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# DEVELOPMENT OF ENTREPRENEURIAL SKILLS IN TECHNOLOGY TRANSFER

BATTI

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# Abbreviations or acronyms

**MRBS - Marginal Revenue Before Subsidies** - Term referring to the revenue generated before applying any government subsidies

**DC - Demand Curve** – A fundamental concept in microeconomics representing the relationship between the price of a good and the quantity demanded

**MVP - Minimum Viable Product** - In business and entrepreneurship, this refers to the simplest version of a product that can be released to test market demand with minimal resources

**SMEs - Small and Medium-sized Enterprises** - These are businesses that fall below a certain threshold in terms of revenue, assets, or number of employees, depending on the country's classification.

**VCs - Venture Capitalists** - These are investors or firms that provide funding to startups and small businesses with high growth potential in exchange for equity (ownership stake).

**R&D - Research and Development** - It refers to activities undertaken by businesses, governments, or institutions to innovate, develop new products, improve existing ones, or enhance processes.

**USP - Unique Selling Proposition** - It refers to the distinct feature or benefit that sets a product or service apart from its competitors in the market. A strong USP helps a business attract and retain customers by clearly communicating what makes its offering unique or better.

**CEO - Chief Executive Officers** - play a crucial role in shaping business performance, economic growth, and market dynamics. Their decisions impact not only their companies but also industries, employment, and even national economies. Here's how CEOs fit into the economic landscape:

# Types of Business Organisations

## Sole Proprietorship

- **Sole Responsibility:** The owner of a sole proprietorship is entirely responsible for the company's actions, assets, liabilities, and financial aspects [1].
- **Legal and Tax Benefits:** This business structure is simple to comply with legally and avoids the higher tax rates imposed on S corporations and E organizations. The sole proprietor includes business profits in their personal income tax returns.
- **Simplified Accounting:** The owner directly receives all earnings and incurs all expenses, making accounting and record-keeping easier compared to partnerships or corporations [2].
- **Faster Decision-Making:** Sole proprietors can operate more quickly since they are not restricted by contracts or agreements among partners or incorporators [3].

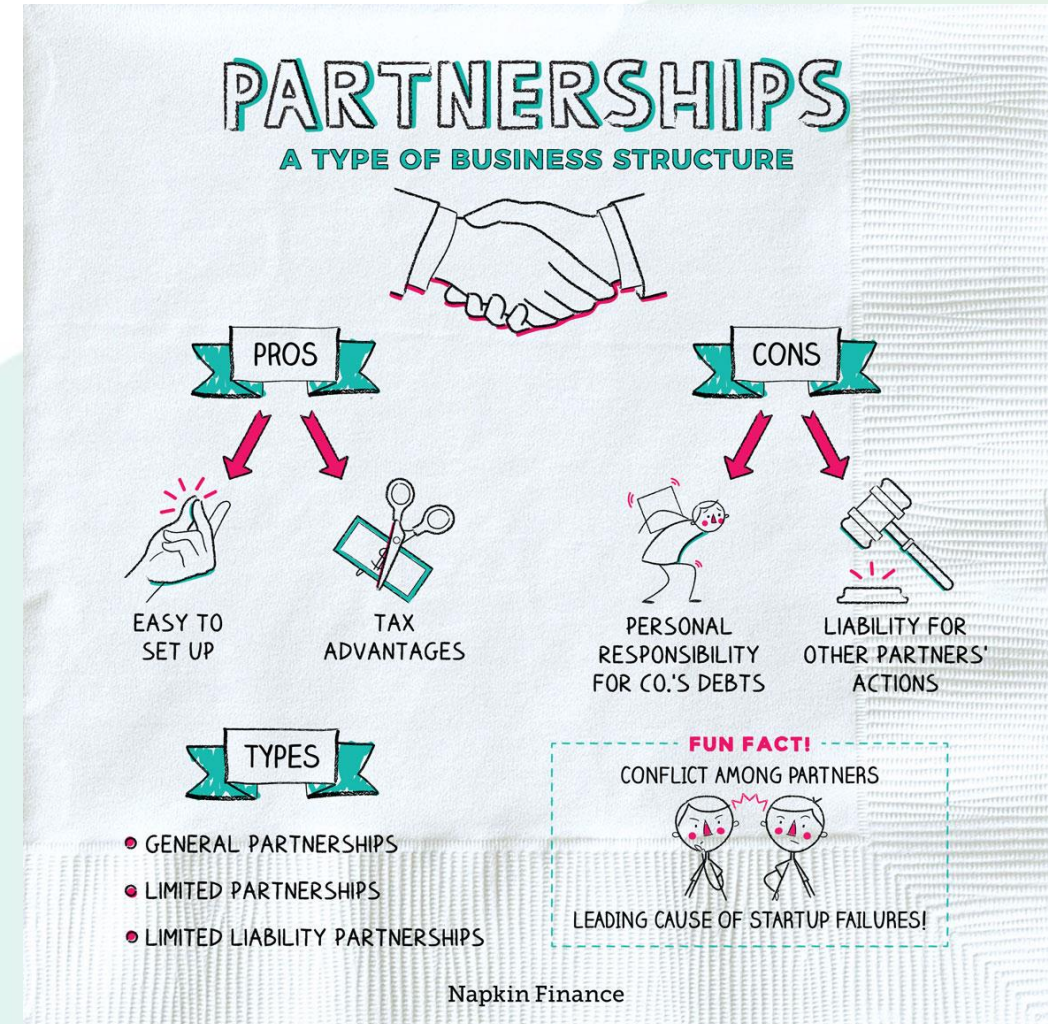
Type	Ownership	Liability	Taxation	Key Characteristics
Sole Proprietorship	Single owner	Unlimited personal liability	Taxed as personal income	Simple to start, full control, difficult to raise capital
Partnership	Two or more owners	Unlimited (unless LLP)	Pass-through taxation	Shared decision-making, potential conflicts, flexible
Limited Liability Company (LLC)	One or more owners (members)	Limited liability	Pass-through or corporate	Combines flexibility with liability protection
Corporation (C-Corp)	Shareholders via stock ownership	Limited liability	Corporate tax	Separate legal entity, easier capital raising
S Corporation	≤ 100 shareholders (US-based)	Limited liability	Pass-through taxation	Avoids double taxation, restrictions on shareholders
Cooperative	Owned by members	Limited liability	Varies (often pass-through)	Member-focused, profits distributed to members
Nonprofit Organization	No owners (run by board)	Limited liability	Tax-exempt (if qualified)	Purpose-driven, restrictions on profit distribution

