that journey is preferable than a venture builders journey. Okay and so I thought I thought about it, because, you know, there's some jobs out there for venture builders, and I just don't feel like it's like the fit for me, you know, I like this more and some of it is sort of unknown internal, but just that that's what I'm responding to.

P Thng 28:18
Alright, so its appeals to because what you see a bigger range? Ability to influence more?

R3A 28:26
Both, both of those things, venture builders tend to be a little bit more narrow, because they have to be in a in a vertical to, you gotta have some focus, I mean, I get it. But, you know, you know, if you're building an airplane and I'm building a diet drug, and the other person is like, making better corn its not going to work in a venture builder work, could work in an accelerator, right?

P Thng 28:50
What do you notice about the key differences of those new ventures that you've accelerated before and after going through your program?

R3A 28:58
Okay, they're more confident, okay. They know what they're doing. In general, most of them still, there are a couple of them, they're still struggling to figure it out. But, you know, one of the things I'm most proud of is these companies know what they're doing, and they can articulate it well, and they can talk to anybody about it, okay. And they know what success is at this level. They, you know, they understand what they want to be doing and what will make them bigger, better, stronger companies now. And then they're not shy to talk to people. You know, a lot of lot of the startups are very hesitant when they come in. And, you know, we want to make sure their not heistant at all.

P Thng 29:42
In terms of, let's say, market awareness, market sizing, financial acumen, understanding the appreciation of competition, you notice that your companies you have accelerated have a better understanding of those things?

R3A 29:57
They have a better understanding of the ones that are important to them now. So it's a subset of those, okay, you can't worry about everything. Oh, my God, the Russian economies are collapsing, don't worry, it's not your problem. You know what your problem is? How are you paying the engineering team next week? Or that's your problem?

P Thng 30:17

What about making use of the resources now that they know the ecosystem better, the use of mentors, advisors, do you think they improved as a result?

R3A 30:25
Yes, totally, almost all of them had multiple mentors and benefited from them, many of them still talk to those mentors, even today, a year after, okay, the same thing with angels, and they know who's real and who's not for real. They can smell the BS now.

P Thng 30:41
Okay good, I see.

R3A 30:42
Yeah.

P Thng 30:44
Be more discerning.

R3A 30:45
Be more discerning. Yeah.

P Thng 30:47
Discerning of investors and that. Okay, very good.

Okay, that's really about all the questions I have.

Background of Interviewee R4A

Participant Code: R4A

Incubator Type: Accelerator

Date of Interview: Feb 7 2019, 10am

Job Level/Title: Founder

Contents

Question 1: Experience level of the interviewee

P Thng 0:05
Okay, {block}, thank you for taking this time to, for the study one discussion. And I would like to ask you a few questions to help us in this research. So the first a little bit of yourself. Your full name {block} is.

R4A 0:25
{block}

P Thng 0:27
And what's your title?

R4A 0:29
Founder.

P Thng 0:31
And your company name?

R4A 0:32
{block}

P Thng 0:34
And your location?

R4A 0:35
Singapore, Thailand and Japan.

P Thng 0:38
All right, and you're based in?

R4A 0:39
Singapore.

P Thng 0:40
Singapore, all right. So you have three operations?

R4A 0:42
Yes.

P Thng 0:42
Okay good. My first question is to get a bit of your background experience. How long have you been in the venture industry business?

R4A 0:59
In general in the high tech industry, I'm 20 years.

P Thng 1:05
And how many new ventures have you been associated with? New companies, startups after you built or you incubated or accelerated.

R4A 1:14
Over 100.

P Thng 1:20
Whoa. So does the {block} consider itself as an accelerator or venture builder?

R4A 1:24
Accelerator.

Question 2: Definition of Success of New Ventures

P Thng 1:34
Okay. I'll go into question two. So I want to get some clarity about the success. How do we define success of startups? So what is your definition of success of a new venture? What do you consider a startup as successful?

R4A 1:59
I think that success is it means that the start-up is keep on growing toward told his initial vision so he's he's actively working and creating value.

P Thng 2:20
And how do you know they're creating value?

R4A 2:23
It's a very subjective, subjective parameter but usually as long as the teams keep on operating and keep on progressing according to defined KPIs. This is mean that they are keep on growing. The firm KPIs are not necessarily financial KPIs, it can be of course the, related to the stuff that's going to be subscribers can be, keep on the releasing new versions. Attracting investors etc. But it can be one or more of some measurable KPIs.

P Thng 3:10
What would be some of the financial KPIs that you typically see?

R4A 3:14
Financial KPIs is something that we try not to deal with in the start-up world because it can be, it can it may not reflect the actual reality. If we're talking about revenue, there are startups that done great but not generating revenue yet, such as Uber or not revenue generating profit. If we talking about investment there are great start-up that generate self funding so if we go to the from the negative parts, all those traditional measurements, financial measurement do not always give you the full picture.

Question 3: Differentiators of the 2 Incubation Models

P Thng 4:00
Then I would now go on to question three. Looking at the differentiation between venture builders and accelerators. So I'm going to ask you these questions from the perspective as an accelerator. So, first, what do you think are the core competencies of an accelerator? What should they be? What are their core skill sets or core competencies?

R4A 4:30
Placing the individual startup environment that is very positive to him in {block} It is very constructive to him, on top of providing him unique knowledge that will shortcut his, his progress maybe you can also explain put, by nature Singapore and startups is not in an environment of entrepreneurs is in environment of his friends family etc which not always are the right environment for entrepreneur. Accelerator give him the right environment. Second is, startup is required to know many things on many topics and he's lacking of a lot of those knowledge and he's lacking of resources actually to pay to get them. An accelerator give him all those missing parts.

P Thng 5:32
All right, like a departmental store. So placement of this new ventures in a positive environment and then adding unique knowledge to fast track. What about connection? Can you maybe describe about some of these resources that an accelerator have that these start-ups need?

R4A 6:03
Yes. Specifically from our perspective, our accelerator is divided to 16 modules and these 16 modules provided him with three layers of knowledge. One is how skills for example legal, marketing, finance etc second, soft skills which deal with leadership, negotiation, storytelling etc and the third part is inspirational content. Inspirational content is meeting like-minded people can be you know as role models as inspiring. I think those are the three secrets ingredient to success of a program.

P Thng 6:52
What about the investment community?

R4A 6:55
Connection to, in general part of the accelerator job is to connect the start-ups to resources sources can be knowledge as well as funding and I would say also the two new business and business opportunities. In most cases accelerator network as a whole is larger than the individual network and any individual start of the journey, the network actually is increasing the entire network of the accelerator itself. So each machine that actually evolved by itself by its members.

P Thng 7:42
So what are the main services of an accelerator? What are some services that you provide and

R4A 7:50
[Unintelligible] acknowledge, the right environment and connection.

P Thng 7:59
What about do you provide physical facilities? Like a space?

R4A 8:04
Yes usually we do.

P Thng 8:06
So that's part of the environment right?

R4A 8:07
Yes.

P Thng 8:08
So space plus the network of people. You've been an accelerator for how long?

R4A 8:20
For three years.

P Thng 8:21
Three years, so what are the main services of an accelerator so earlier you hold classes right? You provide facilities.

R4A 8:31
Yes we, eventually, an accelerator's program same as you take a program in a university but gives you things that you're not learning in Universities.

P Thng 8:44
How long is your program?

R4A 8:44
Is structured four months program.

P Thng 8:46
Four months structured program. So usually do this, do you open up invitation and then teams bid to come in to your program?

R4A 8:59
In most cases, yes.

P Thng 9:01
Right? And then at the end of four months, you have a demo day?

R4A 9:04
Most cases yes.

P Thng 9:05
Okay all right. And what about how is your business model? Do you take equity? Do you take cash, or do you pump cash into it?

R4A 9:15
We do not take cash from from from startups. It's a combination of equity as well as providing knowledge and value to the industry because an accelerator you know, the {block} do not deal only with accelerating startups, we actually provide value to the ecosystem.

P Thng 9:41
So an equity? Do you normally take less than 10%?

R4A 9:44
Listen than 10%.

P Thng 9:51
Since you said that you started this about three years ago, what, what do you see are the strengths of an accelerator? What are your particular strengths?

R4A 10:09
Is it a general question or it's about {block}?

P Thng 10:12
About {block}, what are your strengths?

R4A 10:14
One is focus on the soft skills, second for, focus on connecting between people.

P Thng 10:24
So these are some of the key differentiators. And then when you say

R4A 10:29
And I think the, last thing maybe a differentiator is, we are ourselves, entrepreneurs. I see a lot of accelerators that are not run by accelerators and I think that they may be lacking something.

P Thng 10:43
When you say a connection, you're talking about connection beyond Singapore?

R4A 10:48
Talking about two aspects. One is connection between teams, you need to create certain atmosphere and it's not by nature, you need to work on it that people will start to expose themselves share and really enjoy the value of each other. You're putting 10 people inside the room, the magic will not happen and we not start to share their issues, problems and challenges and this is junior [unintelligible] of accelerator to start peeling them like onions that they will reveal their true kind of nature, the true issues and problems and when the integrity comes out then good discussions about to happen rather than an environment where everyone just show off on his successes and nothing good comes out of it.

P Thng 11:34
So you'll see one of the thing about connections is between teams.

R4A 11:37
Yes, connections between the internal connections between the teams. And of course, as we mentioned, the external connection of the teams of the individuals with the with the external industry resources.

P Thng 11:53
What are the weaknesses of an accelerator, or limitations?

R4A 11:58
Limitations of the, you need to deal with multiple teams which are completely different from each other in terms of their, their age, they experience sometimes their industry.

P Thng 12:14
And you're saying, what accelerator doesn't have the big bandwidth to cover so much diversity?

R4A 12:23
I mean, this is this, this limitation is also the advantage. Okay, so it's advantage to have, you know, diverse group. But also this is a limitation because you need to, you can't create content which is

also one size fits all. So a lot of the content fits some and less fits others. Rather than working individually which separate group you know, not a cohort base which you can really tailor to each group exactly what they need.

P Thng 13:04
What about the short duration? Given that its about four months? Do you find that also a limitation?

R4A 13:11
No, I think actually, the fact that is that there is a pressure of time, I think pressure create very positive outcomes.

P Thng 13:27
So what happens to your companies that you accelerate after four months, they do the demo day, then you help them to connect with some investors?

R4A 13:37
Yes, they are always part of the {block} community which they keep getting support, and keep also supporting the other generation of startups.

P Thng 13:47
So how long has this impact community been around?

R4A 13:49
Three years?

P Thng 13:50
Three years. So this 100 over companies?

R4A 13:54
Yes, three years.

P Thng 13:57
Okay, let me now ask what you see are the main differences between an accelerator and a venture builder?

R4A 14:06
Venture builder usually we solve existing problems. Accelerator may deal with problems that do not exist today. Accelerator deal with the completely unknown.

P Thng 14:32
What about the investment approach of venture builders versus accelerators?

R4A 14:42
I think in Singapore, unfortunately, too much is dealt with funding rather than with working, if entrepreneurs would start to work more, rather than knock on every possible door of funding, the success rate will be much, much bigger.

P Thng 15:01
Okay, so you think there's too much focus on funding.

R4A 15:03

We we initially in the accelerator focus on bringing value and make sure that the startups generate value, will start to generate value. Money exists. If accelerate or incubator put as a goal to bring money to the startups, this is a recipe to failure for the program and for the start-up.

P Thng 15:36
What do you see are the similarities between an accelerator and a venture builder? Where do you think are the same that-

R4A 15:46
Most deal with empowered people and creating shortcuts in their journey. Most deal with people.

P Thng 16:05
Okay good so if you have to prioritize as an accelerator, what are the five most important things that you think they must do?

R4A 16:22
Focus on soft skills, create meaningful relations between, trust relations between the members, provide practical knowledge rather than theory. You can see in bracket, things that you cannot see in YouTube or hotels.

P Thng 17:00
Which means that you musn't appear on TED at all.

R4A 17:04
Because you probably will not see me there and generate meaningful network which is really open to assist the startups and not just list of logos.

P Thng 17:28
So which kind of network that are open to assists, you know?

R4A 17:33
Depends, industry leaders, founders, especially select law firms, specialists from the research areas such as in AI or manufacturing, so you have a pool that is quite versatile to assist different start-ups that may join because you never know what will happen as you have a bigger pool, your value is much bigger. But you need to have those to maintain those close relationships with those industry leaders. Because otherwise just a nice logo. But then you are talking. What about what can I do with it? Its meaningful, its meaningless, but so.

P Thng 18:15
So focus on soft skills, create trust relationship between members, provide practical knowledge, generate meaningful network. Anymore priorities?

R4A 18:26
Maybe the fifth one, maybe focus on the individuals rather than looking at them as a start-up.

P Thng 18:45
Now. So now you've done about three years and you've been in the industry quite some time. Is there anything recently that you discovered is not important at all as you thought it was earlier when you first started this journey? Now as you look back, this is really not so important.

R4A 19:09

The founders academic knowledge is not valuable.

P Thng 19:18
And what do you think that you discovered recently that is very important that earlier you didn't really thought maybe early you thought that it was important but as you look back now you say, this is really important to be successful.

R4A 19:31
Resourcefulness of the start-up, of the founder. We found the resourcefulness by far the most important characteristic in the character of entrepreneur by far and a start-up that do not, cannot demonstrate some kind of resourcefulness it will be very challenging for

Question 4: Fit for purpose (who is suitable for which models?)

P Thng 19:54
Okay good, now let me go to question four. Now I'm trying to find out who is suitable to be incubated by your model. So what kind of situation would an accelerator program be suitable for, what kind of people what kind of situation?

R4A 20:20
There are the people that need to be coachable.

P Thng 20:22
Coachable.

R4A 20:24
Demonstrate resourcefulness, come with some kind of problem to solve.

P Thng 20:37
When you say come with a problem to solve, you're saying that someone who has take a deep look into the problem or they come up with an idea to think that this problem may exist, we say a problem to resolve.

R4A 20:51
Every start-up starts with an assumption. So we wanted the assumption will be that they are, that they found the problem that is quite big and meaningful. Without finding a problem, it's like developing a key and looking for the door.

P Thng 21:12
So they are coachable, demonstrate resourcefulness, they've got some substantial problem to solve. So those are the kind that will be suitable for your program, right. And what kind of people their personality, characteristics will be useful for your program. I mean some of them you mentioned, right? They

R4A 21:33
Mentioned coachable and and resourcefulness but I believe its people that have strong social skills, it's easier for them because as as as an entrepreneur, you cannot do things alone and you need to approach others for help. So if you have a [unintelligible] you its an advantage.

P Thng 22:00
Okay, good, okay. Then generally when they come to your program they already formed a team, right?

R4A 22:07
Yes.

P Thng 22:08
Okay good, so now if you were to advise someone above the path, they should take for a new venture, what would your advice be? If someone comes to you and says, you know, I want to start a new venture what would your advice be?

R4A 22:20
Identify a problem.

P Thng 22:24
Okay, and do you care whether it's a b2b type problem or b2c, no difference.

R4A 22:29
And make sure the problem is big enough, it's likely that people will be willing to create to solve it. What we, we measured. We, from our perspective input that we it's very important for us that the solution we create positive impact on us as a society.

