

Knowledge partnerships to support the entrepreneurship journey, The Entrepreneurship Support Value Chain

Strengthening Knowledge Management for Greater Development Effectiveness in the Near East, North Africa, Central Asia and Europe

Giordano Dichter
H&D Partners – Belgium
3 July 2020

Who are you?

Is there anyone who has successfully created a company?

Is there anyone here who has successfully failed at creating a company?

Are there any incubator/accelerator practitioners in the room?

How many of the present organizations have the ambition to become a startup generator?

Who am I

What I am not

I'm not a G-man

I'm not a C-level executive

I'm not an academic

I'm not an investor

I'm not salesman

What I am

I am an incubation expert

I am an incubatee

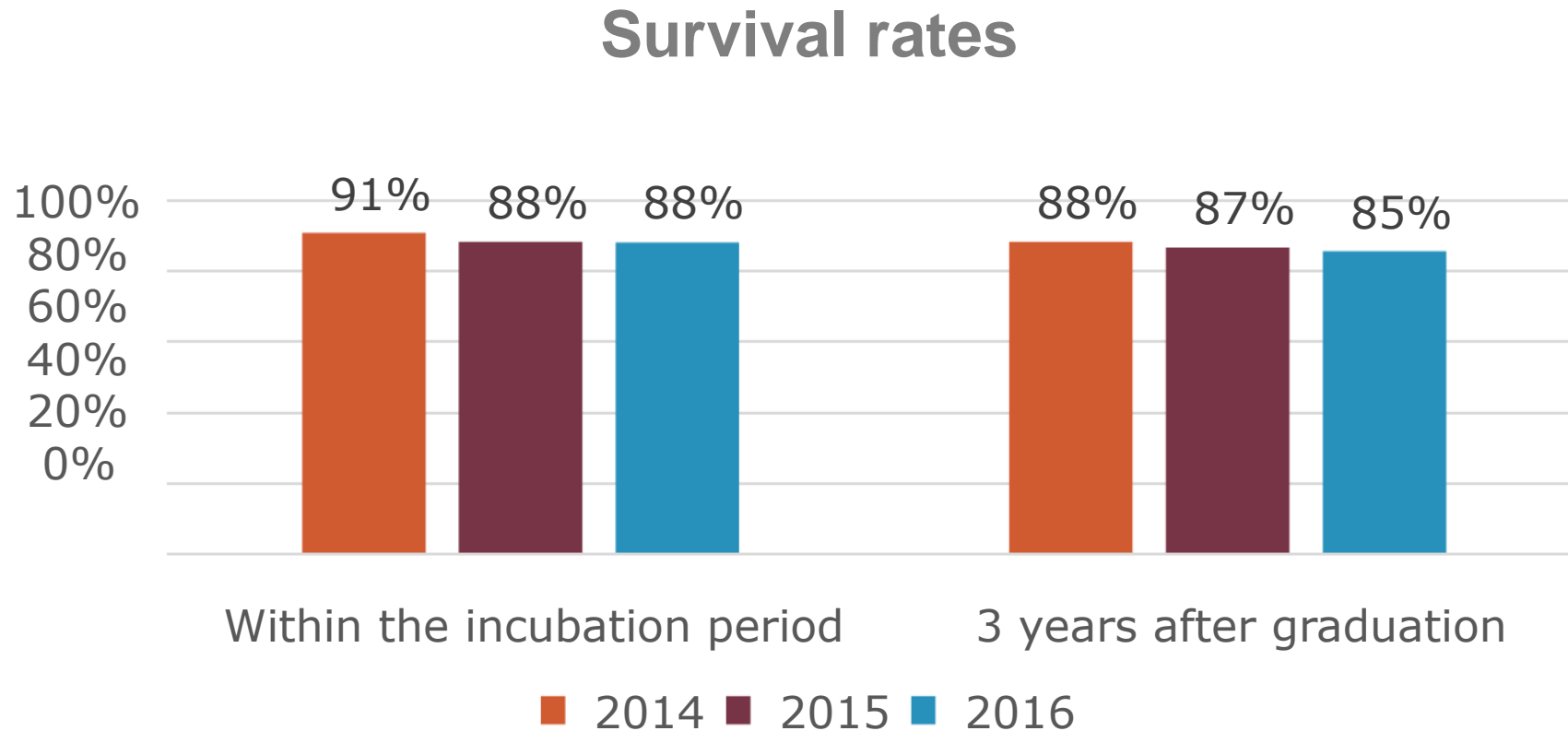
I am a tentative startupper

I am a networker

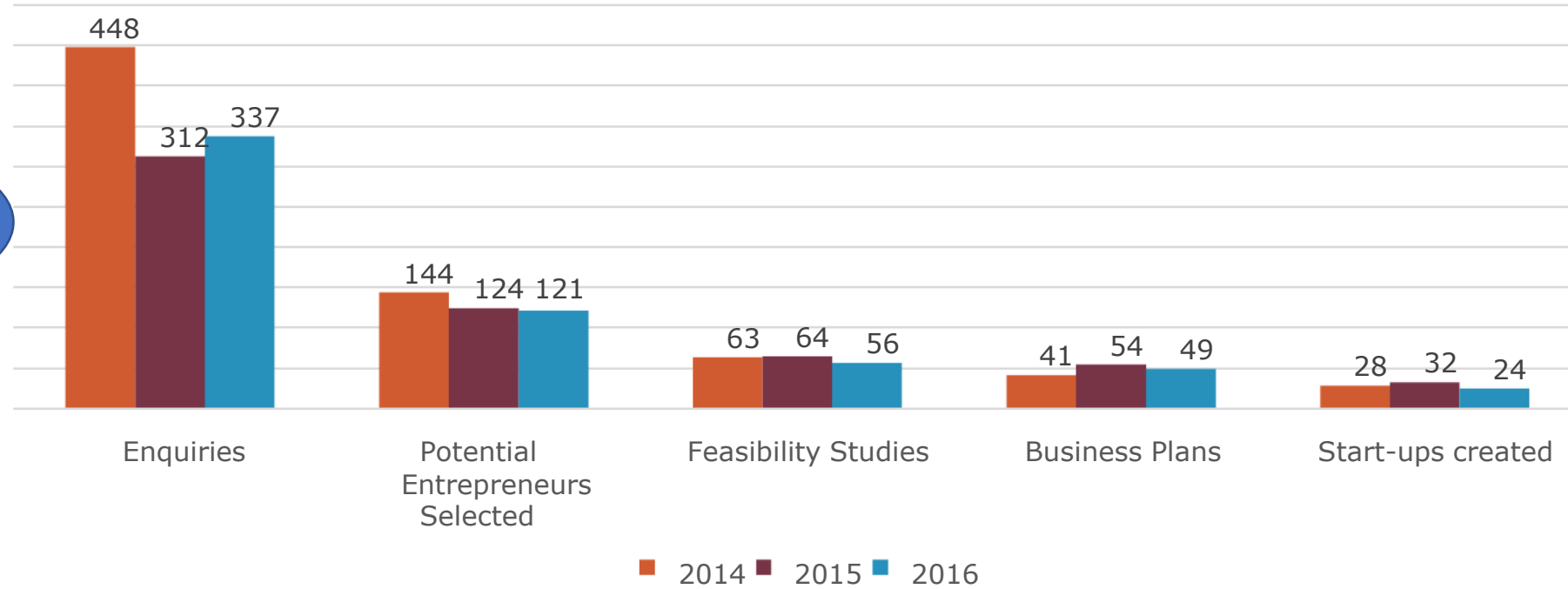
I am a consultant

I am a voluntary / forced traveller

Do you have an idea of the survival rates of a properly incubated startup?



Deal-flow for startup creation



Manage expectations



www.dilbert.com scottadams@aol.com



4-2-08 © 2008 Scott Adams, Inc./Dist. by UFS, Inc.





Complexity

Ecosystems





Spinoff

