Keys for Successful Growth Strategies for Entrepreneurs after Economic Crisis

Georgeta Ilie
„Dimitrie Cantemir“ Christian University,
Faculty of International Economic Relations, Bucharest, Romania
E-mail: geoilie28@yahoo.com

Abstract

Entrepreneurs are important drivers of economic and social progress and change. The paper represents a systematic look inside the growth mechanism of early-stage companies from the perspective of eight different growth strategies for new business enterprises, underlining the opportunities and risks, growth accelerators, and growth challenges.

Key words: early-stage companies, growth strategies, opportunities and risks, growth accelerators, growth challenges
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1. Introduction

"*Entrepreneurship involves seeking and pursuing opportunity. Successful entrepreneurship captures the value from opportunity*" (Turner, 2002).

Behind avoiding a collapse of the global financial and economic system, governmental authorities around the world are now focused on *building a solid foundation for future development.* Besides safeguarding the economic recovery, the world is facing a number of *transformative challenges* such as an increasing scarcity of natural resources, significant demographic shifts, and the environmental and social implications of climate change.

In dealing with these challenges, governmental authorities across the world have taken an increasingly strong interest in entrepreneurship.

Entrepreneurs are people who have ideas, have vision and are willing to challenge the status quo. They play a critical role in society and the global economy. Entrepreneurs are recognized as important drivers of economic and social progress, and rapidly growing entrepreneurial enterprises are viewed as important sources of innovation, employment and productivity growth. Some of the most influential enterprises of our time began relatively recently as small entrepreneurial ventures. Many governments are therefore trying to actively promote entrepreneurship through various forms of support.

Entrepreneurship is first and foremost a mindset. It is the art of finding profitable solutions to problems.

Every successful entrepreneur, every successful businessperson has been someone who's been able to identify a problem and come up with a solution to it before somebody else did.

Entrepreneurship is willingly working together, risking, creating, implementing, driving and following through an innovative idea that seeks to maximize value from opportunity without constraint to existing models, structure or resources.

2. Alternative strategies of high-growth new ventures

Diversity is a remarkable characteristic of the companies that appear in tops of the fastest growing early-stage companies. In this paper there are highlighted *the diverse strategies of early-stage companies to build growth* and *the opportunities and risks of each strategy.*

2.1. Categories of growth strategies

There are eight different growth strategies for new ventures: wave, new product in a new category, new product in an existing category, redesign of business value chain, research or discovery of knowledge, rollup (aggregation) of existing players, governmental, regulatory or political change, and idea transfer or transplant.

1. **Wave ventures**. At key times, main moves occur that transform the business environment and create major new opportunities, both for new ventures and for existing ventures. There are distinguished three roles that new ventures can play in wave contexts: creating the wave, building the wave and riding the wave.

It is exceptional that a company is able to be a triple-play wave company: *first to create the possibility of a wave, then to play a significant role in its building, and then to continue to be a major player in riding the wave.* One of the features of many economic waves is that the number of companies greatly increases as the wave transitions from creation to building, and then from building to riding.

In some cases, there might be only one or two companies making the breakthrough that creates the wave possibility. Then more companies might be attracted as the system is built out. Eventually, a broader set of companies might be able to ride the wave. One of the best examples of a triple-play wave company is Microsoft.

2. **New product in new category ventures.** The distinction between a new product in a new category and a new product in an existing category is one of degree.

From a product design perspective, almost all products labelled as belonging in a new category will have some features that are in existing products. Similarly, some products labelled as belonging in an existing category may have some relatively new or novel features that are their points of differentiation.

From a *consumer's viewpoint*, a new-category product may mean be in an area where they have not experienced "anything comparable." Alternatively, it could be a new application for a product already in existence for other applications.

With regard to obtaining financing for the products, different classes of *investors* can have varying preferences for new-category or for existing category products, depending on their return and risk preferences.

New-category products are typically seen as having a higher revenue growth potential, but at a higher risk for achieving that potential.

New-product companies can differ greatly in their ongoing product strategies. Some companies keep their first successful new product as a core and add ongoing features to that core product. Other companies build an ongoing new-product pipeline where the aim is to develop a sequence of new products. Here, the initial product may even cease to remain in the available product offerings.

3. **New product in existing category ventures.** Many new ventures bring a product to market that, from either a design perspective or a user perspective already have comparable products in the market.

