AN INTEGRATED APPROACH OF MEASURING THE DEVELOPMENT OF INNOVATIVE SPIN-OFF VENTURES (SUMMARY)

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SUMMARY

AN INTEGRATED APPROACH OF MEASURING THE DEVELOPMENT OF INNOVATIVE SPIN-OFF VENTURES

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Principal Topic

This study is based on the assumption that new small firms are usually highly vulnerable and that the early processes of firm development can be investigated based on the venture’s degree of maturity according to different parameters that together forms a unity. Our aim is to investigate the following issues: (1) if and how the firms in our sample have developed according to our parameters dealing with the venture per se (e.g. business idea, offer, organisation and market issues), the team behind the venture and the surrounding network of the venture, (2) how the dynamics between these parameters work over time.

Method

Since 2002 a research intensive small country innovation agency has annually funded 20 innovative technology based start-up firms, emanating from universities and large firms in various sectors, primarily biotechnology and ICT. Data on venture development dynamics has been collected since the inception of the scheme, following constructs utilized in previous studies. Our sample consists of 100 firms that have been surveyed in the 3rd and 5th years after initial financing.

Results and Implications

Our preliminary results indicate that the crucial development issues, measured by dynamic scales, occur during years 2-4. During years 3-6, the adjustments are of a more marginal character – it is rather about fine-tuning than radical changes. We found significant development in the firms’ development of their markets, towards a better anchored product and/or service and a sharpened market definition, during years 2-4. The offer, however, is continuously improved during the entire period studied. What is surprising is that the development of the customer parameter over the entire measurement period is relatively poor. During years 3-6 customer relations are only marginally strengthened. However, the firms’ network, the connections and interaction with the surrounding innovation system (e.g. financiers, investors and other resource complementary organizations), is strengthened. One major implication of this study is an enhanced possibility to understand how new ventures mature. This understanding is also useful to improve delivery of new venture support such as entrepreneurial training and incubator programmes. Our contribution is both methodological and substantive, including specification and measurement of relevant parameters of early stage spinoff venture development. As articulated above, it’s important to use an integrated approach when studying how new ventures develop and mature.

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