P Thng 22:55
So supposing you got a team and already have one or two customers. would your advice be the same different? If they already have a team, you have some customers.

R4A 23:07
Yes?

P Thng 23:07
Would your advice be still the same? Identifying problems?

R4A 23:11
It seems like that if they already found the problem, customers, it seems like they identified a problem.

P Thng 23:17
Okay.

R4A 23:18
Otherwise they would not have customers.

Question 5: Impact on New Ventures

P Thng 23:22
So your advice would be the same, make sure that the solution now is rich for, to solve this problem. Now question five. It's the last question, after undergoing your acceleration program, we want to see what's your view or your observations before they took your program and after they've taken

your program it could be 4, 6, 8, 12 months down the trial, or even some of them two years now. So after they've gone through your program, what differences did you see, did you observe about these teams, before and after undergoing your program.

R4A 24:05
We want to see a change in their approach to the start-ups and we want them to play to win rather than play to play. We want them to have a global perspective.

P Thng 24:25
Do you notice these changes when you?

R4A 24:28
Absolutely.

P Thng 24:34
I've got some suggestions, like their market awareness, market sizing, financial acumen, their understanding of their team, chemistry of team, appreciation of competition, go-to-market, beyond domestic market. Are they able to leverage mentors better now, are they able to connect to VCs better, do they have better business acumen?

R4A 24:56
Yeah, all of the above of things those are characters let's call it feature ingredients which part of the journey in accelerator they receive, but all over all a thing, we wanted to give them a strong toolkit which they can use as and when they come to a certain situation. In addition, we want to give them kind of virtual safety net to know that there is an address that they can always approach when they have new challenges or questions.

P Thng 25:24
Right. So increase their confidence?

R4A 25:25
Yes.

P Thng 25:29
And you observed, that right? After the four months.

R4A 25:32
Absolutely, yes, on a weekly basis, we are being approached by our alumni with questions, with requests, with issues and our door was very open and

P Thng 25:40
So you still keep track [unintelligible]

R4A 25:43
[Unintelligible] as and when they need

P Thng 25:45
Okay, so after this program, you see the benefits or some of the changes like the way they now have a better global perspective. Good, okay. I think that's really about all the questions I have for this.

Background of Interviewee R1V

Participant Code: R1V

Incubator Type: Venture Builder

Date of Interview: Jan 28 2019, 2pm

Job Level/Title: Chairman/Founder

Contents

Question 1: Experience level of the interviewee

R1V 0:00
Happy to run you through that. But you should also know that [company] did a study in this area to learn how to beat the market in the business of venture and they will have studied by now over half a million investment rounds over about 200,000 companies and they have a good understanding of what practices or what elements go over to helping one to beat the market in the business of venture so I can tell you from my own perspective but excluding that study.

P Thng 0:37
Will be useful so I just go through quickly you know, so how long have you been in this business of venture building?

R1V 0:45
Over 10 years.

P Thng 0:45
Okay, and then the second question is how many new ventures have you been associated with?

R1V 0:55
About 15

P Thng 0:56
15 ok and were they mainly built, venture-built or accelerated?

R1V 1:03
All built

P Thng 1:06
Ok, so [company] considers itself as an accelerator or venture builder?

R1V 1:10
Venture builder

Question 2: Definition of Success of New Ventures

P Thng 1:11
ok ok, so now what's your definition of success of new ventures?

R1V 1:21
depends on which point. I think it takes at least two years for a company to show its promise. Or to start delivering on its promise. Anything less than that and you can't really have a sense of whether your input has been accredited to their success. So I will actually take a longer time view, say take a four to five year view and if the company is A - still around, B - still has dynamic and task-appropriate individuals working for it, has managed to work its way to or pivot its way to a product market fit and has launched its product or service on the market and is at least revenue positive, if not profitable. I'll say that's a successful venture.

P Thng 2:34
Ok so

R1V 2:36
I deliberately don't talk about multiples, of like revenue or earnings in terms of its valuation because I think the venture capital gain is different from the venture builder gain like a venture cap, a VC, to report a successful investment going in very early slipping to somebody else in the subsequent rounds and getting out for multiple of their input, even if that company subsequently fails. Right, so venture cap is a toxic game it is hugely inefficient. And that is amongst the things that drove the impetus of the [company] team as we closed off our first portfolio to study the venture market, you understand what it took to consistently build success. Because we, we're just not enamoured with the very wasteful model of deploying capital

P Thng 3:37
right so what is your definition of a failed venture

R1V 3:42
Doesn't keep to its objectives. Where you misidentify the product or service that you thought was needed which is more a function of not doing enough research going in, where the team was unable to work together. Where you find a product market fit, but you can't make enough money from it or where you make just enough for it to be a lifestyle business.

Question 3: Differentiators of the 2 Incubation Models

P Thng 4:20
Then now let me ask you this question: practices of venture builders, what do you think are the core competencies of a venture group?

R1V 4:30
Ok other than raising funds which is like a hygiene factor so you have to be able to either put in funds or raise funds for the businesses. Very important for venture builder is to identify good executive teams. Then, to be able to work with these teams to refine the product snap off the development effort then work with a team to lay out a distribution strategy or a sales strategy and work with the team to time and execute successive funding rounds at the right time introduce, introduce board members and or advisors as needed and then help the company think through exit options whether its on the public markets or create sale to a strategic party. And and then also help the team to think through their own outcomes and outcomes of the staff. So good venture builder or do all of this. And as a result, you see good loyalty amongst the executive teams to do the venture builders so after they exit, when they move on, they typically tend to come back and say, Okay, let's move on.

P Thng 5:59
Then err. So what, what do you think are the main services of a venture builder?

R1V 6:05
All of those.

P Thng 6:06
Ok, so those are also their strengths. So what do you think are the weaknesses of a venture builder?

R1V 6:13
you're tend to get too involved with companies, sometimes where it's hard to maintain distance, you know you're almost in the trenches with the team. And sometimes you need this distance to give perspective on whether you should cut the rope on the company or encourage the team to wind it up, move on.

P Thng 6:35
Right. So do you say that the venture business tend to be longer term compared

R1V 6:38
Much much, its in the years' time frame, not weeks or months. It's in the time-frame of years.

P Thng 6:44
And actually what is the range?

R1V 6:45
I say 4 to 6 years.

P Thng 6:51
So [company], how long has [company] been around?

R1V 6:53

Since 2013 I think but some of the ventures predate that 'cos we will yield individual investments that later coalesce

P Thng 7:03
And where did [company] start from, which location was it from the USA or Singapore?

R1V 7:09
Singapore

P Thng 7:09
Singapore is it? So who was like the brainchild said that let's like, you know do a venture-

R1V 7:14
So [name] and I

P Thng 7:15
[name] and you?

R1V 7:16
Yeah, my friend [name] and I. And then we later we roped in some

P Thng 7:22
So what inspired you to take this model instead of you know building another

R1V 7:27
Because I'd seen that that in Singapore we didn't really have any coherent system for achieving outcomes in venture, Government was interested in venture but the first round of early stage venture funds have been rather poorly selected most of them were, had weak leadership and people that were not appropriate for venture, I don't know how they managed to hoodwink, err the relevant, I think it was NRF is it, I don't know how they managed to convince NRF to give them money. Most of them were-

P Thng 7:59
There were five groups right, jungle ventures and whatever right

R1V 8:02
No jungle came much later, early stage like you can just go and google, there were 6 or 7 funds. It was a disastrous waste of government money.

P Thng 8:17
In fact they did a study you know-

R1V 8:19
and we could have told them that also you know the people

involved at NRF you know one or two of them, at least one of them was way more [unintelligible] at personal profiling then actually achieving any outcomes for the system and managed to file in that for himself into a successful career, but really has not achieved any outcomes for Singapore.

P Thng 8:44
They actually did an actual study two years ago

R1V 8:48
We could have told them that two years

P Thng 8:50
Two years

R1V 8:50
We could told them that one year in front, this a problem right until some foreigner comes here and tells us something we don't believe it right this is the consistent issue with many of our efforts in venture where the government involvement there are good people to tell you exactly what's going on but you don't bother listening to them and then you keep shoveling money into a pool

P Thng 9:11
What's the saying like the Prophet, your home prophet you don't listen to him.

R1V 9:17
Unless you come wash in salt water.

P Thng 9:20
Okay. So [name], what do you see are the main differences between an accelerator and a venture builder

R1V 9:27
same accelerator, can provide tips or suggestions and techniques. accelerator can also be a meeting place where founders can meet cofounders potential team members, right? When you can meet other companies who provide complementary services that you might need, but it's not a substitute for a team that can help you build a business that's a very, very different you can provide one or two things. But really, it's not about long-term involvement and nobody should fault the accelerators for not doing that. Because they never promised that they were going to build a business. I don't know any accelerator that says we will help you build a business because that's not their problem

P Thng 10:12
so their intent and model is different

R1V 10:15
whether they say or whether they realise it or not

P Thng 10:19
And so generally they are shorter term too right? The accelerators

R1V 10:22
Always

P Thng 10:22
3 to 6 months and off you go

R1V 10:24
even as little as one week two weeks and the longest I think I've encountered is two to three months.

P Thng 10:32
Next question is, what do you think are the similarities between a venture builder and an accelerator?

R1V 10:39
None, there's no overlap

P Thng 10:42
so you think there's- so if you had to prioritize as a venture builder what are the top five most important things that you would do?

R1V 10:54
find people to give the exact

P Thng 10:57
Ok the cofounders you mean?

R1V 10:59
So put together a solid team in Singapore, I'd say raise funds, because unfortunately, accessing money here is a real problem by anything that's new or interesting, doesn't get fund people here, just want to fund the same old stuff that's been done. And most of the government money that shovelled into the space just builds more similar stuff that people with limited imagination can understand. Right? So I think in Singapore it’s a really key thing to do to for Venture builders to keep raising funds. Okay, it should drag much lower more right. Thinking through the product

P Thng 11:48
thinking through ok

R1V 11:56
you would expect the team to then map out a path to develop it so it's okay if you're not day to day involved in building out right or in the development? but I think it's finding advisors and board members we can assist the team to make the step up. And then the last one is helping the team think through their funding rounds and exit options

P Thng 12:26
and then is there anything recently that you discovered is not important as thought as you earlier thought it was in venture building

R1V 12:39
nope in fact we've only learned more and more that some things are very important

P Thng 12:44
okay. So is there anything recently that you discussed is very important?

R1V 12:54
I think in the teams in their anchor shareholders very important to have adversity quotient that means no business really unfolds exactly as planned. In my experience, they all have events where you need to think through or change strategy and avoid blaming each other. And just the ability to roll with the punches to deal with surprises is hugely important. So this is something that I've realized not lately because I've been in the game now 10 years, right?

P Thng 13:36
So this is starting to come naturally

R1V 13:38
You look for team members who have resilience
Question 4: Fit for purpose (who is suitable for which models?)

P Thng 13:42
resilience, okay thank you. Okay, fit for purpose? Who do you think, what are the type of people that are suitable for incubation by venture builders?

R1V 13:56
So I would very much like if I were to do more work in the venture building space I'd very much like to work with people who have experienced failure before and draw lessons from them. Then I think the hygiene factors are you must have some subject matter knowledge of the area, you want to build the venture in

P Thng 14:24
the domain expertise

R1V 14:25
Yup some domain expertise is a hygiene factor, you have to handle it right? You need to be able to sell so at least someone on the team needs to be able to sell or they need to be able to through their personal qualities they need to be able to attract subsequently members who can play that role.

P Thng 14:55
So can I ask you typically venture builders based on experience, how much equity do they take? What's the range?

R1V 15:02
So at [name], we we function very differently to normal accelerators or early stage funds, because we understood the importance of making sure the founders have enough equity. So our objective will be satisfied. Even if we started out as a minority shareholders and subsequently ended up with, say, a 20% stake in the business. We were quite happy with that.

P Thng 15:37
Alright, because we've covered a few other venture builders they tend to take significant-

R1V 15:42
and that model doesn't work, that's just greed at work and and ask those venture builders how many of the companies the exec after they exit come back and want to work with them because of this [unintelligible] so you have to optimize the outcomes of the team they are creating the value you are helping them create the value and you are providing money in Singapore context money is very important because there's there's always new stuff coming around right. So raising funds, unfortunately, or fortunately, here is a big issue right and so people put too much of a premium on it I've seen morons right, offer money to very smart exec teams and ask them for 70% of their business and what value is there in that

P Thng 16:29
So you're saying the drive and the whatever may be an impact-

R1V 16:31
Simply encourage, see people who build business are at a premium because they generate employment so they create value in the economy and our venture circuit here is still not mature enough to generally realize that. It's more about I have the money or I managed to convince some government agency to give me money. And so I'm the big boss now, right? So I call the shots. It shouldn't be about that. So [name] practiced a very, very differently ethos to taking equity in fact, because we limited our own ass and because we went in early and then we followed on we were in a strong position to exert moral pressure on subsequent long investors not to ask for unreasonable terms for example, liquidation preferences right which is a mechanism where you're supposed to build in downside protection for an investor to whom you give that assurance right so say a company gets liquidated and an investor has a liquidation preference right firstly this [unintelligible] can be multiples can be one x two x three x right. We personally don't believe in anything more than one x [unintelligible] because if you want downside protection you're not supposed to profit from it yeah you're not supposed to get two x repress or three x repress right, second it's supposed to be downside protection not upside that means in an exit scenario where there's money they're not supposed to use it to grab more than your share. Third, because it's supposed to be downside protection we reason with the incoming investor to say that once your total returns from the project equals your investment that means let's say we put in 300,000 once your total return whether by equity distributions , distributions of dividends or earnings from the project and see the structures sometimes like this or let's say you sell down your stake and you get some money back or there's an exit right, once your total returns equal your investment more one x right you've got your money out right your [unintelligible] will fall away, will disappear. So we set those terms firstly we never ever asked for leg breadth in any investment so secondly when people ask well he stood on the side of the entrepreneur to negotiate these away or to limit these

P Thng 19:18
so you generally a lot of loyalty amongst your team

R1V 19:20
100%

P Thng 19:21
So what's your fund size and how many teams have you built?

R1V 19:26
so we've done and [name] I think 12 projects and raised well over a 100 million dollars for them combination of debt and equity

P Thng 19:37
but then your own your own fund put in there

R1V 19:41
so we never set up a fund we just invested as a holdco, investment holdco. using the final model puts you at odds with your fund investors because you are incentivized more by fees than by actual return so we said look let's just have 100% alignment with all the investors

P Thng 20:03
so i need to understand this model okay I'm actually doing some work with another group I don't know whether you're familiar the [name] global group [name] has been building ventures for the last 40 years and executive chairman is [name] a serial entrepreneur so a lot of what you say the

philosophy is similar 10-15 companies in a period of four to six years okay but the our model in terms of funding is we try to get about ten investors each one put in about 2 million and set up a kind of micro fund 20 million

R1V 20:38
yup so you can do that

P Thng 20:40
that's one model so I am trying to figure out the [company] model

R1V 20:43
So you can do that part of our model was also dictated by the limitations of people here not understanding venture

P Thng 20:49
that's right

R1V 20:51
the funds here did not understand venture building they didn't understand anything out of the ordinary anything new creative innovative was a bridge too far for them so we stopped going to them so as and when we met interesting people who were interested in venture building we invited them to join

P Thng 21:09
I see and their contribution or the one two million of fund or roughly

R1V 21:13
half a million to two million

P Thng 21:16
Ok ok yeah I tell you I've been hitting my head against the wall up this industry is too nice

R1V 21:22
so you know, having done venture in Singapore for 10 years I would not continue to do it I will not do it it's a thankless task so you know the outcomes that I get now I will look at doing overseas in like Indonesia

P Thng 21:40
So when you say doing ventures overseas you mean building ventures overseas

R1V 21:43
Yeah investing behind projects that- 'cause there's market size and you don't have to deal with you don't have to deal with the same challenges as here.