Many of existing companies seek to create a *differentiating* feature or are set up to exploit market opportunities due to difficulties that existing market players are facing.

A new entrant into an existing category can take advantage of product quality inconsistency, price-to-value imbalances and other product flaws in the existing market place.

A new entrant can take advantage of macroeconomic or external changes that create a more protected market opportunity for existing or new entrants into an established market.

A new entrant can combine elements of social trends to develop a differentiated product opportunity even though many substitute products exist.

A new entrant can use the Internet distribution channel to build a new venture.

4. **Redesign of business value chain ventures.** Value chain restructuring can take many forms. A major phenomenon in the last 50 years has been the increased hollowing-out of the corporation. Associated with this trend has been the emergence of new ventures in business process outsourcing (BPO).

A second major phenomenon is the growing sophistication of value chain management. Associated with this trend has been the emergence of new ventures attempting either to build a position in the existing value chain or to play a role in restructuring the existing value chain.

The emergence of major Indian BPO companies has been instrumental in building an important new vertical market business around the globe. These companies have also provided positive role models for many subsequent start-ups. New ventures in this area can have very high growth rates in headcount, often of technical IT personnel.

5. **Discovery and Research Knowledge Ventures.** Discoveries have been an important foundation for many early-stage companies. Two important discovery areas are:

- *The life sciences sector.* Companies that seek to discover major product breakthroughs for medical diseases or conditions – such as cancer, diabetes or baldness – face daunting risks of success. However, there can be a very large payoff if a successful new product is created. New ventures that start at the very early stages of the discovery process face a long period before revenues come in from the end users of the discovery. Another approach for a start-up in life sciences is to focus on the back end of the period from research to commercialization.

- *The extractive industries sector.* The extractive industries have a large number of start-ups in many parts of the globe. Many extractive companies are involved in early exploration. Here there is very low probability of finding significant reserves for any one company but very high payoffs if that discovery is made.

In each area, new ventures have a broad spectrum on which to position their initiatives.

6. **Rollup (Aggregation) of existing player's ventures.** Acquisitions, mergers and joint ventures are an important element in the growth strategies of both existing and new companies.

In many cases, these activities are opportunistic and are additional to a more mainstream focus on organic growth. A subset of new ventures (or restarted ventures), however, explicitly make acquisitions a core and major engine of their growth strategy. We refer to this new venture strategic classification as a rollup (aggregation) of existing players.

7. **Governmental/political/regulatory change ventures.** There is a diverse set of contexts where governmental, regulatory or political factors have been important prompts to the creation or growth of new ventures, as discussed in the following subsections.

a. *Regulatory changes attracting new entrants.* The global telecommunication industry has seen many start-up ventures that benefit from, or indeed are only made possible by, changes in governmental regulations.

b. *Privatization of governmental activities.* Privatization efforts by many governments worldwide have often led to the formation of new companies to acquire the assets being transitioned from public-sector to private-sector management.

This process may involve varying degrees of wealth creation versus wealth transfer. Wealth creation can occur, for example, when the new venture is able to effect significant cost reductions and efficiency gains, often through early sizeable reductions in headcount. Many such examples have occurred in the transportation sector – such as with railroads, airports and toll roads. Wealth transfer can occur when new ventures acquire previously owned government assets at below-market prices.

c. Outsourcing of governmental activities. Examples of this business opportunity include new ventures in the private security area and in the prisons area.

d. Governmental programs promoting environmental causes. There are multiple ways that governments can promote new ventures in green technologies and other environmental causes. In addition to *loans*, governments can provide other types of *incentives*, such as *taxation benefits*, *incentive programs* for potential customers, and *lower charges* for governmentally provided services and products. In addition, many *green technology ventures* have been aided by government policies that either *directly subsidize* their growth or place penalties on competitors using more conventional fossil fuels.

e. Governmental programs promoting economic development.

8. Idea transfer or transplant ventures. Great ideas can arise anywhere, and, in many cases, multiple groups in different countries may at the same time be working on the same problem and arrive at similar solutions. In other cases, individuals or groups who examine new ideas or new ventures in one part of the globe aim to be an early mover in taking an already proven idea to other geographies.