ETH

YOUNG
Entrepreneurs

SILVER
VALLEY



WEBEntrepreneur
arrondir ses fins de mois... ou bâtir

STUDENT
ENTREPRENEURS
AGENTS OF CHANGE

GEEK IS
The New Sexy

People

Immigrant
Entrepreneur



Multinational

AUTO-☒ ENTREPRENEUR

We Made That!

WOMEN
OWNED

BORN
global



A vibrant, stylized illustration featuring a diverse group of people from various cultures and eras. The background is composed of bold, black and white geometric shapes, including triangles and zig-zags. The figures are depicted in a collage-like style, with some wearing traditional headpieces and others in modern or historical attire. The overall composition is rich in color and detail, emphasizing the theme of diversity.

Diversity

Players



Startup/SME Support Programme History

1958: The first Business Incubator established in Batavia, NY, USA.

1978: The term “Angel Investor” coined by researcher at University of New Hampshire.

1990: Hackerspaces and Makerspaces begin to appear in Germany.

1995: First Coworking spaces founded in Germany and San Francisco.

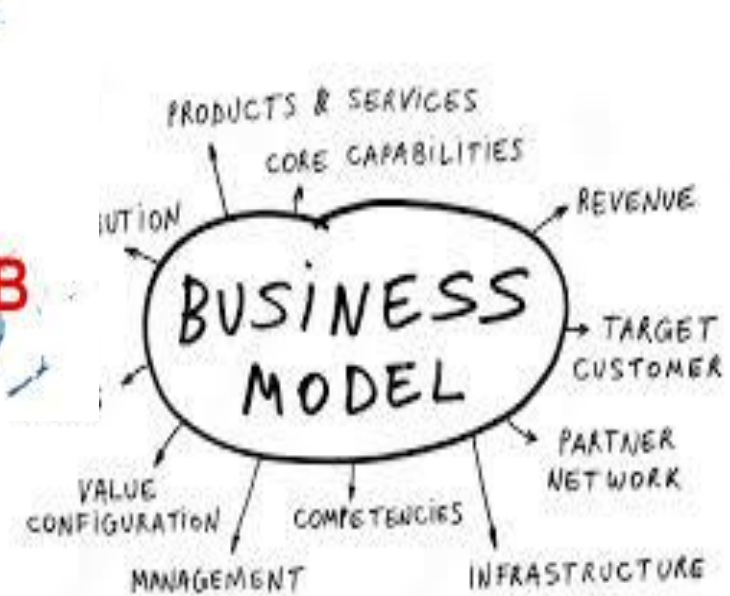
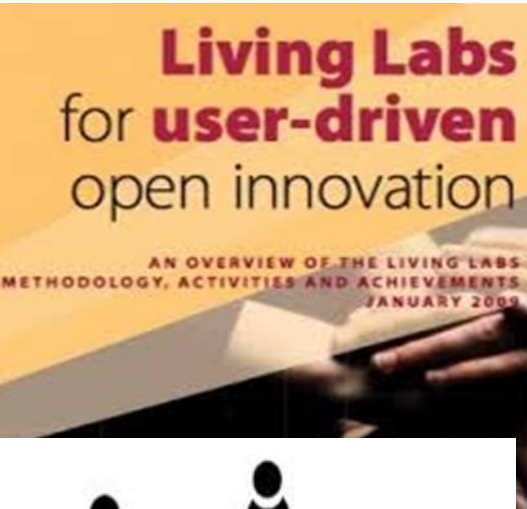
2001: FabLab, a digital prototyping space and program, founded at MIT in Boston, USA.

