FROM GRAND IDEA TO VIABLE EXECUTION: HOW DO VENTURES AND ENTREPRENEURS CO-EVOLVE? (SUMMARY)

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Principal Topic

Cognitive phenomena have been recognized as important to understanding entrepreneurial action. Mentoring has been promoted as a critical ingredient in evolving the entrepreneur’s business model while correspondingly evolving the entrepreneur’s cognitive development toward a more expert entrepreneurial mind. There is minimal empirical research on the effect of customized mentoring on how entrepreneurial cognition co-evolves with the new venture’s business model during the development of entrepreneurial opportunities. To address this gap, we empirically investigated the effect of intensive mentoring and feedback on cognitive development of entrepreneurs during their strategy formulation phase, while we simultaneously measured changes in how they value, acquire, organize and deploy resources.

Method

We analysed the development of mental models of entrepreneurs in a business incubator by looking at the roles that targeted feedback – in the form of presentations to expert panels and coaching – play in the development of the business model. For the empirical data collection, we followed a diverse sample of more than forty entrepreneurs over twelve months in a business incubator in the Netherlands. We examined extremely detailed qualitative data from the entrepreneurs’ weekly logbooks in order to identify patterns taken in decision-making and sense-making related to their business model. In doing so, we observed to what extent targeted feedback which is part of the business incubation program affects business model changes as well as cognitive development of the entrepreneur.

Results and Implications

This is the first rigorous analysis to assess the rather vocal claims made by the champions of the Lean Startup model (Ries, 2011) and by the champions of intensive mentoring (eg, TechStars model). Results of this study suggest that there is entrepreneurial cognition indeed co-evolves with the venture’s business model, most notably in terms of a focus on the venture’s value proposition, strategic partner orientation and financial aspects. With this study, we provide new insights into the development of strategy formulation, as well as how feedback-related entrepreneurial support mechanisms function. This contributes significantly to our understanding of entrepreneurial cognitive development, and opens the door to further and deeper studies of new megatrends in the entrepreneurial ecosystem.

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