In many cases there is little ambiguity in terms of timing as to which venture had an initial idea and which ventures came later. From a commercial perspective, it is useful to distinguish between the "first mover" and the "first scaler." It is the first scaler that typically attracts the commercial interest of others in terms of replicating that success elsewhere. Indeed, to many in the commercial world, debates about who was the first mover are of little interest unless there is litigation associated with intellectual property rights.

There are a variety of entrepreneurial *motivations,* such as: *pragmatism or planning horizon*.

Many successful ventures draw on aspects *of prior ventures or prior ideas*. Debates and differences of opinion about who was first with a given idea are common. There can also be differing viewpoints on who the source of an idea transfer was or whether there really was an idea transfer.

In **conclusion**, not all companies constantly have a single growth strategy in their early years. Nor is there always clarity going forward on which of these growth strategies best describes an individual company at any point in time.

The elementary characteristics of each of these eight growth strategies and the differences among them provide important insights into the diversity of opportunities for early-stage company growth.

2.2. Basis for growth categories

There are several **factors,** each having its own *spectrum*, that give rise to this selection of the categories of growth strategies.

1. **Spectrum of a wave company vs. a independent company.** One end of this spectrum is *new ventures*, which are part of a broader wave that is changing the business landscape. The other end of this spectrum is a *stand-alone new venture* whose growth is dependent more on its own innovation than on factors that are affecting the changing business landscape.
2. **Spectrum of a new product in a new category vs. a new product in an existing category.** One end of this spectrum is *new products in a new product category*. Here potential customers do not have a comparable product to purchase. They might not even understand or appreciate the intended value of the new product. The other end of this spectrum is new products in an existing product category. Here the key features of the product are well known and are already being experienced by existing customers. We view a product as having multiple features. Some products that are near the "new product in a new category" end of this spectrum will have a combination of many new features with a few existing features. Similarly, some products that are labelled as "new product in an existing category" likely will have more existing features than new features.
3. **Spectrum of a new geography vs. an existing geography.** Successful ventures inevitably prompt other entrepreneurs and investors to build on or extend that success. One end of the spectrum occurs when *the new venture is located either in a new country or in a new customer segment* (collectively, geography). The other

end of the spectrum occurs when the new venture stays in the existing country or customer segment but seeks growth through innovation or differentiation.

4. **Spectrum of a large governmental role vs. a minimal governmental role.** One end of the spectrum is where a *government plays a pivotal role in either the formation or the growth phases of a new venture*. This role could take place in many areas, such as provision of finance, infrastructure, regulatory changes, customer incentives and taxation relief. The other end of the spectrum is where the role of the government is minimal in the success or failure of a new venture.

2.3. Opportunities and risks for new ventures

Every new venture faces multiple areas of opportunity and risk. The mix of these opportunities and risks can differ greatly across the eight growth strategies shown above.

There are eight areas of opportunity and risk that new ventures can face. These areas and their related opportunities and risks are the followings.

1. **Market size**. Other things being equal, the larger the potential market, the higher the growth potential of the new venture. One challenge of new ventures is to *continually seek ways of redefining and broadening the target market* so that total market size is not a binding constraint on the continued growth of the company. The risk here is that the market opportunity might not open up at the time most beneficial for a new venture. If the new venture is late to market, then other players may have built established positions. Alternatively, if the new venture is too early to market, it may not be able to stimulate sufficient early traction to grow in an economically viable way.
2. **Market value creation and customer adoption**. One end of this spectrum is where *the new product creates sizeable value for its users, which might be indicated by its rapid adoption by a large number of users*. The other end of the spectrum is where there is limited evidence of potential adopters seeing value in using the product, let alone purchasing it.
3. **Market value capture and business model.** One end of this spectrum is where the *new venture can capture a significant part of the value it creates*.

Innovation in the underlying business model can be a major driver in the growth of a company. The paid search model that has powered much of Google's growth is one such example. This paid search model had its antecedents in the pay-per-click search engine approach at GoTo.com (later Overture). The risk end is where minimal or zero value capture occurs. The pay-to-surf business model – where Internet companies pay users based on time spent on the site (surfing) – had minimal success in the late 1990s and early 2000s.

In addition to a new venture's business model, business value capture will be influenced by such factors as (1) the power of the new venture in the industry value chain, and (2) the pricing strategies of potential competitors or substitutes. Many ventures with impressive build-ups of free users of their products face the challenge of how to convert those high levels of traffic to cash. "Freemium" business models that combine elements of free service with a charge for premium services often require an ongoing evaluation of the appropriate mix of free and charged services as new entrants with differing business models come and go.