P Thng 21:58
so you're that Indonesia is a good market for venture building is that what you're saying?

R1V 22:01
Yes, that's right

P Thng 22:04

Okay, thank you. If you were to advise someone about the path they should take for new venture what would your advice be

R1V 22:15
I think base yourself in a a big market and Singapore is too small. So any entrepreneur here, I'd encourage them to not just base in Singapore as a test market I'd say don't based here. I'd say you can set up your business here because it's easy to administer. But but go and position yourself in a much bigger market you immediately become more interesting for investment go to Vietnam go to Indonesia go to Thailand if you have a Thai speaking team.

P Thng 22:48
Would your advice be different if they already have a team?

R1V 22:50
Here?

I will tell them to move the team overseas or or rehire, like keep the core people and then rehire the rest in the market.

P Thng 23:01
then would your advice again be different if they already have customers.

R1V 23:05
Yes.

P Thng 23:05
In what way?

R1V 23:07
No, my advice would be the same right, if they had customers put that part of the business in a box because there's a ceiling to how much you can grow in Singapore. Right and and make sure you get a good administrator running that part of the business. So this applies and then look at new markets outside.

P Thng 23:26
So if, again, would your advice be different if this team have already an MVP?

R1V 23:33
So the same thing, right, see what direction you can get in Singapore? Don't let that be your main business. Okay. And then push on rigidly.

Question 5: Impact on New Ventures

P Thng 23:40
Last two question impact on new ventures after undergoing incubation, first try to assess what's the impact on new ventures after undergoing venture building, why have you chosen the venture building model.

R1V 23:56
So I don't know any other models, I never did the accelerator model, I never offered that to people that work with us, because we never from the start we never believed in it because I've grown up in a business family. I know that it takes time to build a business that things don't happen in staccato every few weeks.

P Thng 24:15
So you came from an entrepreneur background right?

R1V 24:18
I understand that it takes time to build a business

P Thng 24:20
whereas accelerating is just compressing

R1V 24:24
you know, a team that is being built out for a venture that is being built out in a venture builder may even experience some benefit going through a strong accelerator program to pick up certain themes, make certain contact ways have a different look at their business. I really do love that there is value there. But that accelerator model, alone cannot supply everything a business needs I think this is something that we lose sight of we think that you just go to set up a program to fund ventures. And we find some people who put their hand up and say, Yeah, I want to make more money, it doesn't translate automatically into success. You have to have people that understand what it means to grow the business. And the trick in this economy is to match the pools of capital that are allocated to support building businesses, to to people who have experienced doing businesses that they can help you deploy the money and also help build the resources so that in that middle link is missing, yes.

P Thng 25:39
and then what do you notice about the key differences in the new ventures before and after undergoing your venture building.

R1V 25:46
So right now you got the middle answer just 'cos you know, we've only just seeing them from beginning all the way right, so they've only ever been with us it's not that they came in from somebody else's model. And then

P Thng 26:00
OK, so now I'm trying to figure out whether those co founders that you built, the team members that you built, I mean, before they joined your program before you got them together did you find any differences in their financial acumen their business maturity?

R1V 26:20
I think generally, they all came back to us that they learned, they picked up things

P Thng 26:24
so there [unintelligible]

R1V 26:26
Some of the things they learned about how to navigate challenges and in the business, how to hire, how to engage board members how to do the 14 also how to think through exits

and structure these so the consistent feedback I get from the guys I trained with is that they've learned all these things whilst with us.

P Thng 26:55
So finally, my my last question going back to just now you mentioned equity we see that unlike most where okay, I've seen as I said quite a few of the venture builders typically keep between 20 even up to 60% so for you guys at [company] in what you started up with 5% of it and what's the incentive for starting that low?

R1V 27:15
so so we we typically aim to end up with 20% and exit right and in most cases is is probably below that means so when we achieve 20 is like wah very good right and it's not 10-12-15% is okay so to get that say you start out with maybe say between 30 and 40 and you expect to be diluted sorry and if you end up at 20 is very good already usually you're somewhere between 10 and 20

P Thng 27:54
Ok, ok right, so your starting point was what 30-40?

R1V 27:57
so unlike most people who rely on it we understand that if you take too much the entrepreneur has no incentive right also because of our selection of the people we are comfortable being minority shareholders right so if you don't trust the team then you don't want to be a minority shareholder right?

P Thng 28:20
so just based on your track record you mentioned how many teams did you built to date

R1V 28:25
so about half have exited or are on their way to exit which is industry leading

P Thng 28:31
correct.

R1V 28:31
-success number

P Thng 28:32
So six have exited and the other six are on the way right?

R1V 28:36
No so half we have written off

P Thng 28:39
Oh written off, ok

R1V 28:40
Okay half have either exited or on the way to exit. So 60% is an unheard of number in venture right, Yeah, but you never hear [unintelligible]

P Thng 28:52
usually like 95%, but venture builders generally from my observation success rate, definitely much higher.

R1V 28:59
It goes without saying it must be otherwise something wrong

P Thng 29:02
Yeah, thank you so much

R1V 29:05
no worries

P Thng 29:06
and I really appreciate your time.

R1V 29:10
Goodbye now

P Thng 29:12
You're probably one of the best that I've met. And tested I mean, you're so concise, you know straight to the point

R1V 29:19
I came about this stuff.

P Thng 29:21
No, one of these days, when [name] is here I really got to get him to you know, he he's more he's a telco main expertise is in telco, he invented quite a few things and very entrepreneurial. So when he first saw me three years ago, he said, I asked him about his success rate, he says, Oh, Patrick , I'm going to tell you this, if you don't believe I'm going to open your books to show you he says at that time 3 years ago he's invested in 140 companies [unintelligible] obviously, the earlier model was different. But the last 10 years was towards the venture building model he said after 140 at that time 8 did not do well I said you mean 8 did well and yeah he says no 8 did not do well and 8 of them did not go bankrupt with [unintelligible] or debts so I said how did you achieve that so he went through many of those things you just said to me so I visited our head offices in Ottawa so I started to look at the books and you know and frankly you know, it had generated what you just mentioned - loyalty the guys who were with them I spoke to them 15 over 20 over years with their group. And so they circulate and then the go-to-market and

R1V 30:35
they add value to each other.

P Thng 30:36
Exactly. So I find eh this models works why are we not doing more of this in Singapore?

R1V 30:40
we this is my big frustration right with this market that we built, that the people that dispense the money that run the government program seemed to know everything and unfortunately when you have that kind of agenda anyone who's willing to stroke your ego can manipulate the system to get tremendous advantage.

P Thng 31:17
These are civil service KPIs, different from what we mentioned

R1V 31:19
Yeah

P Thng 31:21
so just one last point generally I need to get your consent to make sure so the consent could be just drop me an email I consent to this or you just want to just save time you just sign this here on this I'm above 18 years of age and all that nonsense so what our commitment is we will keep that the data confidential every participant will be coded no names no organization so we just code it

R1V 31:43
so as long as my recording does not go floating around

P Thng 31:46
We we will destroy the recording after within one year of the publication on the results and when we publish the results we don't actually say who it is

R1V 31:55
so you will not name

P Thng 31:56
no name in fact that's part of our ethical consideration if not our PHD can be thrown away. Ok so they're very strict on this so they will check on us and they audit on us

R1V 32:05
Ok great thanks

P Thng 32:10
Because this SMU I heard someone whole piece of research was thrown away because he sent his secretary to send the survey using the secretary's name

R1V 32:26
Oh no.

P Thng 32:28
I tell you in was my cohort so the guy was told either we fail you or you redo the whole thing again

R1V 32:32
Oh no that's crazy

P Thng 32:34
So for me I personally do to this interview something about six or seven you're the second or third one I'm doing so I'm trying to do three or four more in so yours is the venture builder [name] was an accelerator so another

R1V 32:51
[name] has actually done really well with his accelerator model.

P Thng 32:55
so he he's actually also moving into the venture building model so I know that

R1V 33:01
[name] time was shaped by his earlier partner as well right I mean just so happened that they intersect their interest to do an accelerator model I think [name] also sees the benefits of doing a venture building model

P Thng 33:14
So I'm starting to see this as a growing trend so I thought I better hit this piece of research

R1V 33:19
but you know here's the thing right, people like us who have done it for long enough we really understand how to grow businesses but now we're not interested doing that

P Thng 33:26
Yeah because you've passed that phase right

R1V 33:28
because I'm past the the point dealing with the investment funds here who are cashed up while don't want to invest in anything viable

P Thng 33:39
copycat quick stuff that's what they want I spoke to a few I find they're really because they've got some pot of money you talk to them they are really clueless

R1V 33:52
Like for example in Indonesia one of the thing I'm funding now is very traditional business

P Thng 33:57
which one?

R1V 33:57
Cooking oil just local distribution of cooking oil

P Thng 34:01
right right right

R1V 34:02
but but within a year should be making about 3000 USD a day, profit

P Thng 34:11
so you're building an innovation or building a distribution system

R1V 34:13
I went there I checked it out I saw the what needed to be done right I put together I say go there I will give you the initial seed capital go and start it

P Thng 34:20
Oh nice

R1V 34:23
So they're start it now

P Thng 34:23
that's good that's good

R1V 34:24
so traditional businesses you know there's still a a lot of [unintelligible]

P Thng 34:26
No in fact I find this in Fintech too those that tackle the sexy stuff, don't survive those who tackle the practical stuff that the banks are facing they get the revenue. Thanks so much. I really appreciate your time

Background of Interviewee R2V

Participant Code: R2V

Incubator Type: Venture Builder

Date of Interview: Jan 30 2019, 4pm

Job Level/Title: [To be filled in]

Contents

Question 1: Experience level of the interviewee

P Thng 0:00
The formal process for ourselves is to get your consent of the course. So consent could be done in two ways an email from you or just, you know, you read this part of the consent to say that you're above 18 years old, because.

R2V 0:11
Yeah.

P Thng 0:12
Yeah.

R2V 0:12
Of course. Yeah. Do you want to sign something like this?

P Thng 0:15
We just sign here to say okay.

it's just part of the university ethical rules.

R2V 0:20
Of course.

P Thng 0:21
And now I'm interviewing someone in Europe, and I've got to comply with GDPR. Lucky you're here and not in the EU

R2V 0:29
I mean also in the US. We also have implemented GDPR and [unintelligible] on our website.

P Thng 0:35
So what I'm going to do is to keep this up. I'm know you're short on time so I'm going to keep this sweet, short and simple.

R2V 0:40
Yeah

P Thng 0:40
So normally about 30 to 40 minutes, I should be able ot get more intimate questions.

R2V 0:44
Awesome.

P Thng 0:44
Good. So first question, I'm going to ask this to get a bit of your background and experience. And number one, how long have you been in the venture industry business?

R2V 0:53
Well, so I've been building companies since 2004. So I guess that's

P Thng 0:59
About 14 year old

R2V 1:01
Yeah, 14 years,

then in terms of kind of venture building, yeah you know, I guess, kind of rocket internet era was like, 5, 5, 6 years and afters, one and a half years now. So you know

P Thng 1:15
Okay, so its about there so how many new ventures Have you been associated with either you've built, or incubated or accelerated?

R2V 1:23
[Unintelligible] this, you know, four where I was a co founder probably invested in another like three or four plus them in [company name]. We currently built 30, and we're now building probably, this year we'll build 200.

P Thng 1:41
So all in about what?

R2V 1:44
So, so far. 20, I say.

P Thng 1:47
Okay. So now let's put 20

R2V 1:49
And then this year will be 200

P Thng 1:53
Amazing yours is really.

R2V 1:54
But that's just because, I mean,

we started out recently.

P Thng 1:57
Your, your model seems to be able to scale up fast. Excellent.

R2V 2:02
I guess you can actually you can write 25.

P Thng 2:04
25, okay. in terms of, do you, your organization, consider yourself as an accelerator or venture builder?

R2V 2:13
We consider ourselves a generator

P Thng 2:15
Generate, okay

R2V 2:15
Which is it's closer to venture builder. It's definitely not an accelerator

Question 2: Definition of Success of New Ventures

P Thng 2:24
Okay good. Right. Okay. So now, question two, definition of success of the new ventures that you build in? Yeah, so I want to get like some clarity. So what's your definition of success of a new venture?

R2V 2:41
So our definition of success is, we believe that we have A - an exceptional co founder team working on a business model that is really scalable, and that, you know, receives external validations into [unintelligible] if not start generating real revenue and customers and get, you know, external validation through family that then kind of our, you know, part of the picture is done, then, of course, you know, long-term success with the startups means that, you know, they are either regional or global influential company that reached, you know, higher than 100 million dollar valuation.

P Thng 3:34
This Is US right?

R2V 3:35
That's yeah, that's the long term.

P Thng 3:37
Okay. So, when you say long-term, you're looking at roughly how many years?

R2V 3:42
So, you know, I mean, to achieve that, we expect the best ones to reach it within two or three years, you know, you know, there's some who will spend you know seven to 10 years to get there

P Thng 3:52
So the average is somewhere between somewhere between

R2V 3:55
Yeah, somewhere between

P Thng 3:56
Okay, so what's your expectation for success?

R2V 4:01
So we exist

P Thng 4:01
You as a VB.

R2V 4:03
So we want 80% of our ventures that we built to be successful. What I see as the only reasons for not succeeding is one out of three items. So it's, we believe, people can succeed if there's some sort of macro-economic shock that leads to their business dying, right, that can happen, or there's a major competitor that pumps billions of dollars into, you know,

competing against them, and they can't compete or that somebody happens with the founding team, right? It could be, but that needs to be something like deeply personal,

but apart from that we eliminate we want to eliminate all other reasons for not succeeding.

P Thng 4:57
I guess, that leads on to the next question. So what's defined as failure of a new venture?

R2V 5:03
Failure of a venture

mean, there's a lot of reasons why ventures face I can answer that saying like, Why, what is the fate of venture? Or what do we, you know,

accept these kind of reasons for

failure?

P Thng 5:23
What do you define as failure?

R2V 5:26
I mean, failure for me is, if we are not putting together an exceptional team,

if we have not gone deep enough on their business model to understand that there's actually a real need for the business that they're building and solving

and that technology is available to execute on it

And if the exceptional team working on the right business model is not able to scale it into regional overall success?

P Thng 5:58
What is your tolerance for failure?

R2V 6:01
20%?

P Thng 6:03
What, what do you mean by 20%?

R2V 6:06
A - slow, I mean, I really think that, so my view on failure is,

it's okay to fail. If you've done anything, everything to succeed. So I always try to say that failure is not an option.