2005: Y Combinator, the world’s first seed accelerator launched in Silicon Valley.

2007: Startup Weekend created

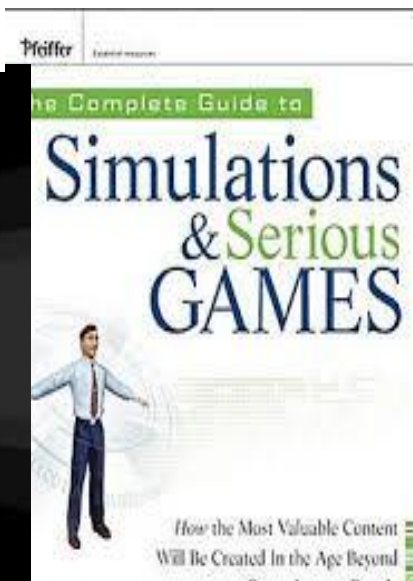
2010: Business Model Generation Canvas

2011: Eric Reis publishes “the Lean Startup”



Tools & Methods

effectuation





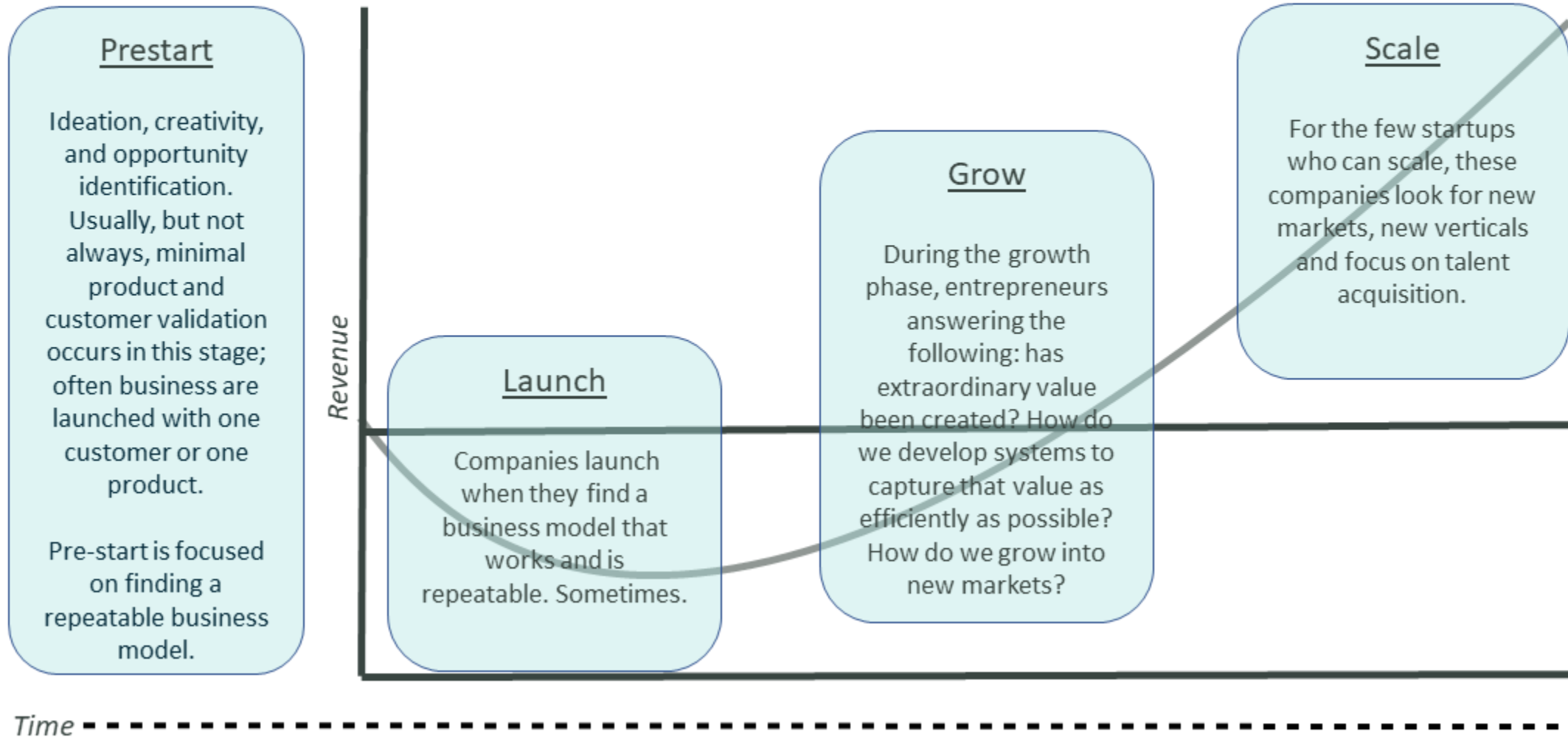
The mission

Scale

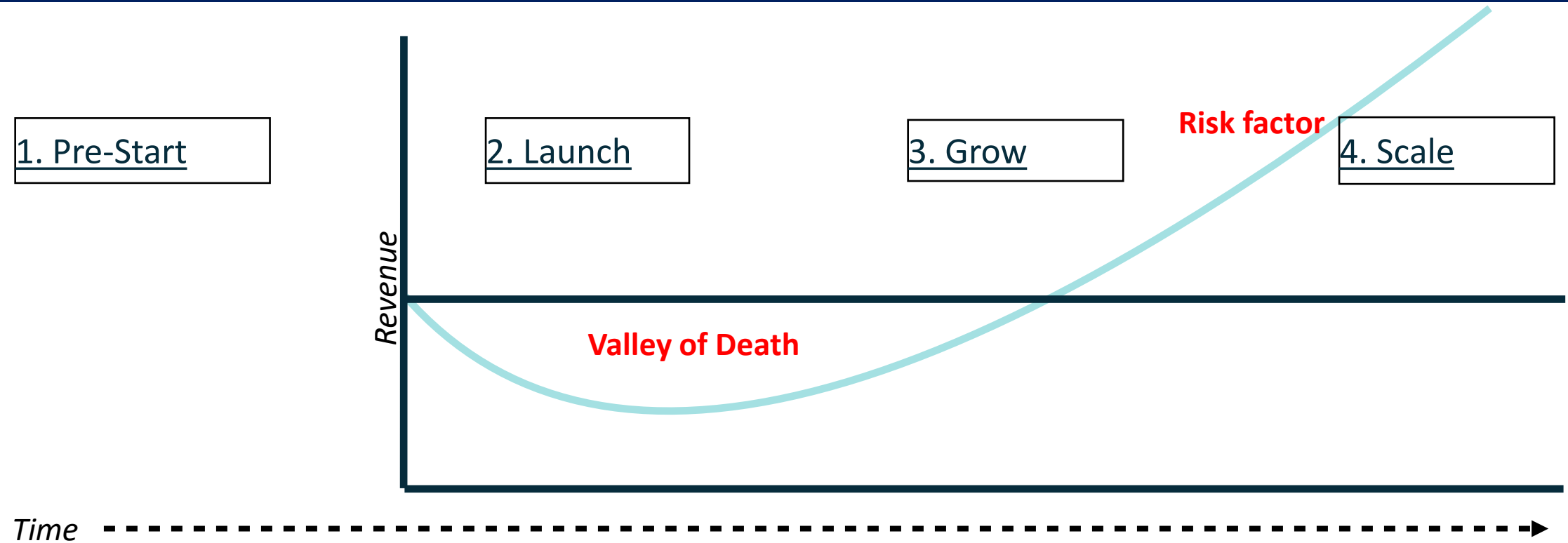
Start

Engage

The Entrepreneur's Journey



Small Business Growth Stages



Why startups fail?

Pre-start

Failure to find Product-Market Fit

Failure to build a reliable MVP

Poor roll-out strategy

Poor communications strategy

Launch

Ineffective Go-To-Market Strategy

Ineffective or incomplete support and service team

Bad product

No market fit

Non-profitable business model

Founders'dilemma

Grow/Scale

Money: Cashflow, financing, down rounds

Customer Acquisition costs impact margins

Talent acquisition

Failure to maintain product quality

The Entrepreneurship Support Value Chain (ESVC)



Outreach

- Awareness raising
- Education
- Stimulation
- Mindset
- Startup weekends
- Hackathons
- Ideation
- Ambassadors
- Vertical topics
- Social media



Pre-start

- Training
- Proof of concept
- Proof of Technology
- Proof of Business
- Team appraisal
- Business modelling
- Innovation