4. **Management team/people/human resources.** A new venture typically will have *one or more individuals who will lead the charge*. Major issues include their *aspirations*, their *abilities* and their *capacity to work effectively as a team.* How ambitious and how hungry for success are they? Are they resilient to bad times and dark moments? Can they attract and retain AAA talent and high performers for the venture?

Aspiration levels are very important. A founder with a "three B" cap on their aspirations is unlikely to be one who builds a world-class company that promotes major change. When evaluating a new investment venture, many investors place the highest priority on having or building a AAA management team. A key reason for this is that, in many new ventures, the management team has to change many features of the basic idea before there is market traction.

The advantages of a AAA management team to these investors is that the team can both identify quickly and execute effectively the multiple adjustments that may be needed to grow the new venture. A venture with a AAA management team also increases the likelihood that other high-quality people will join the new venture.

5. **Discovery or technical feasibility**. One end of this spectrum occurs when *a major breakthrough or new discovery is made*.

In the life sciences, it could be *a new drug that reduces or delays the impact of,* say, breast cancer. In the mining sector, it could be a major new oil or metal discovery. In the computer area, it could be a breakthrough such as occurred at Microsoft in 1990 when Windows 3.0 broke the 640 memory barrier, which meant that Microsoft could build better applications and do more with them. High-technology ventures in areas such as semiconductors and telecommunications are often built on a foundation of disruptive new research breakthroughs.

The risk is that no new breakthrough of a commercially viable kind is made. This negative outcome can occur in some cases after USD millions, or indeed USD billions, of outlays has been spent.

New ventures often have *much flexibility* as to the level of discovery risk they will undertake. Many extractive industry start-ups, for example, focus on so-called "wildcat areas," where there is little prior exploration but where the upside of a large discovery still exists. Other start-ups may choose to explore in less risky areas that have known deposits of targeted minerals or oil and gas, where the upside of a large new discovery is minimal.

6. **Financial and liquidity**. Financial risk for a new venture includes not being *able to attract sufficient financial support at terms that are acceptable to pursue the targeted opportunities.*

This can be an ongoing challenge for many new ventures. It arises at the start of a new venture and also over time when available liquid assets are necessary to meet operating expenses. This risk will be affected by the chosen business model and by the investment requirements of a venture before cash inflows from customers and other partners enable it to be cash-flow positive. Asset acquisition can be a key driver in the growth of an early-stage company. Financial opportunities can arise when key assets are acquired at prices well below their value to the new venture.

This happens because the buyer *has the capacity to better exploit the value of the acquired assets*, or *negotiates very effectively when acquiring the assets*. Financial risks associated with asset acquisition include overpaying for acquired assets and over-leveraging.

7. **Governmental, political and regulatory bodies**. Governments and regulatory bodies have much power to open major business opportunities for new and existing companies.

One risk area is *regulatory change or governmental withdrawal of previously committed support.* There can be many prompts for the withdrawal of such governmental support, some of which are not in the control of the new venture – such as a large macro-economic downturn creating pressure on governments to withdraw taxation incentives for solar industry purchasers.

8. **Implementation and scaling**. Key contributors in companies are *people who can keep the train on the track and on time*.

Companies that are able to scale rapidly and still consistently deliver on their customer, product and employee commitments are exceptional. Such companies can expand their opportunities by taking market share from competitors who struggle to deliver on commitments when rapid growth occurs.

The expression "scaling risk" is often used to describe execution risk for growth companies. Scaling risk includes managing the many challenges that have to be simultaneously handled in an often rapidly changing environment.

3. The early-stage entrepreneurial company exploration

The key players in new ventures with growth aspirations must assemble the pieces of a complex puzzle in a relatively short time.

This second part highlights general patterns of some important phases of the new ventures, such as: key decisions for the entrepreneur, the source of the idea, possible shifts in strategy over time, factors that promote high growth (growth accelerators) for the venture, challenges that arise in growing the company, and dark moments that the respondents encountered along the way.

There are eight critical areas where decisions must be made early in a venture and then re-evaluated on an ongoing basis (figure 1).