But of course, you know, let's say, you know, I was training I was in the Navy SEALs before, of course, if you fail on the Navy SEAL selection period, because you broke, broke your legs,

that's, that's an accepted reason to fail if you fail a billion business, because, you know,

Google decided to do the exact same thing. And they put $3 billion and 200 AI engineers into doing the same

P Thng 6:53
Yeah

R2V 6:54
Then that's okay. But if you fail, because you didn't complete enough on the business model, or you didn't think through the team that you're putting together or you didn't give it all?

P Thng 7:06
Yes

R2V 7:06
Then that's unacceptable. failure.

Question 3: Differentiators of the 2 Incubation Models

P Thng 7:08
Okay, good. Excellent. OK, now I'm going to question three. Differentiators of the two incubation models. So you consider yourself as a VB what are the core competencies of a venture builder?

R2V 7:21
I think the number one competency is attracting amazing talent.

like really ambitious people with a clear spike, a lot of drive and tenacity.

P Thng 7:37
Okay

R2V 7:37
Number one. Number two is pulling together exceptional teams as it doesn't matter if you have a bunch of amazing individuals if you can't put them together into exceptional teams. And that requires looking at skill sets, chemistry, a lot of different things.

Third, is them

ensuring that they're working on the business model, which really make sense to work on. And how do you ensure that it makes sense A - if you're do something, consult experts within that field to get their point of view, don't listen to everyone, I mean, take their advice and improve your model. Validate with your potential customers. This is something this is, is this something a consumer will buy?

And then third, you know, deeply check the unit economics and the kind of, you know, economical value to the idea, right. And then fourthly, ensure that this business idea is scalable. So those are you know the three main success factors,

P Thng 8:48
Right. So, so for a venture builder like yourself, right, so as you said, your ability to attract one of your core competency, then two your ability to grow and form exceptional teams. And finally, your ability to quality control and make sure that your business model is robust. Sustainable that's right? These things are important right?

R2V 9:06
Yes.

P Thng 9:08
Okay, good. So what are the main services of a venture builder? What kind of services do you normally provide?

R2V 9:15
So the number one thing I mean, it relates back to number one thing is we provide access to other amazing cofounders. Secondly, we provide the tools and the know-how to turn those into exceptional teams. Third, we provide a partner team with knowledge on how to go very deep into different types of business models and aspects of those business models. We provide an advisory board of [unintelligible], 150 Global Advisors, academics, successful entrepreneurs, great business people. So if you want to go deep on robotics, you can talk to the right people who have build things within the robotics area. If you want to do something with an AI, then go deep with people in AI, you want to do something with health tech, we can provide that those competencies, so those are the core right, then, of course, we provide sorts of those. For me, are like the core factors. And then for me, there are hygiene factors, you know, hygiene factors, I think, is

functional support on legal HR, recruiting, growth, marketing, storytelling, PR, you know,

product architecture, technology architecture, all these things that are the hygiene factors to building a great business then I even provide office space, and, you know, various types of social activities.

P Thng 11:01
What about a connection to investors?

R2V 11:04
Yes, that was the key points.

P Thng 11:06
So, is that under core or did you put that more on hygiene?

R2V 11:10
actually, I would put that in the core, right, so getting the right investors on board early is an incredible improvement.

P Thng 11:17
So what do you think are the strengths versus weaknesses of a venture builder?

R2V 11:25
Versus accelerator?

P Thng 11:26
No, So let's look at the strengths first, strengths of a venture builder then later I'll talk about weaknesses of venture building

R2V 11:32
okay, so I think the strengths of venture builder versus any other type of investments, it is you're actually that the team and the individuals behind the team, the founders become the focus. And we strongly believe that great companies are built by great people, it doesn't matter how great an idea you have, or a great you know, understanding of technology you have, what really matters is the execution of that which is done by people. So, we, and eventually, [unintelligible] starts building companies from scratch needs to start with individuals. So that I think is the number one strength the other strength is you don't have, you haven't, you don't get caught on this legacy, customer IDs and business models. Right, you start from scratch which means that you can spend a lot of time ensuring that when you start building in business you start in the right way. And you're starting on the right business model.

But when you invest in a company, people who have been building for a while, and they might have started in the wrong place or the wrong direction. So I mean, I won't go into the

P Thng 12:52
So the ability to really start right at the beginning

R2V 12:55
Start right

P Thng 12:55
And make sure and if the environment has changed you start resetting

R2V 12:57
Yeah, exactly. And then since that is your focus, people trust venture builders, if you do them well, right, because they know that, you know, for example, if [company name] is great at attracting the right talent, you know, that they will have exceptional teams, if they know that we have spent a lot of time on on the right business model, our portfolio companies will be attractive for other investors to come in later. So that I think, is a third advantage that, you know, through focusing on those two you build a lot of trust in the

P Thng 13:34
Okay good, so do those are the you think, are the key strengths of a venture builder. So what are some of the weaknesses of a venture builder or some limitations that you feel?

Success builds on success and trust right?

R2V 13:39
Yeah yeah

I think the limitation I think the formal kind of real big limitation of a venture builder is you come in so you come in earlier than anyone else. So there's naturally the earlier common valuation, the higher the risk

P Thng 14:07
Yeah

R2V 14:07
Right. You know, putting money into grab now we're spitting money into grab six years ago, yes, you know, that now that, you will most likely get some return before it, you could have gotten a lot of return, but also money could have gone to zero. So, of course, I think that's the, you know, the only kind of key disadvantage of venture builders that you don't, you invest in people's track record or not the track record of the company that you're investing in.

But, you know, that also gives you like, much lower valuations and, you know, there's, there's more upside than downside, but, you know, for some investors, that's the big downside.

P Thng 14:55
Yeah, depending on the the risk

R2V 14:59
Their risk profile. The other one to mention is, it's hard, right? So

P Thng 15:06
I like to hear that you're the second or third person that talked about hard, I want to hear that

R2V 15:11
It's much harder to build businesses from scratch than to invest in existing businesses.

It's also, why I think there are much less venture builders than there are accelerators and venture capital companies, because it's easy to sit down two or three people with a good track record and set up a fund, start investing or also start an accelerator.

It's hard to kind of recruit a 100 amazing individuals every year and build companies from scratch with them. So you need to put in a much larger infrastructure.

P Thng 15:53
Okay, next question is, what do you see are the main differences between a venture builder and an accelerator? What are the key main differences?

R2V 16:00
I think the main differences, accelerators invest in existing companies, they need to be amazing at selecting the right companies, venture builders need to be amazing at selecting the right individuals and business models. That's one key difference. The other key difference is accelerators when they brought companies in they've already made the decision to invest in them which means that if they made a wrong selection they have already committed. Venture builders really only select which moles and business they're going to invest in a bit further into the process of building so you will have very strong familiarity with the people you're investing in and the teams you're investing in before you make the investment decision, you have, you know, information you have way more information on your investment decisions done [unintelligible].

P Thng 17:18
What about the time period? How long do you normally take to incubate? Your startups as a venture builder versus an accelerated? Normally, those programs are quite short.

R2V 17:32
Yeah.

P Thng 17:33
Between I heard as short as one week to about three four months for accelerators right

R2V 17:37
Yeah

P Thng 17:38
So in

R2V 17:38
Of course its much longer

P Thng 17:39
So I mean, you know

R2V 17:40
For Android six months

P Thng 17:42
Yup, Android six months right

R2V 17:43
For Rocket internet they will typically is anything from like 12 to 24 months right?

P Thng 17:48
Right, that's right. So for six months in your model Rocket, is how long

R2V 17:54
12 to 24 months

P Thng 17:55
12 to 24 months, huh, right. So in your case [company name] I mean out of curiosity, why did you decide the six month route rather than 12, 24 months?

R2V 18:05
Because we're different from the Rocket, Rocket model takes very few business models and then they hire a team to execute on those models and then they will take a high equity share in those businesses?

P Thng 18:19
What's the range of equity share that they take?

R2V 18:25

It will vary between you know 40% and 70%

P Thng 18:32
40% to 70%

yes about 10, 20

R2V 18:34
[company name] takes a lot more we focus on talent first we bring in amazing talent then we work with them finding the right business model and then we invest smaller share for 10% of the business so we literally build way more businesses every year so we'll bill while Rocket would you know wraps roll out I don't know the exact number of it like 10 to 20

Yeah we will roll out if you look at a kind of global scale you know next year we'll do in 2019 we'll do 200 companies

P Thng 19:18
And we'll say 200, you have how many operations?

R2V 19:22
so that will be across eight locations

P Thng 19:27
Eight locations so roughly eight times 20, 25 which is towards a higher end of a 10, 20 per location.

R2V 19:37
But Rocket also have multiple locations right yeah rocket in Europe got Rocket in Asia you have Rocket there. So probably in Europe alone, they will probably roll out five to 10 businesses a year.

P Thng 19:49
Oh, so in Europe alone, it's only five to 10.

R2V 19:52
Yeah.

P Thng 19:52
And then in Asia roughly also about?

R2V 19:54
Five to ten

P Thng 19:55
Oh, it's actually quite small for them five to ten

R2V 19:59
It's very focused I mean there's a lot of venture builders who are very focused like in HR venture group. For example,

P Thng 20:05
Westley clover does about 10, 15 for a period of about two to four years.

R2V 20:12
Yeah

P Thng 20:12
10 to 15, yeah.

R2V 20:13
So they're even more focused.

P Thng 20:14
Yeah more focused, because he believed that he could be [unintelligible]. Yeah. So. So when you say 10%, then the cofounders take 90%. So but by the time you what they call you dilute you have less than 10%?

R2V 20:29
Yeah, for sure.

P Thng 20:30
For sure.

R2V 20:31
But we have that in hundreds of companies.

P Thng 20:37
I'm surprised that you actually take such a low because usually the accelerators is aboyt 8% to 10%.

R2V 20:42
So we can take more. The reason why we don't take more is we want the best talent. So we want the people who are otherwise with the [unintelligible] business. We are not really in the business of turning people who wouldn't be founders into founders we're in the business ofenabling great founders to be more successful.

P Thng 21:08
So main differences. Now what do you see are the similarities now, between an accelerator and a venture builder what's similar about these?

R2V 21:17
I mean the similarites is half of the venture business program, or whatever you want to call it is actually accelerating a business, right? So there's, like 50% overlap, right? I mean, in terms of the time spent in the program, I don't think in terms of what kind of the importance of what you're doing but in terms of time spent in the program. So we also focus on like, when we have invested in the business, you have the team in place and they started building the business, then we actually do more or less exactly the same as an accelerator, but we've chosen in [company name] in Rocket of course, they supported them all the way. So none of the rocket companies would ever join an accelerator program.

P Thng 22:02
Yeah

R2V 22:03

But some of our [company name], portfolio companies says when we leave them they're, still quite early on right they're three months old companies, some of them will also join an accelerator program later to continue the journey. But you know, probably not that many, but if you will,

P Thng 22:28
okay. Okay. Next question is, if you had to prioritize, what are the five most important things that you will do as a venture builder? Five most important.

R2V 22:41
Exceptional recruiting, exceptional team composition, or putting teams together deep focus on finding the right business models and going deep and validating those business models for ensure that you have kind of a stellar venture builder team to support these processes, and then five, have the right investors and more in your thumb and who want to invest in your portfolio companies that are supporting businesses?

P Thng 23:21
Okay, so Okay, so have you recently discovered that in venture building, you know, there is something that you used to think is important, but after you know, you've been in this business for a while you realize it's really not important at all?

R2V 23:36
Yeah. So, I mean, we spent a lot of time kind of diagnosing stuff in advance. What is not important... I don't think it's so important what are these people come into the program with, as long as they are open-minded about what they're gonna build which probably was a bit a bit more important for

P Thng 24:14
Cause in the early years probably, you're looking for those ideas, and now it says look you know son you're bright, you're driven, you've got the passion.

R2V 24:22
Yes, I guess that's one learning

P Thng 24:27
And then is there anything recently that you discovered is very important, which you did not thought so previously, that means, you know, compared to the past right now, say [name], now that I know, this is really important.

R2V 24:38
Yeah, it's incredibly important to maintain momentum throughout the program. This, I think, is one kind of important part. So it's with programs with milestones, there's typically people work incredibly hard towards a milestone. And then they will, so for example, they work real hard until they have a team in place, and then there's [unintelligible] and people relax a bit. And then they have to work very hard until they start a business and then they relax a little bit and, then they're very hard until the investment committee, and then they get the money and then relax. So one thing that we really don't decide, how do you call like a really high level of energy throughout that whole journey

P Thng 25:23
How to sustain

R2V 25:24

Sustain it. And a lot of that is done through the way we operate, right, because, of course, you know, it's easy for our partner as well, to be tired after having worked really hard to reach a milestone. So you need to constantly kind of reset and get started on the next phase. And this, I think, is similar, like any startup life, right? This when you sign your first customer, you can't go out and drink champagne, you go straight back to your prison, and you create the best possible product for a customer

P Thng 25:56
To support the customer and all right?

R2V 25:58
Yeah, that's right

P Thng 26:00
Sometimes I say, you know, this is much difficult than certain sports, in a in a marathon, you tend to pace yourself, right? But this, you guys are really sprinting, and then take a short rest and then spring again and y'know is quite tough to go through.

R2V 26:14
It's like, you know, some of the great marathon runners, they will walk through the aid stations sometimes to hydrate greatly, but then you gotta go

P Thng 26:25
Really go for it.

Question 4: Fit for purpose (who is suitable for which models?)

Now, last 2 questions. Question 4 all right. Who do you think is suitable for which model? So from venture building perspective, what kind of people what kind of situation would a VB programme be more suitable compared to a accelerator? So what kind of people you think the profile are the ones that you think are more suitable for your programme? Because not everybody will want to join a VB right?

R2V 26:53
Yeah, I think actually, for us, there's no real difference on whether you should come join an accelerator or us it's more about phasing, what time of your company building you're in. For us, anyone who has an exceptional spike, a lot of drive and tenacity should join our program, it doesn't matter if you could kind of build your own business without our help, we actually want the ones who would build it anyways, we want them to come and join our program. If you already have like an amazing co founder or two amazing co founders and is built your business for like six to 12 months, then don't come and join us, then you should join an accelerator or just get a VC investment or get another investor on board.

For some other venture builders. You know, I think it's different. They are also sometimes just you don't necessarily need to either be like, founder material to join them because they're more sometimes they're more interested in like management for hire but we are not that type of venture builder.

P Thng 28:07
Was the rocket internet more with which style? What kind of profile?

R2V 28:12
Closer to the second than the first. I mean, there was a lot of it depended a bit on the type of business that we're building. But of course, a lot of people came in there as founders was more kind of management style.

P Thng 28:28
Then if you were to advise someone about the path they should take for new venture, what would your advise be?

R2V 28:37
A - find one or two great co founders B - ensure you have the right chemistry and ask each other all the difficult questions you would ask. Now consider it more important than your marriage decision, 'cause you're gonna spend a lot of time together, then go very deep on the business you want to go. And if you are excited about two or three different business models, this try to go deep on all of them. And in the end, listen to your mind. But also listen, listen to your gut in terms of where you should go.