- MVP Validation



Launch

- Early-stage finance
- Access to clients
- Strategic partnering
- Team building
- Operations set-up
- Housing



Growth

- Access to finance
- Internationalization
- Clustering
- Sales development
- Operational support
- Commercialization
- Diversification

The Key to a sound program is the ecosystem

Ecosystems are made up of institutions, and most importantly, the people within the institutions that provide services directly to SMEs or can be leveraged to support SMEs.

There is a difference between the **existence of institutions** that typically make up an ecosystem, and a **functioning** ecosystem functioning in a way that **benefits entrepreneurs and SMEs**.

Ecosystem building

A methodology that empowers the local actors to jointly decide, through a participated approach, how to achieve sustainable development by providing support to the local entrepreneurship through the exploitation of local resources by leveraging on the endogenous potential of the area and its connections with the world.

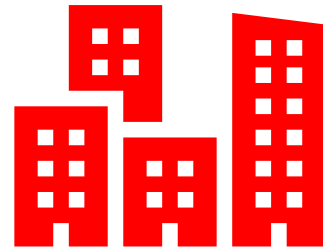
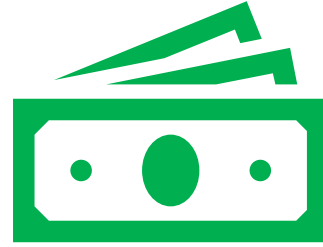
Management of local conflicts

From eGosystem to eCosystem



Ecosystems are risk mitigators!

HD PARTNERS



Who are the
Players in the
Ecosystem?

