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HOW LEAN IS A STARTUP? – DEVELOPMENT AND VALIDATION OF A SCALE FOR MEASURING THE DEGREE OF LEANNESS (INTERACTIVE PAPER)

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Principal Topic

Conventional wisdom holds that in order to launch a startup, founders identify an entrepreneurial opportunity, write a detailed business plan and execute according to it (Blank, 2013b). Unfortunately, as a result of entrepreneurship’s inherent conditions of high uncertainty (McMullen & Shepherd, 2006), this process often reveals its limitations, when founders realize, that while having perfectly executed their business plan, they built a product that nobody needs (Ries, 2011). As an alternative to the linear approach of business planning, the Lean Startup methodology (LSM) suggests to follow a hypothesis-driven approach to adaptively and iteratively develop a business model (Eisenmann et al., 2011; Blank, 2013a; Maurya, 2012). From a research perspective, LSM is still in a nascent stage. Current authors have laid an initial foundation by articulating the methodology and at this point it is widely acknowledged that applying LSM is beneficial for dealing with conditions of high uncertainty (Blank, 2013a; Fisher, 2012). However, no scale has yet been developed to measure the degree of leanness of a startup, an essential component to empirically validate fundamental relationships and assumptions.

Method

This study employs a multi-method approach and thoroughly follows the scale development process described by DeVellis (2003). At this point, an extensive pool of items has been generated from comprehensive literature review. Additionally, 12 interviews with entrepreneurs having lean startup experience have been conducted to validate the dimensions and test the items for relevance and validity. Finally, results of the process were discussed with scale development experts and academics. In the quantitative part of the analysis, an online survey has been sent out to founders of new ventures in Germany with completion of full data collection still underway.

Results and Implications

In the qualitative analysis, the dimensions from literature review were confirmed by entrepreneurs and Lean Startup experts. However, while agreement was high on three dimensions (customer learning, product development and progress tracking), doubts were raised on two other dimensions (course modification and quality control). Initial exploratory factor analysis confirms these doubts, and at the current state of analysis evidence for a three factor model can be found.

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