I think that would be my and then when you made a decision execute like failure is no option

P Thng 29:27
sounds like your navy SEAL training

R2V 29:33
Unless you break both

P Thng 29:34
Exactly, unless they send airstrikes in [unintelligible].

R2V 29:40
Exactly

Question 5: Impact on New Ventures

P Thng 29:42
All right, okay, so okay, I'll go into question five, which is the last question. Why? Why did you choose the venture building model versus an acceleration model?

R2V 30:01
We chose this because we believe it's a superior model

P Thng 30:06
Superior in what sense?

R2V 30:08
So it's focused on the most important part of building an amazing company, which is, it's, it's the talent and the people building the business, the founders and the teams, we get to spend considerable amount of time with the founders and their business model before we make the investment decision

Sales one part. And the most important part. The other part is, there are just way more accelerators there then there are venture builders there's also quite a lot of venture capital companies, we believe that there's a real need for what we're doing there is there's a gap in the market, it's, it's something that will really positively influence all the ecosystems that we're in. And the work. I think the third aspect is, there's something exciting about building things from scratch. And not only with investing in things that already exist. So we believe that we will profoundly impact the world through bringing people out of less productive jobs and make them innovators.

P Thng 31:26
So now, the very, very last part of this question is, what do you notice about the key differences in new ventures before and after undergoing your program? But in your case, I mean, the people have no business before right, before, but after going through your three or your see, okay, six months, right? What do you notice about this people? In terms of the market awareness, their financial acumen I mean. What kind of differences do you notice?

R2V 31:55
I mean, of course, the key difference is, they go from being excited about being building a business to becoming kind of real founders of a great business. And with that comes a lot of confidence, right. So it's, you know, you're actually kind of done with your stream, though. So. So, that is one part, I think the other part is, you know, a stronger belief that they are the ones that can give you the next big thing.

And the third I think is just I get a much clearer understanding of what is required to succeed, which gives a certain level of humbleness. And I think this is interesting, right, because you can compare humbled confidence, I think people like confident for me, is being confident in terms of what you are that you can accomplish things. Humbleness for me is not that you are kind of nervous or anything like that is just you know what you're great at and what you're not great at and what it will require you to get there. You're also humble in the way that you know how you can trust other team members to do a job better than you do because they know that better. You don't feel like you have to do everything yourself humble in the way that you would perhaps outsource a part of your business because you know, it will be cheaper and better to do with someone else. So, you think you know, I think this kind of humbleness is like sometimes its used in like a negative connotation but I think really in kind of in this world especially when you start a company if you are not a little bit humble you can run into a lot of traps so I think this confidence

P Thng 33:48
Is important .Did you notice anything about the better market awareness, better business acumen, better appreciation of competition, appreciation of team and all that once they finish your six month program?

R2V 34:02
Yup, I mean for sure. So that for me is more I think in terms of so I think there are two parts that happens one is like the personal development path and the other thing is the learning path another learning path of course all of these things they will be better at like so much stronger functional knowledge across all the key functions HR, recruiting, legal technology, marketing. You know much stronger market awareness in terms of different types of business models, how they work, different understanding of your, the core kind of geographical reasons that they want to go in with their businesses, I think better understanding of P&Ls, unit economics, better understanding of things like operational efficiency. Also, on the personal development side, by the way, I think a better understanding of how to build a great culture, how to ensure that your team works the best, the

most optimal way. So there's like a number of things there are some of the personal development side

P Thng 35:17
So you noticed this is some of the positive aspects

R2V 35:20
Yeah for sure.

P Thng 35:21
Good. Okay. So I think is the formal part of the discussion. I'll just stop here and just.

Background of Interviewee R3V

Participant Code: R3V

Incubator Type: Venture Builder

Date of Interview: Feb 1 2019, 10pm

Job Level/Title: Managing Director, Global Investments

Contents

Question 1: Experience level of the interviewee

P Thng 0:00
So I want to explain to you the nature of this study so that you understand the background. So earlier I sent to you two documents. The first one is to describe what the intent of this research is about. And then the second document is actually the series of five questions, which I'm going to ask you is a semi structured interview. So the purpose of the study is to test my hypothesis that there are certain practices of venture builders that are quite effective that seem to result in successful startups. So I'm looking very specifically at venture builders, which is I assume that the [company name] is adopting that model versus accelerators. So in study one, I mean to interview about six to eight entities and all data captured, will be anonymous, and this data will be destroyed within a year after we publish the results, when we publish the results, all the data will be anonymised there will be no one identifed, including the transcription that means the company, the person will not be identified in order to keep the confidentiality of the company.

So that's study one therefore study two we will then issue or I will design a online questionaire that will be sent to the startups that were either accelerated or venture built and these startups we will then select those who are successful as well as we'll pick some that are not so successful so that we can see whether those practices make any difference when you look at those who are successful and not so successful. So for the second study, what I'll be doing is I'll send you just an online link and send it to you. And if you could distribute to our portfolio companies, and then ask them whether they are willing to participate so that's study two and that questionnaire will be sent out somewhere third week or fourth week of February.

Okay, so there'll be two studies. So what I'm doing right now with you is you study one just to get your views and your experience as a venture builder. Okay, so great. So with that, I assume oh, let me see I'm in the note that I sent to you. I needed a participants declaration so I guess over the line. So basically, participants to declare that participation is voluntary refusal to participate will involve no penalty, I can assure you that and I declare or you declare that you're at least 18 years of age and I assume that you're at least 18 years of age. And if you're affiliated with SMU, your decision to participate, decline or withdraw from participation will have no adverse effect on your status and or future relationships with SMU and you have read and fully understood the contents of this form and thereby here give consent to SMU research team and its affiliates for this project, to collect and use the data for the purpose described in this form.

Okay, thanks. [name] . Ok. So now just start off the series of questions. So the first one is so [name]. What's your title?

R3V 3:35
My title is managing director global investments for [company name] corporation. [company name] international.

P Thng 3:43
Okay, good. Thanks. And where is your location?

R3V 3:48
I'm based in Ottawa, Ontario, Canada.

Okay, good. Thank you. Okay, so [name]. I'll go straight into question one. So question one, the objective is to get a bit of your background and experience in terms of this industry. So first question is how long have you been in the venture industry business?

20 to almost well 21 and a half years.

P Thng 4:18
Thank you. And how many new ventures have you been associated with either built or incubated or accelerated?

R3V 4:29
That's I'm going to say 75.

P Thng 4:38
75, okay and do your organization that is [company name] considered itself as an accelerator oor venture builder?

R3V 4:48
Both.

P Thng 4:49
Both accelerator and venture builder.

Okay, good. So for this particular part of the study, I we have to take a particular angle so in this angle we will focus as a venture builders. Is that okay?

R3V 5:10
Sure. Okay.

Question 2: Definition of Success of New Ventures

P Thng 5:11
So question two. Okay. So to obtain some clarity of the definition of success of new ventures, that means those new co that we that you've built. So what's your definition of success of a new venture?

R3V 5:30
Well, the the ultimate definition is a profitable exit. But you know, there are interim steps where we consider a venture is showing success or gaining success, those would include measures related to the how rapid the revenue growth is, and when they are able to obtain investment by outside investors. In other words, unrelated investors not not, [company name] so that that for us is a proof point that the the venture has reached a point where somebody else sees value in it. And so that's often a strong indicator of success for us as well.

P Thng 6:24
Okay, okay. So in terms of a profitable exit, is there kind of a target? Or is there a kind of an indicator to say that is considered as a profitable?

R3V 6:44
I wouldn't say that there's a metric that we try to target. I know, a lot of investors would have a target multiple that they would they would seek to obtain, come on, we don't really, we don't really work that way. For us. It's more about finding the right timing for an exit and getting the best value possible at that time. We have a history of over over 100 company hundred and 20 companies, our investment history has yielded a return on investment that's in excess of eight, eight x.

P Thng 7:34
Okay good, thank you.

R3V 7:35
That doesn't necessarily mean that's our target.

P Thng 7:37
Sure. And what's your expectation for success?

R3V 7:45
How is that? Can you expand on that question? How is that different than the first question?

P Thng 7:52
Right. So the first question was, how do you define success? Right, which you mentioned, you look at profitable exit, but what do you expect, you know, for success from your startups that means, you know, are they any other factors that you just mentioned that, you know, says, Uh huh. This are some other important criteria as well. For example, let's say, you know, teamwork coming up from the program, you know, as a more confident group of entrepreneurs.

R3V 8:33
So, are you are you asking from the perspective of what are the characteristics of a successful company versus the outcomes?

P Thng 8:43
Yes, yes.

R3V 8:45
Okay. All right. So, so, yeah, then in that case, you know, strong leadership in the management team, strong, a strong product with defensible intellectual property, good product market fit and that, that leads in turn to, you know, a strong sales engine, like a wide functioning sales engine. Key criteria.

P Thng 9:32
Okay, so.

R3V 9:33
Team and market.

P Thng 9:36
Okay, team and market. So, [name] the next question, what is defined as failure of your new venture?

R3V 9:49
Well again, you know, we're a different type of investor. So we tend to be very, very patient and tolerant of not necessarily tolerant of failure, but tolerant of setbacks. Because new ventures by definition, will incur, encounter a number of challenges as they are as they're building their product and entering the market. So,you know, for us, failure is failure is a is a very final fatal blow to a company and it doesn't happen for us very often, because we're so patient, we will give management teams and companies a lot of attention, a lot of extra resources and support to execute pivots if necessary, until they find the right the right Product Market Fit and, and achieve some measure of success. So, you know, we may have, we may, we may have an exit that's not a

profitable exit. So, is that a failure? You know, it we have had very, very few outright loss of company where the company has been shut down, but we've had many unprofitable exits.

P Thng 11:34
Right? So, when you say

R3V 11:35
I guess the definition of failure is somewhere in between those two, those two measures, right.

P Thng 11:41
Okay. So [name] when you say you're as a patient investor, typically, when you take when you form new companies, how long do you build them them means, how long did you stay with you? Three months? Six months? Two years? Five years?

R3V 11:59
That's an excellent question. So it used to be back in the 1990s and early 2000s our full period on an investment was about seven years

P Thng 12:13
Okay.

R3V 12:15
In the last 15 years or so, our whole period has stretched to the point now where it is it's nine and maybe even 10 years. In some cases, that's also not uncommon in the industry. But a yeah, that's, that's certainly our experience, right?

P Thng 12:41
So you're saying in the last 15 years, your investment period is about 9 to 10 years. But in terms of active coaching, active mentoring of these companies is it usually a one year thing? Or is it a two year thing?

R3V 12:58
No, we are very active investors, so we stay involved in the company for as long as possible, you know, we really don't kind of withdraw from an active role

P Thng 13:08
Right.

R3V 13:09
Until the company's very mature, either publicly publicly listed, or, you know, a very, very large company. So, as long as it's a company that's in the, you know, in, I will say, in the range of, you know, anywhere from a start up into many 10s of millions of dollars a year in revenue, we will be a very active investor

P Thng 13:37
I see.

R3V 13:37
Once it reaches hundreds of millions of dollars of revenue then we know it's a mature company, and they don't really need our help anymore, right. So we will

P Thng 13:48
So [name] do you think this is something that's very unusual in your group, or is this something yup.

R3V 13:55
No, its very unusual. most investors aren't as active as we are. For as long as we are.

P Thng 14:00
Okay, good. So earlier, you mentioned that you're very patient. So and your I guess your tolerance for failure is very, very, you're highly tolerant, right?

R3V 14:11
Yes.

P Thng 14:11
Okay, good. So [name] I'm going to the next question differentiators are sorry, before I going into next question. like to just follow up, you mentioned just now about the last 15 years, about nine to 10 years, kind of duration. That's unusual. Now, is that, would you consider as one of the critical success factor of the [company name] because of this extended period that you're actively engage with them? One of the

R3V 14:39
Absolutely, one of our key differentiators is our our willingness to be a patient investor.

P Thng 14:47
Right

R3V 14:48
And, and to put our own resources at the disposal of our portfolio companies erm so we wouldn't be nearly as successful if we didn't, didn't make those kind of contributions to the companies.

P Thng 15:07
Okay good, so [name] in terms of the next question, I'm trying to now, to get some differentiation between venture builders and accelerators. So I'm not asking you from the angle as a venture builder, what do you think are the core competency of a venture builder?

R3V 15:36
Certainly, I would, I would think that core competencies would include things like a broad understanding of technology, not necessarily deep, but certainly broad a, an openness to learning about new market opportunities and an interesting innovation a venture builder needs to have a core competency in recruiting and a an understanding of new business models, whether that's, you know, whether that's fast delivery models or mobile or whatever market they their technology, their 10th they're trying to focus on, they need to understand the business model to exploit it.

P Thng 16:48
What about the provision of of funding of facilities? Do you think those really core or you think those are not as critical?

R3V 17:01
Maybe not the direct provision of funding necessarily, so I mean, you need to do some of that, but access to sources of funding? I mean, that's so I would have, I would have said that sort of table stakes, if a venture builder can't expose the companies they're building to outside sources of

funding, then then, then they're going to fail. Okay, in our case, we are both a venture builder and, and, and an investor. Okay, so we kind of we kind of combine the two. But, you know, we also put a lot of effort into developing and maintaining a global network of investor within the investor community so that when a company in our portfolio needs funding, we're able to tap into sources of funding to help them.

P Thng 17:59
Right. What about network of advisors, mentors, you think that's one of the core competence?

R3V 18:09
Yeah, so I would have said that falls under the point I was making about having competencies in either technology

P Thng 18:23
Oh I see

R3V 18:23
Or, you know, market mechanics or recruiting when you have that internally or within your advisor network you know you need to have those you need to go brand those that experience to bear to support your companies

So a strong advisor network, it is necessary for sure, you know, typically the advisor network is built to supplement areas of expertise that you don't have internally.

P Thng 18:52
Okay right. Next question is, what are the main services of a venture builder? Main services.

R3V 19:05
So that would include obviously recruiting.

P Thng 19:14
Mm hmm.

R3V 19:18
We will say that there are there's a lot of mentoring that needs to go on. So that speaks to your question about advisor advisory bodies, but a lot of mentoring and coaching of the team on on business fundamentals, you know, the development of their go-to-market strategy and their product strategy erm, you know, other challenges that a young company would would encounter along the way, some coaching and mentoring recruiting. Um, you know, in, in our case, we provide services related to intellectual property and legal support, we provide services on the marketing side, we provide HR and payroll services, because a young company typically doesn't have that sort of internal resources, you know, for themselves, it's expensive. We, we also, you know, if it's a venture builder that operates like an incubator, where the companies they are building are housed together within a facility, then, you know, you can include things like space and network resources as other other services that the venture builder would offer.

P Thng 20:51
Okay, good. so [name] now, I'm going to ask the next question contrasting. What do you think are the strengths of a venture builder, and what are some of the limitations or weaknesses of a venture builder? So let's start with the first one, what do you see are the main strengths of a venture builder?

R3V 21:10
Oh strengths are all the all the support and resources they can bring, to support a company that a company that is standalone and trying to grow organically will struggle to, to match. So that's a competitive advantage for companies that are supported, but within a venture builder model. But the, the, the negatives are, that a venture builder can often become blind to some of the failings of their companies and hang on too long, be too slow to act, because they're too close to the to the venture builder team, and they don't want to, you know, they're afraid to interfere or, or cause disruption. So, you know, they can hang on too long to to let the company go down the wrong direction, which can slow down the progress of the company.