- Government
- Education
- Support organizations
- Money
- Corporates

Education/Human Capital

These are organizations that **develop talent**, which can go on to support entrepreneurs. This is also the inventory of experts and former entrepreneurs in a particular place that can help SMEs (or are a source of entrepreneurs)

- Universities
- Training programmes
- Institutions (science, etc.)
- Companies and corporates





Europe*

Academic spinoffs: 10% of total start-up creation in 2016: in real terms less than 3 start-ups per innovation center

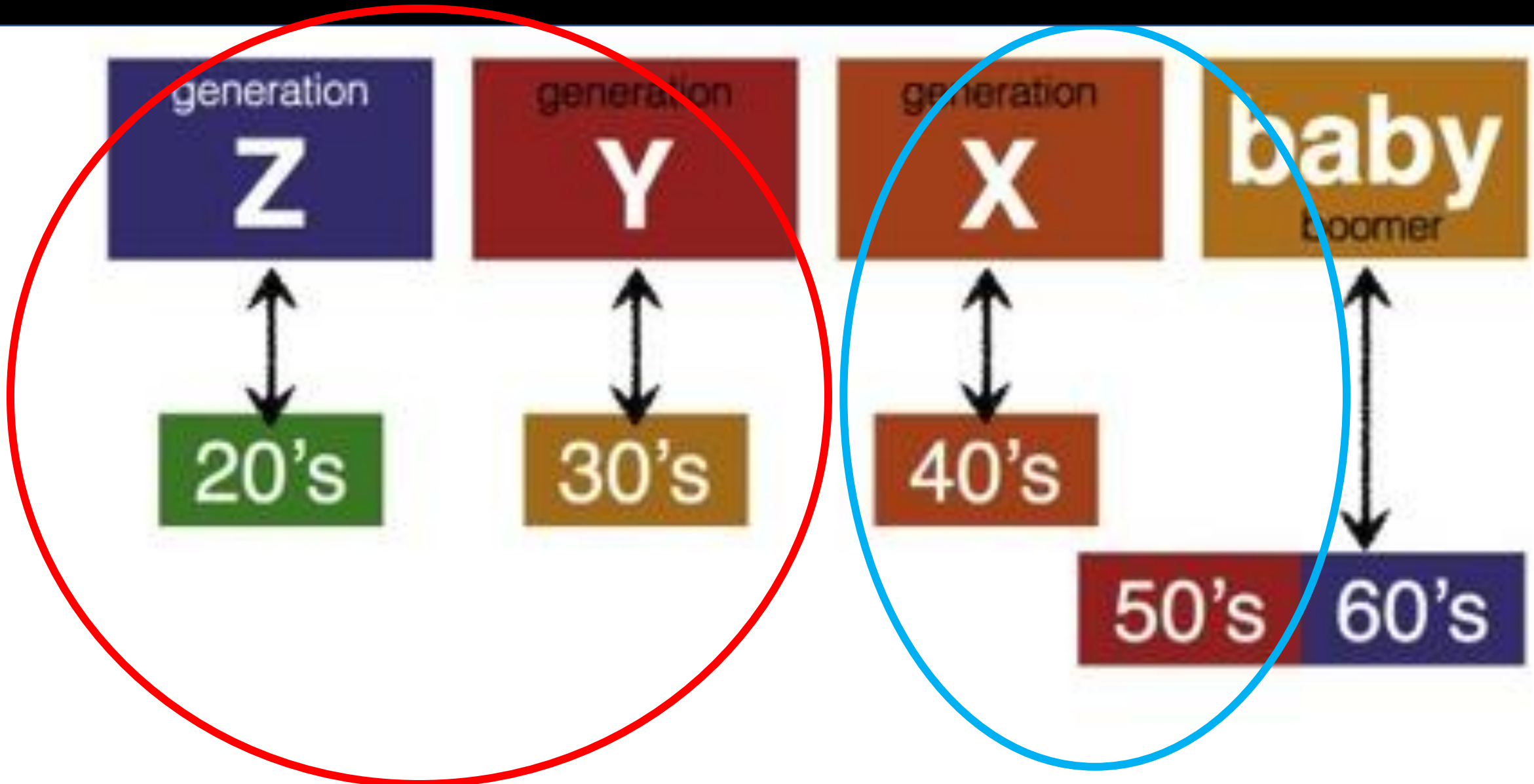
Question: what is the real contribution to entrepreneurship of the academic sector?

Research

Startup
creation

Mindset

Is it to support the creation of an entrepreneurial mindset?





University incubators

Where is the pool? Where is the deal-flow?

Open doors is usually the practice...

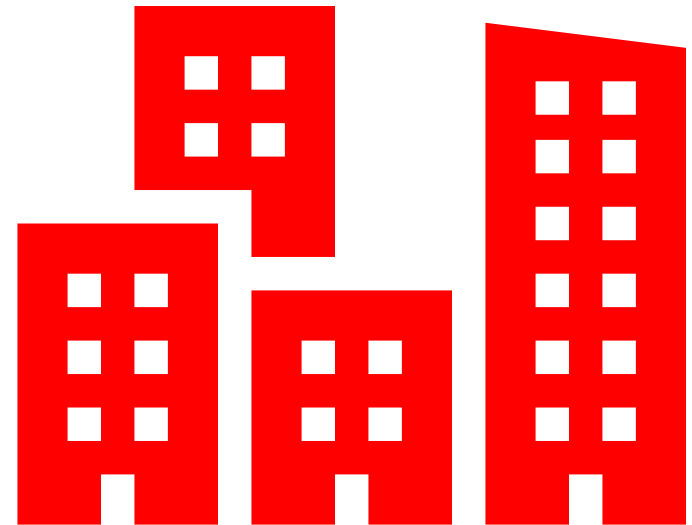
Are you sure you want to engage directly in
incubation practices?

Can the ecosystem come at hand?