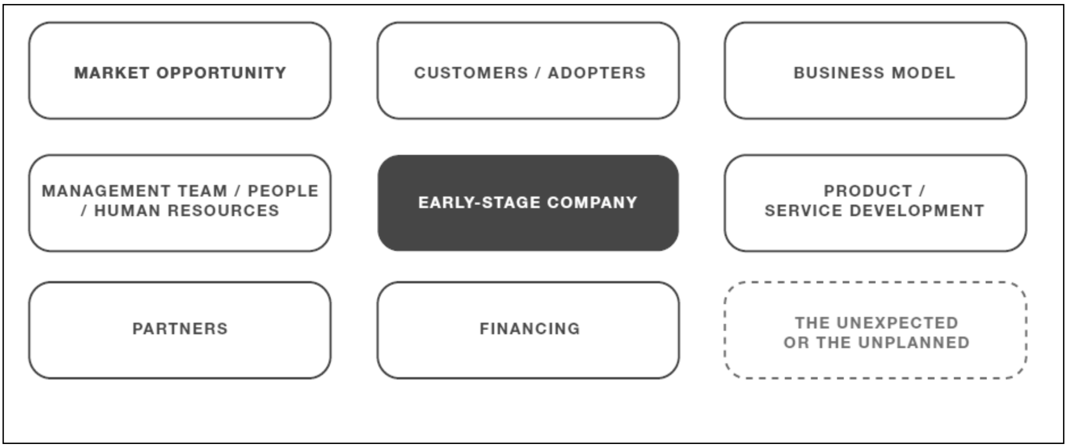

Figure 1. The building pieces of the entrepreneurial-growth company

3.1. Key decisions

As it can be seen in figure 1, there are four key decisions.

1. Decisions relating to the external world of the company. The top row consists of three decision boxes: *market opportunity, customers or adopters, and business model*. These decisions generally relate to the external world, where the new venture aims both *to create value and to capture value*.

In these decisions there are included: identifying markets and customers, creating awareness, reinforcing value for paying customers and other adopters, and developing a business model that enables the new venture to capture some of the value created.

2. Decisions relating to the internal world of the company. The middle row in figure 1 contains two decision boxes: *management team/people/human resources and product or service development*. These decisions relate more to the internal world of the company, although activities related to these two boxes can involve intense interaction with the top row of boxes.

3. Decisions regarding strategic partners and financing. The bottom row in figure 1 contains three decision boxes. The first two boxes – *partners and financing* – involve *third parties* that can help leverage the new venture, increasing the likelihood that the company will achieve more of its objectives at an earlier date than it would on its own.

Partners in areas such as R&D, product testing, sales and marketing, and customer feedback can help leverage the internal capabilities of the new venture.

Financial partners can play multiple roles, including bridging the time gap between early outlays for the venture and the receipt of cash from customers and other parties, and making or enabling investments that increase the rate of growth.

The last box in the bottom row has been *deliberately left vacant*. It represents the *unexpected or unplanned events* that are not apparent to the company or are not recognized at the outset. For many new ventures, this last box is where a major part of the ongoing opportunities, challenges and activities occur.

4. Decision environment. All the activity related to figure 1 occurs within the context of a broader early-stage company eco-system (figure 2).

Figure 2. The early-stage company eco-system

3.2. Source of new venture ideas

The following categories of the source of the “new idea” and how new ventures get off the ground illustrate the rich diversity in the starting line:

1. Market problem or pain point prompts new venture. There is a class of entrepreneurs who are attracted by large problems and large potential markets.

2. Market niche opportunity prompts new venture.

3. Successful venture in another geography prompts new venture.

4. New idea rejected internally prompts breakaway venture. With high regularity, new ventures are formed when *an entrepreneur working within an established company* proposes a new idea for the company, meets a lukewarm or cold reception, and then *goes off to do it on his own*.

An partial challenge with this prompt to start a new company is the *dividing line between intellectual property that was developed within the established company* (and therefore is the property of that company) *and intellectual property that is independently* or *subsequently developed outside the established company* (and therefore is the property of the new venture).

Issues can also arise if employees from the established company leave to join the new venture. If the new venture is successful, especially within the product arena of the prior company, litigation may arise between the two companies.

5. Overlooked asset in existing company prompts new venture. Entrepreneurs sometimes identify an existing asset within an established company that has fallen out of favour with that company's management.