P Thng 22:23
Right, good, thanks. [Name], earlier you mentioned about recruitment. So in your model, you recruit co founders, is that right?

R3V 22:33
Co founders and then over the life of the company we'll assist with with recruiting, whether it may be a special special requirement or special set of skills where we can tap into our global network again, and, and help source talent often that ends up being in a later stage of the company within the executive ranks.

P Thng 22:57
Okay, so this

R3V 22:59
Or at the board level.

Question 3: Differentiators of the 2 Incubation Models

P Thng 23:00
Okay, good. So these are quite senior and experienced folks, okay good. So now what do you see are the main differences between an accelerator and a venture builder?

R3V 23:14
So in our mind a adventure builder creates the company

P Thng 23:21
Mm hmm.

R3V 23:24
So where a company did not exist before, and they're involved in all that, that entails whether that's recruiting the team, identifying the market opportunity, working with the team to, to identify the right product strategy, establishing, you know, initial, you know, governance and banking relationships, everything that's involved in setting up a company and getting it on its feet and an accelerators job is to take an established company that has a product and has initial customer traction and help that company grow to a point where it's attractive to to a venture capital investment round. Okay, so that's, you know, typically, we would say that's, either late seed or, or an A round. A venture builder works with the company up to that point.

P Thng 24:31

Okay, good, thanks. And then accelerator offer those incubation-type programs sorry, acceleration program, so usually three months, four months, does a venture builder offer those programs as well?

R3V 24:47
Some do, again, it depends on their model. In our case, we offer a one month boot camp program, which is pretty intensive, there's a lot of you can almost think of it as classroom activity, a lot of working sessions, a lot of meetings with within the, within the entrepreneurial portfolio. So, you know, we, we do that

P Thng 25:30
Right

R3V 25:30
Not every, not every venture builder necessarily would go through that type of, of an exercise.

P Thng 25:37
Okay, so this one month boot camp, the idea is to be able to network or link up to some of the portfolio companies that that you have, is that right?

R3V 25:50
So that's certainly part of it. That's a big part of it. But there's also a lot of education that goes on in that boot camp, where we, we bring in subject matter experts, and try to give the entrepreneurs kind of a state almost like a mini mini MBA.

P Thng 26:08
Okay

R3V 26:09
Where we develop some of their business skills, some of their management skills, we expose them to subject matter that they may not be familiar with but is important in running a young company,

P Thng 26:24
Right, okay good. Then,what do you see other similarities between an accelerator and a venture builder?

R3V 26:36
They're both working with young early stage companies, they both have to be, both have to be focused on the entrepreneurial end of the business scale, rather than the more bureaucratic and this a systematic end of the scale of a more mature companies. So, you know, they, they will tend to be encouraging risk taking, will tend to be encouraging, you know, a lot of experimentation and a lot of learning a lot of coaching. Working with an older company and more mature company, you would tend to focus on things like governance and, you know, establishing internal processes and all that sort of thing. When you're dealing with venture builders and accelerators, companies can't afford to be worrying about that type of thing. They have to be reacting fast and learning a lot on the fly.

P Thng 27:53
Okay good, so I finished question 3, let me see. Oh, is there anything recently that you discovered? That is not as not important at all, as you thought it was? In your experience?

R3V 28:15

That's a really good question.

P Thng 28:19
After all these years of experience, if you look back, and then say, earlier, you know, I thought this was important. But as I look back, it's really not important at all.

R3V 28:29
I'm giving that some thought.

P Thng 28:41
Okay, take your time.

R3V 28:42
Well you know, certainly in the age of software as a service, the role of face-to-face sales meeting is, is much less important than it used to be. So the role of a traveling salesperson is is almost gone in that in that particular industry, you still need sales people, but they tend to do a lot, most of their work by phone and by, you know, by web chats and webinars, and you know that that remotely.

P Thng 29:37
Right, okay. Then my next question is, is there anything recently that you discovered is very important, which earlier, you know, you did not thought was important at all?

R3V 29:52
Yeah, so that one's easy, we call it now, customer success. So, it used to be what you would think of as customer support, but now it's customer success. And it works hand in hand with your sales organization. That's the piece of the organization that's responsible for onboarding a new client, training the client and supporting them in their use of the of the product and that role is now far more important than it ever has been. It is critical to the success of a company and you almost can't hire those people fast enough in a growing company.

Question 4: Fit for purpose (who is suitable for which models?)

P Thng 30:44
Okay, great, thanks. Okay, so now, I'm going into question four - looking for fit for purpose, for fit for purpose, which type of individuals, team or whatever is suitable for which model? So that is determine the appropriateness of when to apply the two models. So in what kind of situation with a venture builder program be suitable for what kind of individuals, what kind of situation?

R3V 31:17
It's, it's a pretty flexible model. I mean, if I've seen it employed in our industry, which is, is enterprise software, I've seen it employed in, in the medical industry, I've seen it employed in environmental technologies, I've seen it employed in, in agriculture, believe it or not, it obviously each industry would drive a different implementation. But venture builder really is about taking people that are experienced at starting companies and lending their their experience and knowledge to other people that are trying to start companies so that they don't make they don't make unnecessary mistakes, and they have a higher probability of success. So, you know, you could really deploy that almost anywhere.

P Thng 32:28
Okay, good, so across industries that our model is quite suitable. Now, in terms of the people, the kind of profile of people or the that means of those new companies, the co founders and all that, what kind of profile personality or characteristics are the type that you think would be more suitable for your model?

R3V 32:50
So they need to be highly entrepreneurial, very tolerant of risk, they need to be incredibly strong team workers, they should, should have,they should have a high level of expertise in the industry that they're trying to address and I would suggest that the profile tends to be, tends to fit better the young people earlier in their careers.

P Thng 33:44
I see.

R3V 33:45
So and that tends to be more because of the risk profile and a willingness to take risks. People that are more mature tend to be less tolerant of risk, because they got too much to lose. But that doesn't mean that you know it's, it's exclusively young people you would occasionally find older people that would fit the profile as well.

P Thng 34:11
So next question, [name], is, if you were to advise someone about the path should take for new venture, what would your advice be?

R3V 34:24
Take the time necessary to thoroughly understand the market problem you're trying to solve and identifying an achievable first first step to solving it, you can't solve it all in one go. But you need to be if you blindly jumped into it, then you're you're blindly jumping into a black hole, it's better to understand the problem you're trying to solve and how you think you're going to solve it before you start the hard work of building the product and that means the first thing, second thing, the third thing you have to do is talk to customers.

P Thng 35:16
So talking to customers is something that is a real critical and mass.

R3V 35:22
Critical and it's the first thing you have to do.

P Thng 35:24
Okay, right.

R3V 35:26
Even to the point of spending time if possible working in the customers environment

P Thng 35:33
Right.

R3V 35:34
To to understand what they're trying to [unintelligible].

P Thng 35:40
Sorry, its my barking dog. Okay, then.

R3V 35:44
Would the barking be part of my answer?

P Thng 35:46
Your transcription? I think it's smart enough to say, "bark bark". And now, would you advise, be different if they already have a team? Same advice about?

R3V 35:58
Exactly the same advise.

P Thng 36:01
Okay.

R3V 36:02
If, whether they have whether they have a team or not

P Thng 36:04
Right.

R3V 36:06
They need to know the end of the problem they're trying to solve. And if they can't, it often will be very different than the customer will describe it to you in a meeting

P Thng 36:18
Okay?

R3V 36:18
Which is why I suggest you need to spend time working in the environment, because you will, you will, in all likelihood, see the problem differently than the customer sees it.

P Thng 36:29
Okay.

And that will lead you to a solution that they may not have considered.

Okay, good. Now, what your advice again, be different if they already have customers?

R3V 36:42
If the

P Thng 36:43
The advice for someone who wants to start a new venture, but they already have customers?

R3V 36:47
Nope.

P Thng 36:47
Okay same advice.

R3V 36:47
It would still be the same.

P Thng 36:49
Okay right.

R3V 36:50
Because, and the reason I will still be the same is because a couple of customers is good. But a couple of customers is not a scalable, successful business, a scalable, successful business has has thousands of customers that willingly paying a month and paying their bills every month without complaints. A couple of customers is good. But it's not proof that you that you've solved the problem all of this proof that you talk to customers that you've convinced a couple of customers to try your product

P Thng 37:30
Right

R3V 37:31
It doesn't even necessarily mean mean that they're using if they may have bought it, but not, not even be using it.

Question 5: Impact on New Ventures

P Thng 37:37
So [name]. My last question of the impact on new ventures after going through the venture building program. So my first question is, why have you chosen the venture building model as your, your main or primary vehicle?

R3V 37:55
Because we've had 40 years of success with this particular model. We know it works. We know, we are world class experts in in, in this business model. And, and and we know how, how to make it successful. So I mean, that's a little bit of a it's not it's not necessarily a very good answer for you. But but that's why that's why we use that model.

P Thng 38:34
Okay, so now the final part, what do you notice about the key differences in new ventures before and after undergoing your program. In terms of they're market awareness in terms of market sizing, financial acumen, team and all that. So, do you see any key differences, you know, when you first take them in and then, you know, after you know, that 5, 10 years that they are, been with you, what do you see are key differences?

R3V 39:05
Well, they, they come out knowing their market better than anyone else, better than, than any competitor would know the market and being able to speak to that in a way that is clear and concise and understandable and that investors and customers are likely will understand what the company does for them. That's a level of sophistication that our entrepreneurs have to have in order to win investors and win customers to be able to explain the problem you're trying to solve and how you solve it and why there's value in that whether from the investor's perspective or the customers perspective. You know, they also come out of it, you know, hopefully, with some financial success,

which is important to us. Because, you know, we have always believed in sharing ownership with the entrepreneurs and employees of our companies. And if their ownership delivers value to them in terms of wealth, then, you know, then we've been successful in helping them achieve, achieve a personal goal as well. Yeah go ahead.

P Thng 40:49
Okay, good. So, [name], when you mentioned about the share of success, typically, as a venture builder, what's the range of equity that you take for your new companies?

R3V 41:01
Well, that's a that's, that's going to require a much larger or longer answer err, it depends on the stage of the company, Patrick, and how long we're invested in the company. So it really is a pretty dynamic scale, it can range anywhere from 100% down to low single digits. And typically we're at a much higher percentage ownership when the company is founded. And early stages as a young company, we would typically be in the either majority ownership position, or for a high minority position and as the company matures, and grows and brings in other investors, which, which we're happy to see happen, our ownership will decline and over time, by the time we get to an exit, you know, we'll typically be in the probably between 10 and 20%, sometimes even in the single digits.

P Thng 42:29
Right, now, someone that I interviewd in the industry made this comment, that sometimes taking a significant majority, or sorry, a majority or high minority may impact the motivation of these new companies, co founders. So as a result, only certain profile of co founders are prepared to go through it through this model. What's your take on this?

R3V 43:01
Yeah, that's entirely true. But, you know, our view is that we'll end up getting them to a higher likelihood, a higher probability of a lucrative exit then they would have with other investors

P Thng 43:22
Right.

R3V 43:23
And, and even so, by the end of their life with us, they'll probably still end up with an industry standard level of equity in the company for for a founder. They may start out at a lower point but they'll end up at the same or better.

P Thng 43:48
Okay, okay, so great. I think that's the end of my formal part of the study let me just switch off the recording.

Background of Interviewee R4V

Participant Code: R4V

Incubator Type: Venture Builder

Date of Interview: Feb 8 2019, 1030am

Job Level/Title: [To be filled by Prof]

Contents

Question 1: Experience level of the interviewee

P Thng 0:05
Thank you [R4V] and [R4AV] for you know taking the time for this interview. Perhaps maybe the first part of question is to get a bit of your background experience and, you know, just now you're describing to me about the [R4V Coy]. So maybe just little bit of the background of this company and then yourself, your background, how long have you been involved in the venture industry.

R4V 0:27
Okay, so [R4V Coy] is a venture capitalist, primarily it has aspects of both a venture builder but at a later stage venture builder and an investment holding company. The scope of where we play is that we focus on early stage technology companies as well as SMEs in emerging economies with a view to unlocking, unlocking the potential of this economies and the means with which we have found we are able to do so or the optimal use of technology in this case, is in the areas of economic empowerment. So that's where we've been at topics like trade finance, supply chain management, credit management. Second thing is environment, environmental sustainability. So this would be in terms of agricultural technology, improving yield or perhaps looking at new generation irrigation solutions, stuff like that. Alternate energy sources, storage of energy, stuff like that. And then the last one of course is the underpin of existing industry that's digital transformation. So how can we improve the efficiency, trust within existing industries? So that's

P Thng 1:52
Okay, thank you. So how long have you been involved in the venture industry business?

R4V 2:00
From many different lenses I've been involved I'd say since 2002 then so this, 17 years, I started in South Australia, the South Australian government. I was a second-year university student and I managed to find a good mentor who was the CEO of a software company, fast-growing software company that was on the path to listing. H,e he brought me into a government strategy group that was mapping out the IT industry strategy for South Australia and it was part of my job, it was to interview all the CEOs in the industry and to understand what their strategy was, why they were doing what they're doing and how could them based in South Australia, actually approach their local domestic Australian market as international markets. So that informed me of how government actually supports industry.

P Thng 3:03
My next question is how many new ventures have you been associated with?

R4V 3:07
New ventures, personally, many.

P Thng 3:15
Either you build or you mentored or you incubated or venture built or invest in?

R4V 3:25
Erm, well. From my role in government, in Singapore government there was over 20. I was then in a company that did not, did well in it, didn't do well. I was then involved in MIT incubator so it was a games incubator and that probably seeded let's say, 10 companies and then my own venture with which, we did from startup through to exit. And then that entity acquired another entity so there's that.

P Thng 4:07
So about 30-40 companies. [Unintelligible] So, um, so [R4V Coy], you consider yourself as an accelerator, venture builder or?

R4V 4:21
I'd say more towards the venture builder side.

Question 2: Definition of Success of New Ventures

P Thng 4:27
So that's question one. Just repeat [Inaudible] and then question two, definition of success of new startups. So what's your definition of success of new startups?

R4V 4:39
There's a few metrics that we use, one is of course, we do have a traditional return on value of value of company and from our point of entry then we look at three x returns seems reasonable and that will be within a three to four year time frame. Yeah, we are working out our more impact metrics and that way, I mean, when you we're about a year old [R4V Coy], so we're working out some of those metrics beyond financial funds.

P Thng 5:23
Would you be, what some of these metrics that you're thinking about, when you say considering?

R4V 5:29
Businesses impact, cost of capital, reducing ability to reduce overall cost of capital for some of our portfolio? I don't know [Unintelligible] it is energy related then. [R4AV] has done some research in Indonesia, so

R4AV 5:48
Increasing access to [Unintelligible] essentials like water, electricity and the amount of coverage in terms of population percentage. So these are matrices that are quite similar to what the World Bank will be using as well. And, so in terms of looking at agriculture as well, there is also about improving the yield and helping to reduce the occurrence of famines and things like that.