Government

How does government support entrepreneurship?

- Through policy initiatives
- Through tax incentives
- Through programme Funding
- Through early stage Startup Funding
- Through Research and Development
- Through international connectivity



Stop
Talking

Start
Listening

Act
Accordingly





Lead the Ecosystem

Create effective policies

Fund support organizations...
No strings attached

Not yet convinced?
Why should Government invest in business and
innovation support organizations?

Example: The Irish EU|BICs in 2016

- Public financial contribution to the Irish Business and Innovation Centers → € 3,505,272.00
- Public funds provided to Irish entrepreneurs supported by the Irish Business and Innovation centers → € 8,600,000.00
- Total public investment to the entrepreneurial ecosystem surrounding the EU|BICs € 12,105,272.00
- Total number of jobs created by the Irish EU|BICs → 818
- Survival rate of the companies sustained by the Irish EU|BICs → 85%

Public sector investment per job created →
$$\frac{\text{Total Public Sector Investment}}{\text{Jobs Created}} = \frac{12,105,272.00}{818} = \text{€ } 14,798.00$$

Average gross wage in Ireland (OECD Stats) → € 51,336.00

Income tax for average household (family with children) → 20% up to 42,800 Euros, 40% for greater income

Average annual tax inflow from each job created at average wage → € 11,974.40

Pay Back Period for Irish government

$$\frac{\text{Public Sector Investment}}{\text{Public Sector gain} \times \text{survival rate}} = \frac{€ 14,798}{€ 11,974.40 \times 0.85} = \mathbf{1.45 \text{ (1 year 5 months)}}$$

5-year Return on Investment for Irish government

$$\frac{(5 \times \text{Public sector gain} \times \text{survival rate}) - \text{Public sector investment}}{\text{Public sector investment}} = \frac{(\text{€ } 11,974.40 \times 5 \times 0.85) - 14,798.00}{€ 14,798.00} = \mathbf{2.44}$$

The Irish Government repays its investment in 1 year and 5 months and has a 340% gain in 5 year time on the investment on the local incubators...

Without factoring in →

- VAT due to increased spending
- Savings on the welfare system
- Trickle-down effects on induced economy
- Trickle-down effects of families
- Increase happiness!

Support Organizations

Support organisations include those specific to entrepreneurs, and others that have facilities and equipment that might benefit a startup.

- Incubators
- Accelerators
- Fab Labs/Maker Space
- Prototyping organisations
- Technology services providers





Loose Money = Tight Responsibilities

Deliver quality over quantity

Keep your skills up-to-date

Coaching is... key



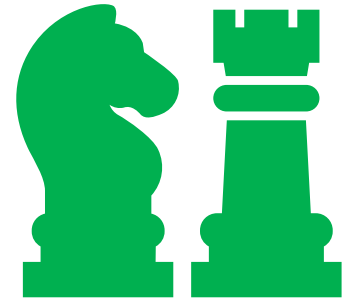
Mind Set



Tool Set



Skill Set



Strategy



Problem: The People

Hard Skills

Soft Skills

Hiring procedures generally do not include an assessment of the soft skills of an incubation practitioner

The Entrepreneurship Support Value Chain (ESVC)



Outreach

- Awareness raising
- Education
- Stimulation
- Mindset
- Startup weekends
- Hackathons
- Ideation
- Ambassadors
- Vertical topics
- Social media



Pre-start

- Training
- Proof of concept
- Proof of Technology
- Proof of Business
- Team appraisal
- Business modelling
- Innovation
- MVP Validation



Launch

- Early-stage finance
- Access to clients
- Strategic partnering
- Team building
- Operations set-up
- Housing



Growth

- Access to finance
- Internationalization
- Clustering
- Sales development
- Operational support
- Commercialization
- Diversification

Example: Liverpool

Government



Department for
International Trade



Where great discoveries are made



Money



Angel Network

Support



powered by Capacity

BALTIC
CREATIVE

avenuehq
LIVERPOOL

Supported by Eagle Lab

SENSORCITY
Making the future happen

LCR >>>>
ACTIVATE



The Women's Organisation



DoES
Liverpool

Educate



Example: Liverpool's challenge


Lots of support organisations.

Not a lot of money.

Government support not strong.

Not a great pipeline producers
(education, corporate) for the
number of support organisations
in the city.





What will your focus be?

High-Tech
Innovation?

Academic
Spinoffs?

Growth?

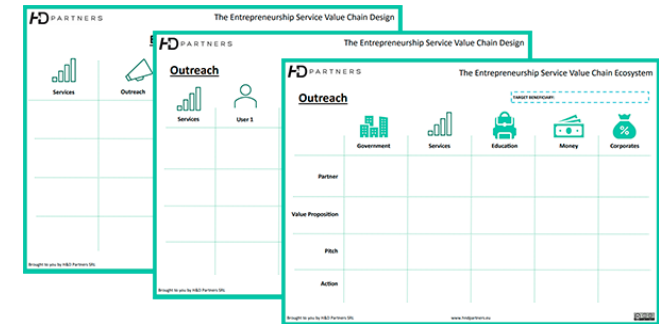
Local / traditional
entrepreneurship?