6. Accidental opportunity or unplanned event prompts new venture. Sometimes an opportunity accidentally presents itself or an unplanned event occurs that "lights a bulb" for a new venture.

7. Desire to run an independent business prompts new venture. Many entrepreneurs stress the importance of being passionate about the business idea to be pursued. In some cases, however, the passion for managing a new venture comes first, and the specific business idea comes later.

There are multiple examples of the desire to work with friends or family when forming a new venture (*added desire to work with friends or family).*

Multiple entrepreneurs stressed the downside of "friends or family going into business together" (*challenges of friends and family ventures*). They gave off-the-record comments about "friends quickly becoming ex-friends" and the difficult challenges of negotiating a friend's employment terms (e.g. salary, bonus, or exit package) in a hard-nosed business way.

One expressed motivation for starting a new venture was to avoid working in a large company *(desire to avoid working in a larger company*).

3.3. Shifts in strategy or business model the norm

Opportunity, risk and uncertainty are three *characteristics of all new ventures*, especially those whose *founders have high growth expectations*. The evolving venture proved over time to be different – in some cases very different – from that planned at the outset. Some of the reasons for shifts in strategy or tactics in a new venture are discussed in the following subsections.

Sometimes a new opportunity arises that either did not exist at the start of the new venture or was not recognized at that time.

There are a few *existing strategy fails.*

1. Discovery ventures. For several of the strategies outlined in first part of this paper, failure has a reasonably clear meaning. For discovery ventures, key signals can indicate with high probability that a change in strategy or tactics is necessary or the venture should be terminated.

The continuing failure of a developmental, research-based drug throughout multiple trials presents accumulating evidence that the current research direction should be deemed a failure. A wildcat oil drilling venture that continues to have a sequence of dry holes likewise accumulates evidence over time of a failed strategy. Discovery ventures typically do not fail with regard to market value creation or adoption. If a drug is found that reduces breast cancer, or if a major oil field is discovered, there likely will be a readily available market.

2. New product ventures. First part of this paper discussed the following two product-related strategies: new product in a new category and new product in an existing category. Although they may be viewed as opposite ends of a spectrum, what they have in common is the need for the new product to reveal market acceptance at a reasonable price.

Developing early reliable indicators about the size of the opportunity for the potential new product opportunity and about the factors that will affect the timing and magnitude of that opportunity is essential to resource allocation in these ventures. Knowing what is and is not working, and why, at the earliest possible date is extremely valuable information for any company. It is especially valuable for an early-stage company, which typically has much less capacity to cope with major product failures than more established companies.

3. Ventures experiencing a major market shift. A major market shift can make any venture's strategy no longer feasible.

4. Idea transfer or transplant ventures. These ventures may require a sizeable shift in strategy whenever the new deployment area has its own features that are distinct from those of the original deployment area. The phrase "cut and paste ventures" is sometimes used in a pejorative way to describe efforts to take successful venture ideas from one geography and mechanically apply them elsewhere. Successful companies following a transplant strategy invariably make major shifts in strategy, or at least in tactics, in their early years.

Failure to make localization adjustments can also be a growth inhibitor to idea transfer or transplant ventures.

5. Examples of successful linear strategies over time. Many managers who are focused on high-tech entrepreneurship ventures take major changes in the strategy of new ventures as a given. Although admittedly in the minority, some founders or early executives describe their current strategy as linear with respect to the company's initial plan. Ventures that require a sizeable infrastructure and long planning times have, not surprisingly, linear strategies.

Many entrepreneurs stressed that while they believed they had stayed true to their initial strategy, there were always extensions, refinements or adaptations.

3.4. Growth Accelerators

There are a variety of growth accelerator categories identified in early-stage companies: market opportunity/customers/competitors; human resources/people/ organization culture; product/services/after-sales; marketing/branding; research & development/new product development; operations managements/systems; partnerships/

inter-company leveraging; strategy/planning; sales/distribution; top management/board; acquisitions/mergers.

It is important for the management of a start-up *to identify the key accelerators for growth and other company objectives*. They then can prioritize company resources so that the activities that facilitate these accelerators operate in an effective and efficient manner. The type and importance of individual growth accelerators likely will change over time for individual companies.