R4V 6:21
One of the things that I think because of our view and designing indicators beyond financial ones and we've been quite methodical about it we don't want to just spray in product patent that we think is and and, also we need to find the companies that are receptacle of our support right, we're not, we're not the primary entity so.

P Thng 6:49
Okay, so in terms of your investment also you typically, if you venture build, what is your model like, do you assemble cofounders and uh, I mean how does it work?

R4V 7:03
Okay, so we we typically look for, for whole series A companies, small to medium enterprises, then veteran executive teams, typically aged 35 and above. That's what we found is exposure to different cycles of businesses and technology. And these companies would have assets whether its technology. customers and data or the team itself and then we would look at perhaps, they may

have an exit potential of 10 to 50 million or above and so we in that sense we wait sorry, can we get back to the question?

P Thng 7:48
Oh my question was, what is your model like, of venture building? Meaning that do you typically for example venture builders they, assemble cofounders they form the team for business problems, right? So how's your model like in all these things?

R4V 8:04
Okay, so there's two things. So we talk about the supply, supply side and what we do, and then the demand side. So in terms of the supply side of capital, basically when we work with when we work with investors so one it's about rallying together an investor base that has shares the same mission and we've and also is able to facilitate exit outcomes. So for us, we've, we've, we happen to have a strong Japanese base of investors and that's been cultivated through previous previous life cycles of the team. Next one, in terms of what we do and the macro site we map, facilitate mapping a strategy, structuring of entities securing strategic partnerships, recruiting the C-suite that supplements the founding team. We facilitate the fundraising and we may facilitate M&A. That's cause of our capital network as well as our team structure. The next thing is that we deploy capital of between 100K, 50K to 500K. Then on the micro site we actually facilitate the product and Technology Roadmap and then we can also [Unintelligible] that technology suite, so you'll see later because of our team structure, we can facilitate the tech team of the companies. So to do with some of these, how do we approach production technology.

P Thng 9:48
So with the deployment of 50 to 500K, typically as a venture builder is that equivalent to a significant equity share or is that a minority, typically? What's the range?

R4V 10:04
We're comfortable with anywhere from 5% actually that's why we, I say that we're a mixture of an investment holding company as well. We're not a fund, investing holding company and venture capitalist, almost. So we have in terms of our current portfolios so we are comfortable with either anywhere from 5% up to 80%.

P Thng 10:27
80%?

R4V 10:27
Yeah, yeah.

P Thng 10:28
Okay good, the majority are above 50 or?

R4V 10:32
We only have 2 portfolio companies

P Thng 10:34
Oh right now?

R4V 10:34
So there's no majority, just saying that that's the range that we look out for.

P Thng 10:41
Sure 5 to 80?

R4V 10:43
The 80 is a unique case, that that is one of our

P Thng 10:47
But going forward, normally your prepare to take?

R4V 10:50
20 something, 20 is okay.

P Thng 10:52
Okay.

R4V 10:53
I think 10 to 20 is okay.

P Thng 10:56
Because I know some venture builders typically take between 20 to about 60 or 70 that kind of range

R4V 11:02
However if we do start the entity. I think so if it is a deeper question of incentive design. So and we are more of the participative and equitable incentive design. So while the and the differentiation between decision rights and economic rights, I think we would. I mean we will be more flexible of economic rights and then along the way as the team is attuned, then decision rights, slowly, because I think that, that differentiation then helps us. We're very flexible with economic rights.

R4AV 11:49
Just to add-on with regards to our model as well, in terms of how we get the companies in or like the founders and things, we also base our selection of what we call the key cultures, what culture keys, sorry. so these are some things that the partners all have come together and agreed upon which is [Unintelligible] so the six main culture keys that our company focuses on especially these are things that we look out for the founders or for manifest themselves in the company that we want to take under our wing. So yeah, mainly there's ethical compass, communication fidelity, the keenness to have impact, self-awareness of the founders, Swiss Army Knife, humility and security.

P Thng 12:35
Okay, so something like your core values that you look for?

R4AV 12:39
Yes, yes exactly. So this is, somewhat guides us to the sort of the company, companies, the companies that we will try to invest in or try to build up. There are certain very strong veto factors, for example, like the lack of communication fidelity or the lack of an ethical compass, where the companies are just out to flash and burn, yeah just to disrupt the economy and make a profit and things like that. So we tend to stay away from those and we stick to companies that actually want to help transform the economy and build towards a sort of united better future.

R4V 13:15
We've rejected three, three so far based on these factors.

P Thng 13:21
So [R4V] just now you said definition of success there's a financial part and a non-financial part right? Then what do you define as failure?

R4V 13:34
Yeah, so really, frankly, we have not discussed that in our partnership

P Thng 13:43
In this one. But what about in your past experience when you were. So when you see those, what in your mind is ah, I've seen those, those are failures?

R4V 13:43
Okay.

P Thng 13:47
So what are the characteristics of failure that you see?

R4V 13:56
Total lack of market understanding. Lack of for that definition and clear product definition, normally that's a symptom of lack of market definition. Lack of market understanding is actually that that has been the key because the perspective then would get too narrow then you start to [Inaudible] solution. The problem definition, yeah that and then the next one tends to be team structure. So, understanding of what leadership composition the company needs to move forward. Understanding when the founders need help and how to supplement their abilities and how to actually make best use of their abilities. Then down to organization practices that's typically where it fails [Inaudible].

P Thng 14:52
What's your tolerance for failure?

R4V 14:54
Wah.

P Thng 14:56
Low, high, medium.

R4V 14:58
Well I mean, I have been in massive debt before. [Inaudible] I have been in significant debt [Inaudible] about 30K or so and I've had to work my way out.

P Thng 15:11
So you've got high tolerance for failure.

R4V 15:12
I guarantee you, man.

P Thng 15:14
If not I think you shouldn't be in this industry.

R4V 15:15
But I would hopefully, ideally not be in such a.

P Thng 15:21
Well, hopefully this study will tell you some practices that correlate to more to [Unintelligible], better chance of success. Okay. So, next question is I want to differentiate between the two incubation models - accelerators and venture builders. So coming from the venture builder perspective, my question is, what do you see are the core competencies of a venture builder?

R4V 15:44
The basic understanding of the full spectrum of the business or the way [Unintelligible] because venture builders probably, I think as we had discussed earlier, identified teams first right, markets and teams that resigns, resound of that, what do you call that? We resonate, resonate, yes teams that resonate with specific markets and then understand the, I guess the product range or offerings that can fulfill these and then look at look to assemble teams, or I guess assemble or support teams to fulfill these and then have a very methodical process of facilitating the team, its operating cycle through to different stages of the business. And then I guess at the end is handing over the keys to their business.

P Thng 16:52
Typically when you hand hold the companies that you venture build, typically what kind of time frame are you looking at because you see accelerators usually 3, 4, 5 months and off you go, right. So for your model what do you plan to that?

R4V 17:07
Oh we have been in one cycle for about eight months now, from starting with a technical team I guess the company was a technical team and then assembling the management team and then now facilitating a capital raise. So that's taken about eight months, talking about [Unintelligible]. So we did market mapping, we have done product mapping and then road map and then we've also done, if this business is successful, what it does, what are the other supplementary businesses that can surround this and then that's that and work closely with that team

P Thng 17:53
Typically what is your intent? Do you want to hand hold them for 12 months, two years, three years, five years?

R4V 18:01
I think it's more a and this is a discussion between us and the management because we will be on the board. So we need not ideally it's actually the six month process is ideal. I think beyond that, hopefully we're just involved in the checkings but also I think having close touch with the management team enables us to look at other opportunities that we can support so I wouldn't say hand hold it becomes more

R4AV 18:34
guidance

R4V 18:35
No it actually becomes more partnership like like we a strategic partner and then we, you can unlock stuff

P Thng 18:44
Then can I ask you, do you have a like accelerators they have a formal program right? Accelerating program, do have something similar?

R4V 18:52
I'd say that we are designing that process right now.

P Thng 19:02
What you think are the main services of a venture builder, what should you be providing?

R4V 19:08
Exactly what we, except for I think the this will be doing the early phase then I think the, to fully express that then if you're fully building the venture you will eventually become a strategic partner what. Staying alongside the team.

P Thng 19:29
So the main services are what you just said over here, what about facilities? You all provide facilities?

R4V 19:34
Err

P Thng 19:34
Or you

R4V 19:35
I mean that won't not necessary I mean we operate quite digitally.

P Thng 19:44
So you don't really enforce them like you got to come to this

R4V 19:49
I think we see a more democratic, more learned

P Thng 19:54
So what are the strengths of a venture builder? Interesting, why did you choose this model given that you have acceleration background? Why did you decide to choose this model?

R4V 20:09
I think the team structure I guess we have like we've managed to assemble such a strong team that can cover macro you know that have done ventures before, have exited ventures before that have done legal structuring for M&A. So that's one, then on the technology side also we've had people who've built entire systems who worked on banks, security for banks, worked on identity system. So we've I think we've got quite a well-rounded team that enables us to do a lot more and frankly I was so my previous company was invested in by Incubate Fund, which is one of Japan's largest seed stage funds, they sit between a venture builder and a VC because the experience that I had with them was awesome was really, really good. I was inspired by that, that process because all the downsides that people talked about in working with VCs, I didn't experience that. I had a super positive experience and we're still continuing to work together after we exited the previous business.

P Thng 21:23
Can you describe a bit about this super positive experience that you liked?

R4V 21:27

It was similar to what we did so they would work with us on our macro strategy, our market mapping.

P Thng 21:32
Do they work closely with you?

R4V 21:33
Work closely with us, they would see how they come open up Japan-side strategic partnerships.

P Thng 21:39
So what we call smart investors, add a lot of value and network for you.

R4V 21:46
And then, so we had two similar ones another one was a Chinese company in Beijing that helped us to get investment and strategic partnerships with Baidu. So that sort of speaks for itself.

P Thng 22:03
Talk to you about Baidu [Unintelligible] a few weeks ago

R4V 22:06
Okay, [Unintelligible] before.

P Thng 22:10
Okay. So so those are the strengths, having people who add a lot of significant value through either opening market or connecting with investors and all that.

R4V 22:19
But also I think the, the, what differentiates the venture builders is that they have, they would have a strong internal formation process or ability so they can really work alongside the management team to work out the strategy. Not just macro.

R4AV 22:38
Not just a numbers game.

P Thng 22:42
What are the weaknesses of a venture builder?

R4V 22:46
Could be anything from, you know, too involved in the business, right? There's a tendency to be that inability to let go. I think it should be then, what else?

R4AV 23:00
Slower returns. [Unintelligible]

Question 3: Differentiators of the 2 Incubation Models

P Thng 23:18
What do you see that the main differences between an accelerator and a venture builder? Key differences.

R4V 23:23

Accelerators seem to have a broader sort of inward base right.

R4AV 23:37
Feel like they are more targeted towards sort of product so they look more at the product being and the team that's able to continuously break and reshape the product to perfectly fit the market so that it catches on quickly and just spreads like wild fire. Right, so that's what I think accelerators focus on mostly which is why there's a high failure rate because continuously replicating products that do so is not easy unless, unless you're like the Koreans where you find one formula and you just take the world by storm a bit.

P Thng 24:16
So whereas accelerators are more focused on their development of this product that meets the industry problems or needs right?

R4V 24:24
I think even venture builders because accelerators have more [inaudible]

P Thng 24:37
Similarities between an accelerator and a venture builder?

R4V 24:42
Actually a well-run accelerator it comes out comes quite close already, because

P Thng 24:47
A will-run.

R4V 24:48
Yeah, well-run.

P Thng 24:49
so what do you mean by well-run?

R4V 24:51
They find their team, they find a strategic partners and similar it so, it comes so like venture builder right? Issue that we have today is that the sexy term of accelerators had led to many companies terming themselves as an accelerator while they are just so providing basically a physical space and some some some form of loose mentorship program and that's the problem it's and it really is getting down to the company's strategy over a periodic cycle and understanding when when does the company need what form of support. Accelerators who do that well I think [inaudible]

R4AV 25:36
Can you consider VBs?

R4V 25:36
Yeah that's what that ah?

R4AV 25:43
The US one

P Thng 25:45
Textile? Y Combinator.

R4V 25:49
Y Combinator's now the valuation becoming crazy so its a bubbly, bubbly market but they seem to have a good formula that seems more towards the VB type.

P Thng 26:01
But VB generally take a bit longer term as you said you're on their board and then you guide them where as all this accelerator tend not to, after that you know six to nine months off you go and you know

R4V 26:13
Survive on your own, we're not involved in your boardroom

P Thng 26:16
Maybe want to track about our equity that we're bringing but [inaudible]

R4V 26:20
Sure, sure.

P Thng 26:21
Right okay, so you just now described that you've chosen the VB model because of your experience, so you choose the VB model

R4V 26:31
And also the team la I think, like we managed to..., familiarity.

P Thng 26:31
Experience plus the current team.

R4V 26:41
Which is actually one of the key things.

Question 4: Fit for purpose (who is suitable for which models?)

Question 5: Impact on New Ventures

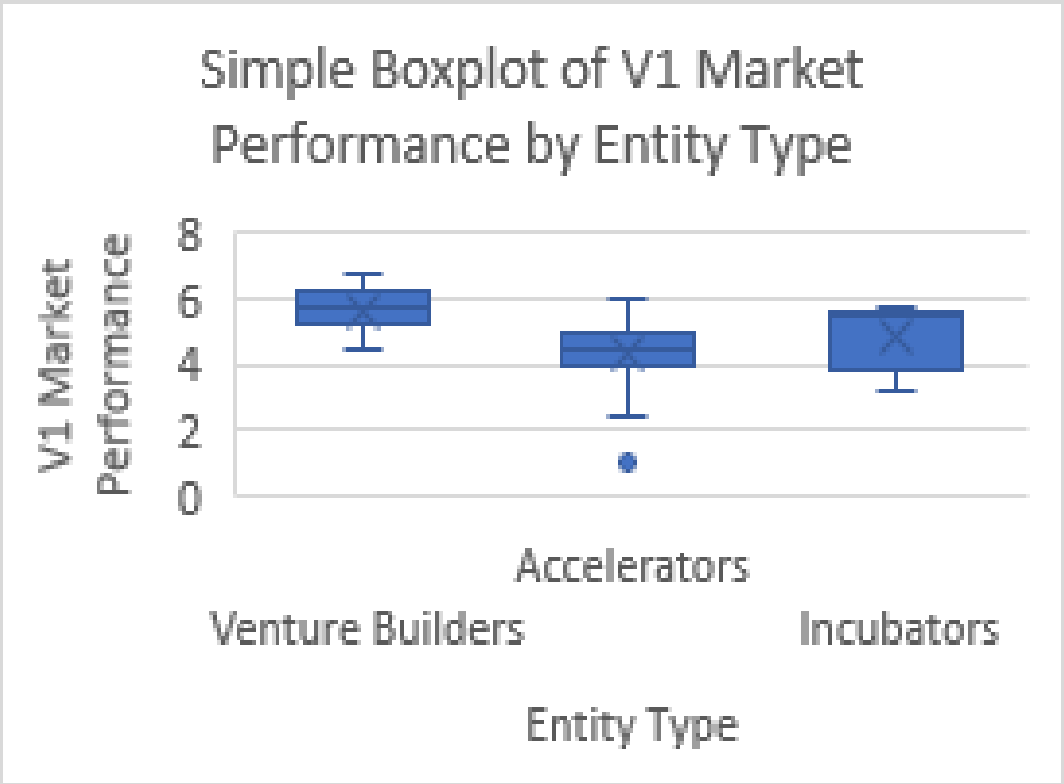
P Thng 26:43
Okay then my last part of this question five is those companies you have either venture built, do you notice that kind of differences before and after the program in terms of their teams market awareness, their understanding of business, their understanding of market, do see any differences before they went through your program and after you know, what the key differences?