The ESVC Toolset

www.hndpartners.eu/toolset

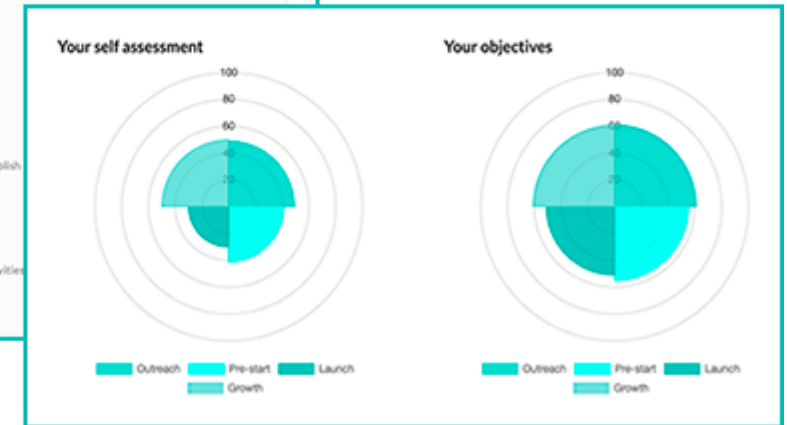
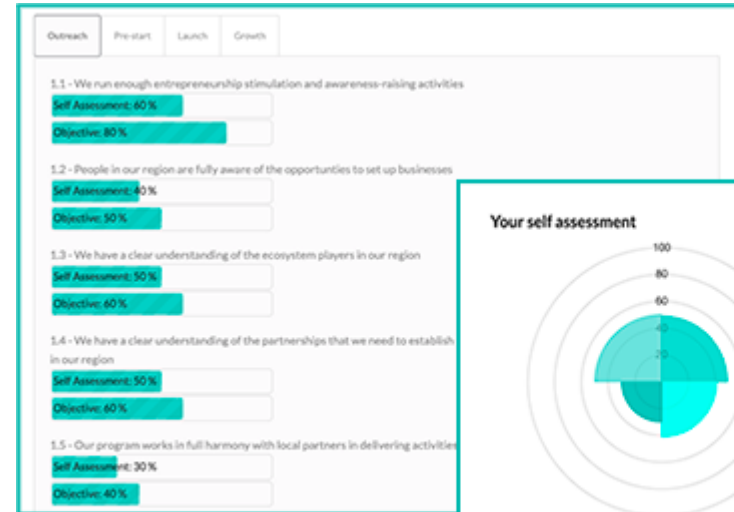


The Self- Assessment



The Canvases

The Self-Assessment



The User Profile

The typical user of your entrepreneurship support program



The user



The business

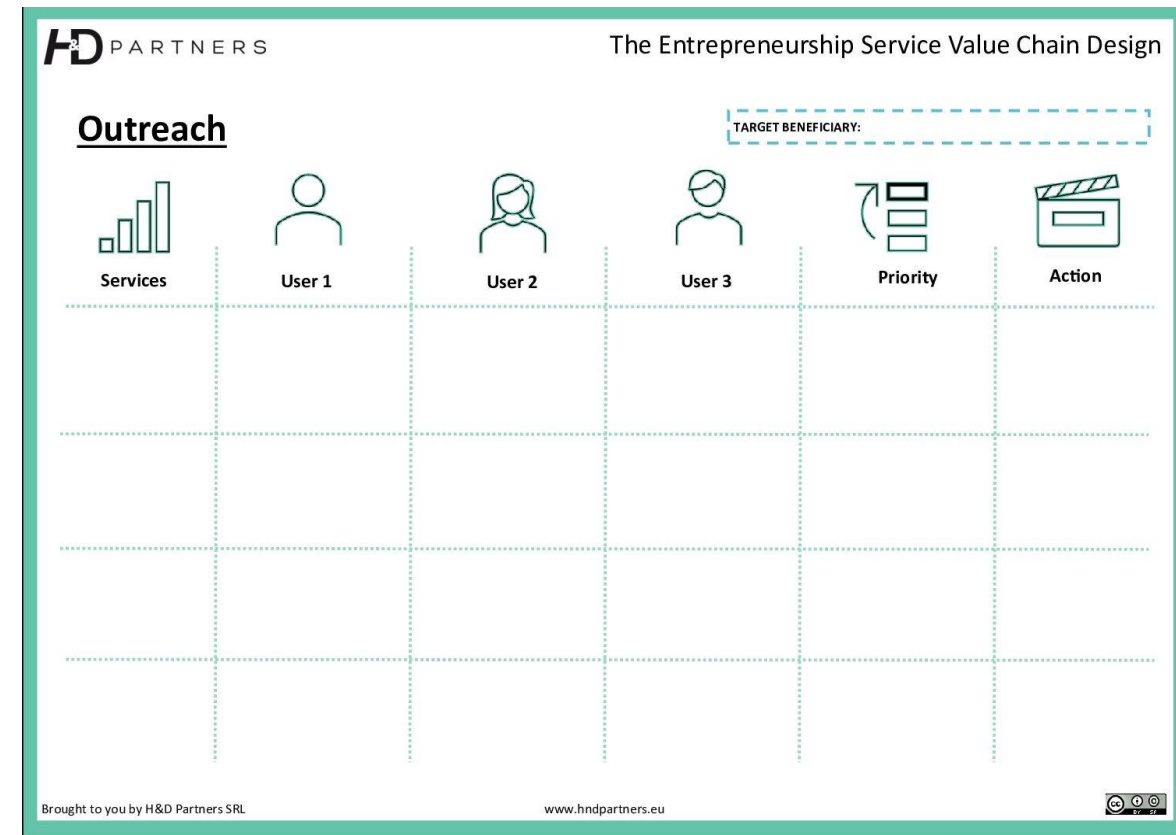


The services

<p>PHOTO</p>	<p>2. BUSINESS IDEA (what is the business idea and how did the user come up with it?)</p>	<p>4. CHALLENGES (what is impeding the user to reach the goals?)</p>
<p>1. PROFILE (name, age, location, family situation, financial situation, education, business experience)</p>	<p>3. AMBITIONS (what are the goals of the user?)</p>	<p>5. SUPPORT (what support would the user need to fulfill his/her ambitions?)</p>