There is a *significant difference among companies in the growth accelerators* each company cites and ranks. A mechanical approach of assuming that the same set of accelerators inevitably applies from company to company is misdirected. It is essential to conduct the analysis at the individual company level, taking into account its competitive situation, its internal capabilities, the chosen growth and other objectives.

3.5 Growth Challenges

There are five growth-challenge categories.

1. Organizational configuration. The biggest challenges are around creating the proper organizational structure. It is needed to build every function of the company, create a global company, and recruit many people, all while operating at a very high pace.

While it is needed to hire the best talent possible from all over the world, the founders had to do every job until we got the right person in place.

This approach to building out the organization can place great strains on the senior management team, especially if the company either is born global or very quickly expands its global footprint.

2. Changing the management team.

2.1. Fast pace with little infrastructure. The management team of a rapidly growing start-up company is not the place for every executive. Relative to larger companies, there is typically less infrastructure to support management team members. Moreover, amenities such as business class travel may be minimal, and functional boundaries may be ill-defined. The pace of change in a fast-growing company can be very high, which itself can place strains on an organization.

2.2. Executive hired from large company. Multiple people who were interviewed gave *anecdotes about poor outcomes* when executives came from large, well-resourced companies take responsibilities for key functions in a fast-growing young company. One person, who lasted three months, was described as "*a cultural misfit who, before joining us, had never turned right when entering an airplane. He missed his PA. We decided that it was better for us and for him to move him on. It actually was a very costly three months for both sides.*"

As with many areas of early-stage company analysis, such an anecdote should not mean a moratorium on such hires by young companies. However, hiring a large-company executive for an early-stage company is a red-flag area.

3. Capacity to evaluate human capital. Companies with extreme growth quickly enlarge beyond the capacity of the top management team to be involved in a detailed manner with each individual hiring and firing.

4. Challenge of preserving company culture with rapid growth. Multiple companies stressed the strains placed on maintaining a company culture either when there is a rapid increase in headcount or when companies grow with locations in different geographies.

5. Interaction between small and large companies as customers. Relationships between small and large companies are often at the extreme ends of a wide spectrum. At one end, they can be a *major accelerator for a start-up.* However, interviews with several small companies revealed a very different end of the spectrum. These included very dark moments at small companies associated with what were viewed as “outrageous” or “obscene” demands by the larger company: difficulty of maintaining balance; difficulty of maintaining control; aiming for a broad customer portfolio.

The challenges of small companies to maintain a productive ongoing relationship with a much larger company have no time stamp on them. They existed 30 years ago, exist now, and will likely exist for some time into the future. It is these difficulties that push many companies, as they grow larger, to put a priority on building a broad portfolio of customers. Unfortunately, early-stage companies in business-to-business settings rarely have that luxury.

3.6. Managing through dark moments

The most active circumstances are related with “dark moments” or negative periods that a company faced. *Company financing and liquidity* is the most frequently mentioned category for dark moments in the overall example: *inability to rise funding; inability to complete a planned IPO; and excessive pressure from debt.*

For many companies, *going global* is an important growth path. *Increasingly, early-stage companies are adding a global dimension to their architecture*. However, the potential for dark moments are expanded when a company goes outside its own borders in one or more areas, such as suppliers, partners, employees, customers or adopters.

Behaviours such as optimism, risk taking, adaptability, resilience, determination, and the capacity to survive with large amounts of uncertainty appear to be over-represented, compared with the general population.

Conclusion

Entrepreneurs are important drivers of economic and social progress and change. *Much of our daily lives are greatly influenced by entrepreneurial companies.* Many such companies in their first 10 years launch new ideas or new products that transform society and the way people live, work and play.

In many areas, early-stage companies have been a key stimulus to the innovation, development or expansion of impact surrounding the new idea or new product. Examples of fields where huge changes have occurred in the lives of billions of people and still occur in all parts of the world are recombinant DNA, the desktop computer revolution, the Internet, mobile telephony and social networking.

The last decade has seen a heightened global interest in early-stage entrepreneurial companies. Ever more, the examples of successful early-stage companies that are changing society come from around the globe.

Countries continue to increase their efforts to *develop hot spots to promote the starting and growing of such entrepreneurial companies* in their own cities and regions. There is growing venture capital activity in countries such as China and India and other areas of Asia, as well as in Latin America, the Middle East and Africa.

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