R4V 27:12
I think we've had two, we had two portfolios so far so I can speak to that. The Indonesian portfolio definitely I've seen opening up of the business model opening up of their longer-term product road map also and then a subsequent opening up of a client base, customer base, which then opens up the potential exit opportunity via exit opportunity or further growth opportunities with strategic partners across different countries we've seen that. The other projects needs were more in terms of

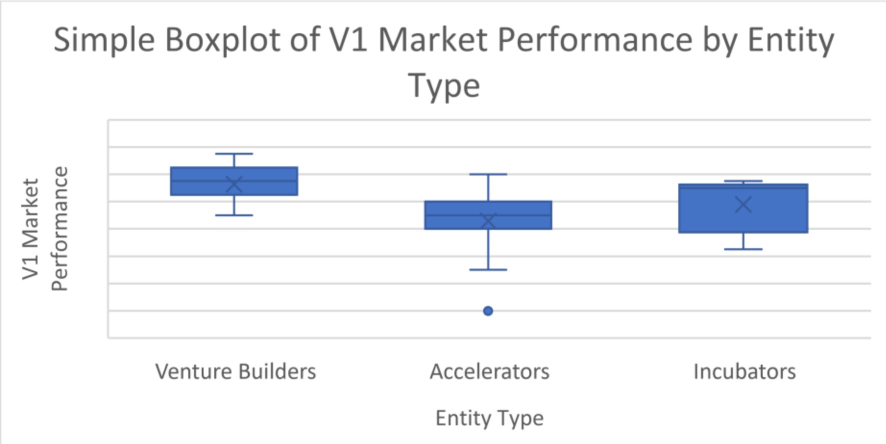
project management and facilitating the fundraising process. So it's opening up different funder raises and different understanding of the need of a strategic view of different funder types. And then also in terms of the mapping of the product together with the longer-term vision, I think that opened up the team flow and working dynamic, facilitated that. Yeah so, different needs la.

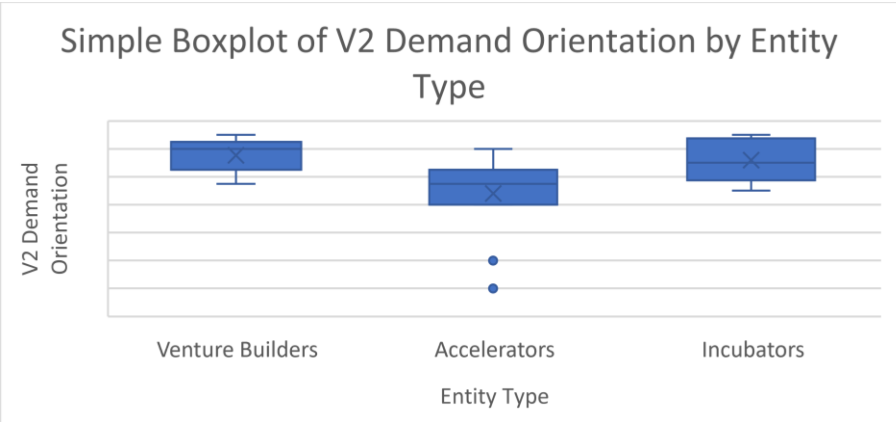
P Thng 28:43
Right so I think I just end this formal part of the interview are there anything you want to make comments about?

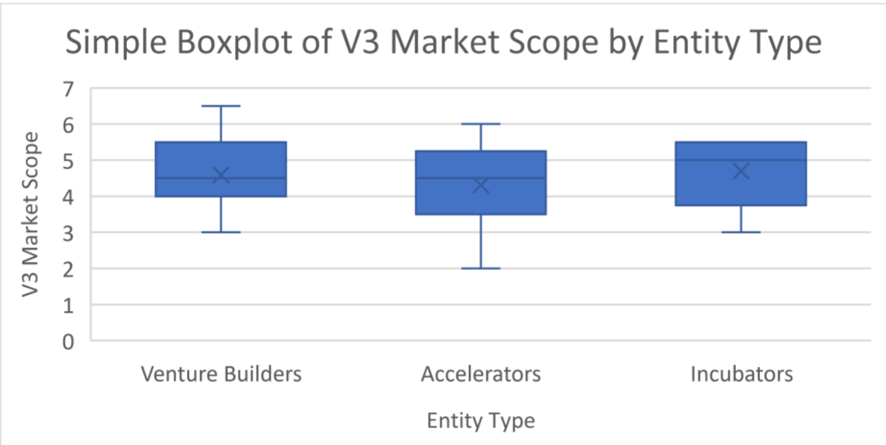
Appendix 4: Overview Box Plot of the Mean & Variances of the 3 Entity Groups

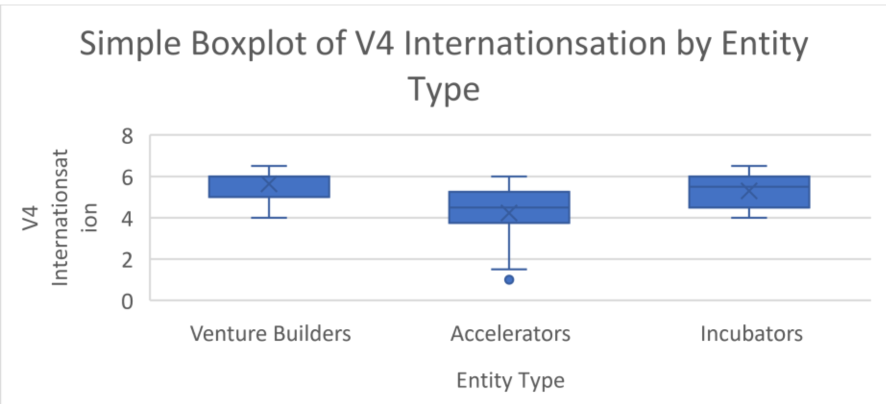


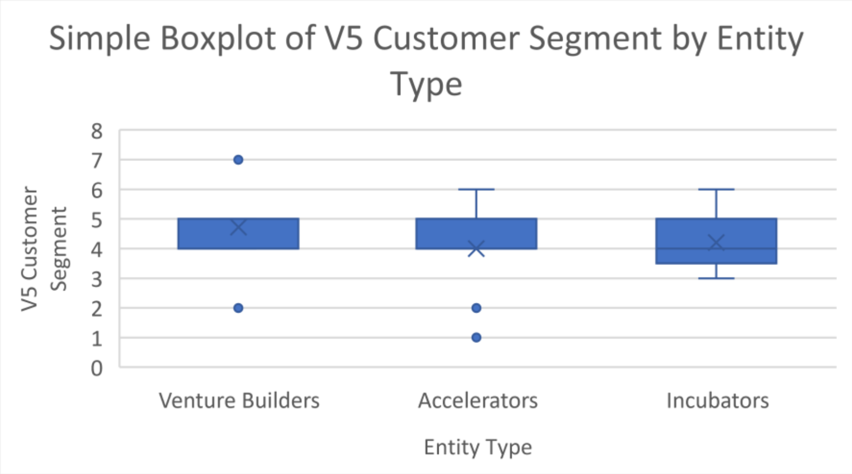
Appendix 5: Box Plot of 10 Independent Variables in Study 1A

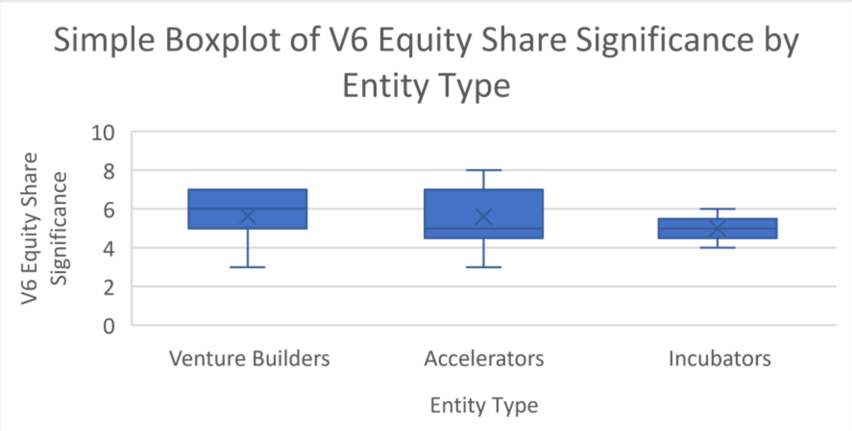


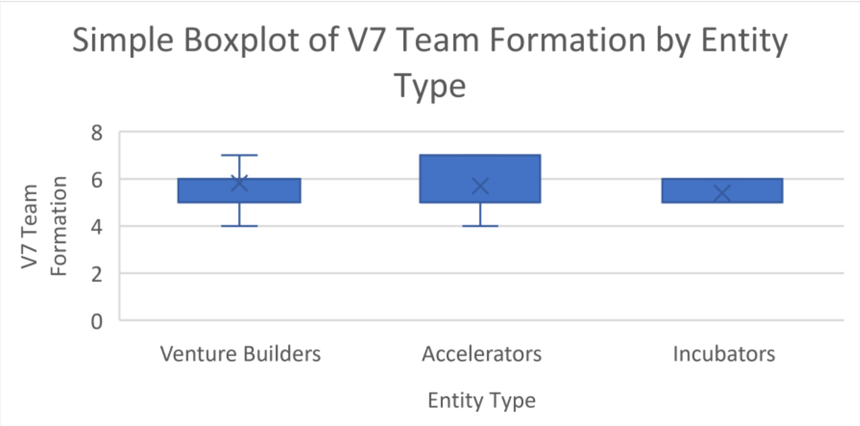


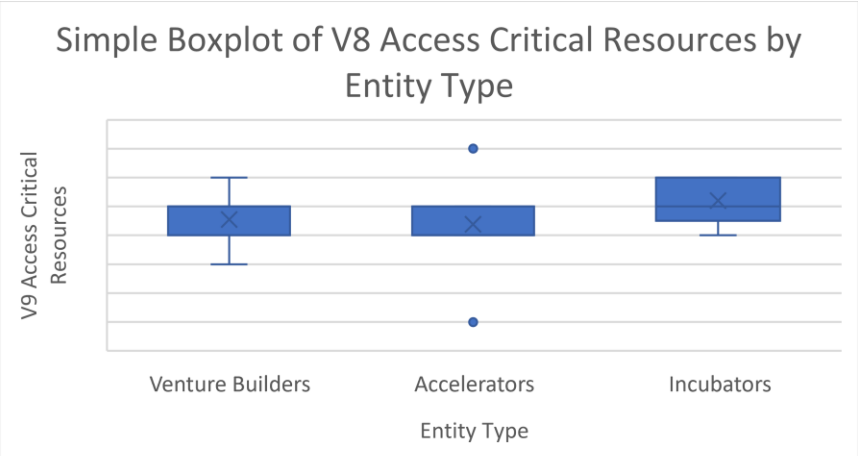


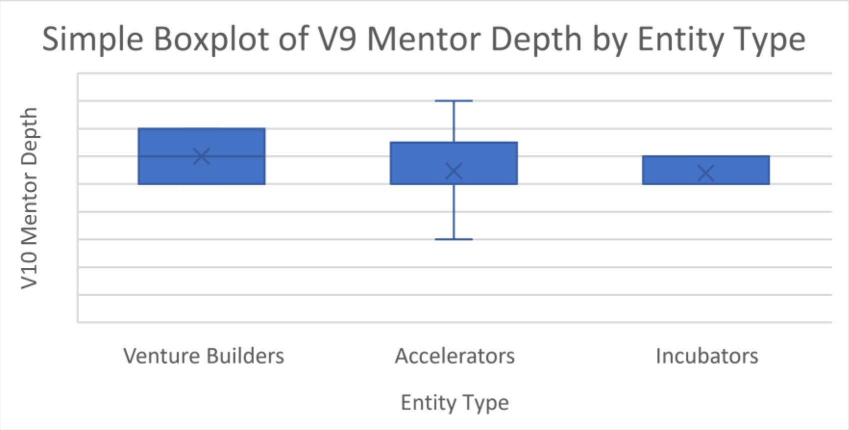


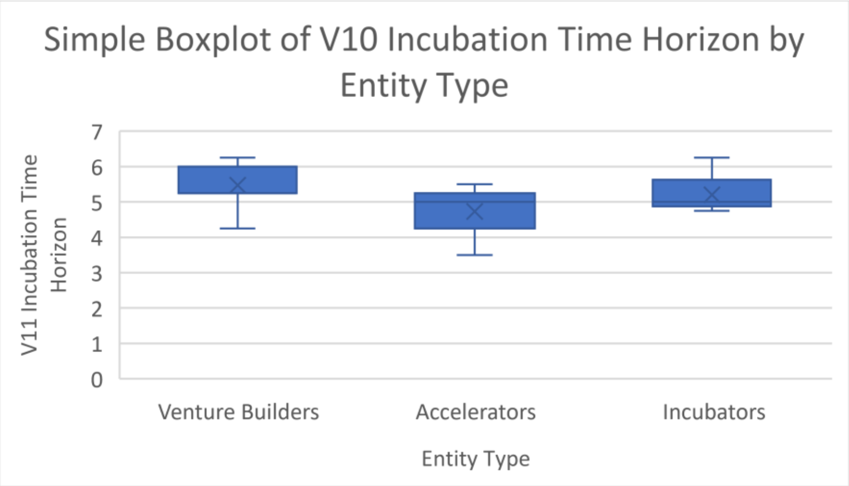

Simple Boxplot of V5 Customer Segment by Entity Type
V5 Customer Segment
8
7
6
5
4
3
2
1
0
Venture Builders
Accelerators
Incubators
Entity Type


Simple Boxplot of V6 Equity Share Significance by Entity Type
V6 Equity Share Significance
10
8
6
4
2
0
Venture Builders
Accelerators
Incubators
Entity Type


Simple Boxplot of V7 Team Formation by Entity Type
V7 Team Formation
8
6
4
2
0
Venture Builders
Accelerators
Incubators
Entity Type


Simple Boxplot of V8 Access Critical Resources by Entity Type
V9 Access Critical Resources
Venture Builders
Accelerators
Incubators
Entity Type


Simple Boxplot of V9 Mentor Depth by Entity Type
V10 Mentor Depth
Venture Builders
Accelerators
Incubators
Entity Type


Simple Boxplot of V10 Incubation Time Horizon by Entity Type
V11 Incubation Time Horizon
7
6
5
4
3
2
1
0
Venture Builders
Accelerators
Incubators
Entity Type