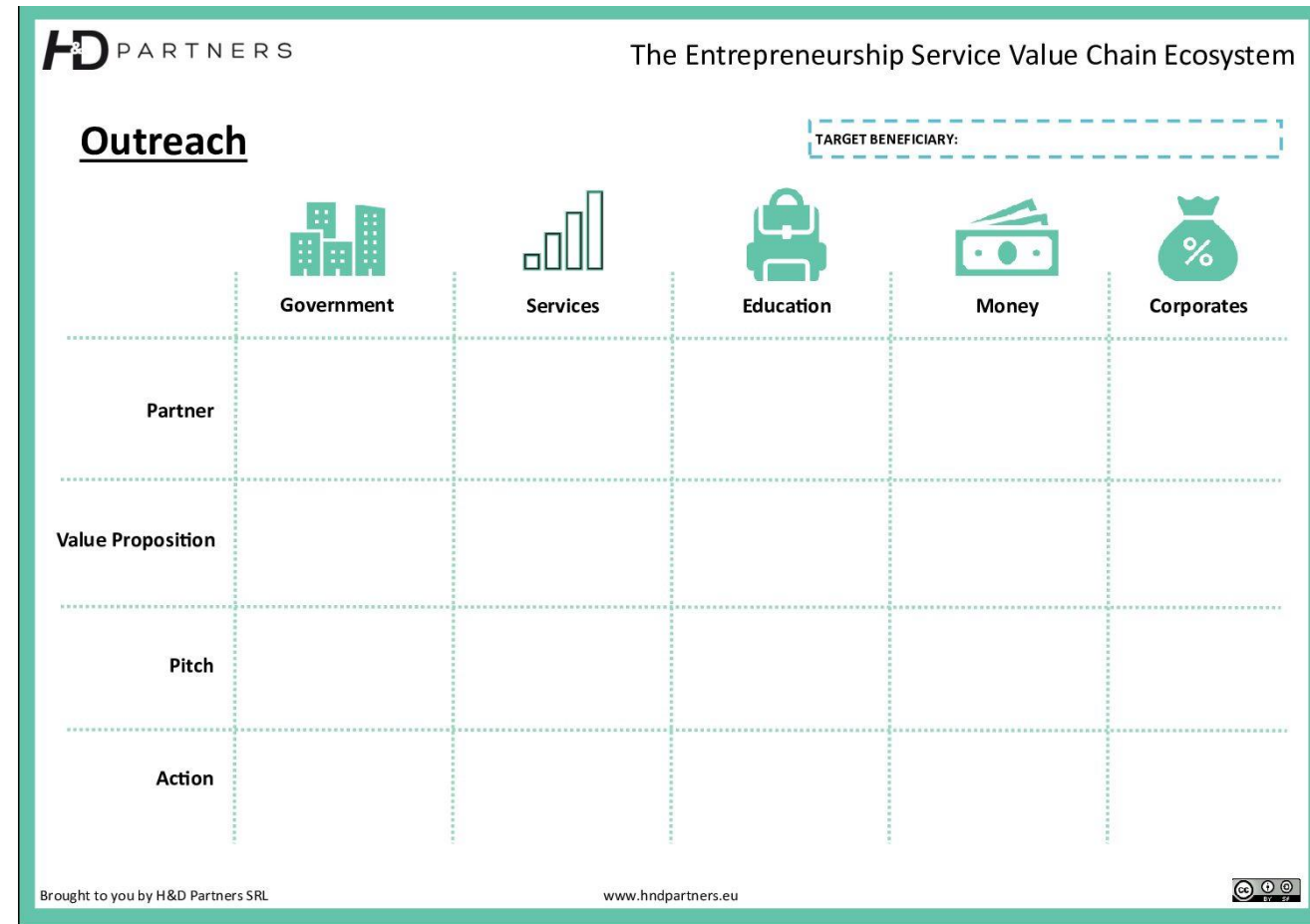
The services

1. How do you connect with your typical user?
2. What action/service do I need to establish to properly connect with the typical user?
3. What are my priorities?



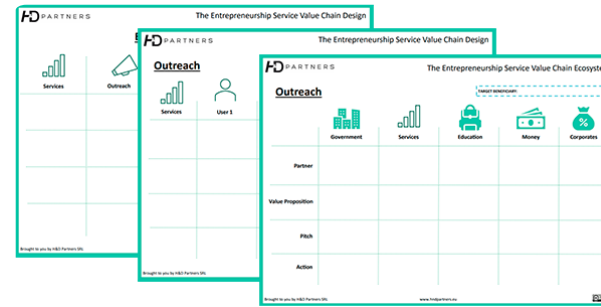
The ecosystem

1. What partnerships do I need to establish to ensure I can properly connect with the typical user?
2. How do I convince the most influential ecosystem player to work together?



Where to find
free interesting
tools?

www.hndpartners.eu/toolset



Contact me @



Giordano Dichter

Founder and Partner

H&D Partners

Entrepreneurship solutions

Email: giordano@hndpartners.eu

Phone and WhatsApp: +32 471 309623

Skype: g.dichter