INDUSTRY KNOWLEDGE AND NEW VENTURE SUCCESS: TYPES OF EXPERIENCE WINNING ENTREPRENEURS GAIN PRIOR TO LAUNCH (SUMMARY)

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Recommended Citation
Holland, Dan; Glauser, Michael J.; and Drebin, Rebecca (2012) "INDUSTRY KNOWLEDGE AND NEW VENTURE SUCCESS: TYPES OF EXPERIENCE WINNING ENTREPRENEURS GAIN PRIOR TO LAUNCH (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 32: Iss. 5, Article 11.  
Available at: http://digitalknowledge.babson.edu/fer/vol32/iss5/11

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Industry Knowledge and New Venture Success: Types of Experience Winning Entrepreneurs Gain Prior to Launch

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Principal Topic

Experience can significantly improve an entrepreneur’s odds of creating a successful and sustainable business. However, experience is a broad construct that can be measured in many ways and all types of experience are not created equal. In the entrepreneurship literature, industry work experience and previous startup experience are the two most frequently used measures. In this study, we expand on this rudimentary view to develop a more comprehensive list of specific types of experience. We seek to contribute to the theory by examining the questions: 1) What specific types of industry experience have successful entrepreneurs had prior to launch; 2) How frequently does each type of industry experience occur; and 3) What would be an effective way to measure experience?

Method

We performed an in-depth content analysis of a sample of 87 entrepreneurs’ oral histories. Purposeful sampling was used to select entrepreneurs that were successfully expanding their operations in their industry. The sample includes male and female entrepreneurs from a range of ethnic backgrounds who work in a wide variety of industries.

Results and Implications

The analysis resulted in seven categories of experience that played a significant role in the startup of successful businesses. It is important to note that these categories were not necessarily mutually exclusive. As expected, industry work experience (40%) and previous startup experience (30%) were widely mentioned as important factors by successful entrepreneurs. Other categories included work experience in related industries (27%), unrelated industries (16%), and family business (11%). While some researchers have argued that education is not a significant general predictor of entrepreneurial success, we found that in a substantial number of cases advanced training (24%) was vital for the startup. Finally, personal experience with the product or industry (39%) as a customer, user, or hobbyist proved to be one of the most important dimensions of experience. In our opinion, this type of experience is vastly under measured in entrepreneurship research. We offer insights into how researchers may more effectively measure the overall breadth, depth, and similarity of pre-launch experience.

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