Note: These types of company structures can differ across countries

# Types of Business Organisations

## Partnership

- **Increased Resources:** Partnerships allow multiple partners to contribute money, industry knowledge, and resources [4].
- **Legal Formation:** A partnership can be legally established by two or more individuals who can operate under the partnership's name.
- **Partner Responsibilities:** Partners can sell, purchase, borrow money, or dissolve the firm. Any commercial transaction made by one partner binds all partners, including silent or inactive ones.
- **Liability:** General partners are responsible for the partnership's debts, while limited partners are not directly liable.
- **Tax Benefits:** Partnerships do not pay unemployment or income taxes, but each partner must report their share of profits on personal tax filings.
- **Accounting Rules:** Transactions follow partnership accounting rules, with earnings distributed based on a pre-agreed profit division. If conditions are met, an accounting officer can dissolve the partnership.

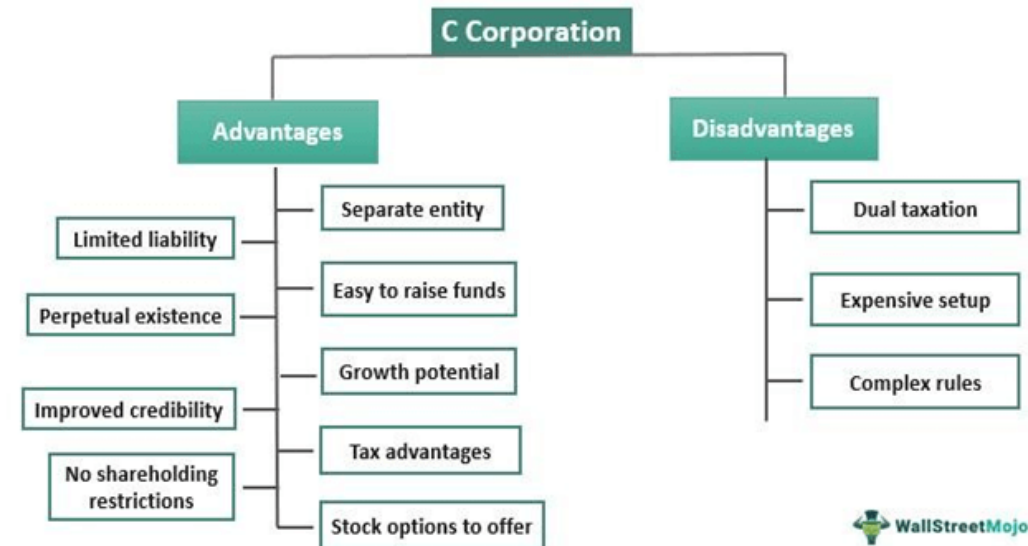


# Types of Business Organisations

## C Corporation

- **Independent Legal Entity:** A C Corporation operates separately from its owners and conducts business under its own name [5].
- **Limited Liability:** Stockholders are not personally responsible for the corporation's actions, and shares can be owned by anyone through investment.
- **Financial Obligations:** C Corporations have higher production, marketing, and operating costs and must pay income taxes.
- **Tax Benefits:** Employee-provided benefits can reduce taxes, and individual investors in small C Corporations receive tax advantages. Additionally, 70% of dividend income can be offset by limited financial resources.
- **Accounting Practices:** Accountants document transactions using journal or memorandum entry techniques [6]. Stock investments are classified as capital stock or subscribed capital stock.
- **Investor Appeal:** C Corporations attract more investors than sole proprietorships and partnerships due to the greater capital required for business expansion.

### C Corp Advantages & Disadvantages



# Types of Business Organisations

Most suitable types of organisations for technology start-ups.

**LLCs** are great for early-stage start-ups due to flexibility and liability protection.

**C-Corps** are ideal for scaling and attracting venture capital, especially in tech.

**S-Corps** work for smaller tech firms wanting tax benefits, but have shareholder limitations.

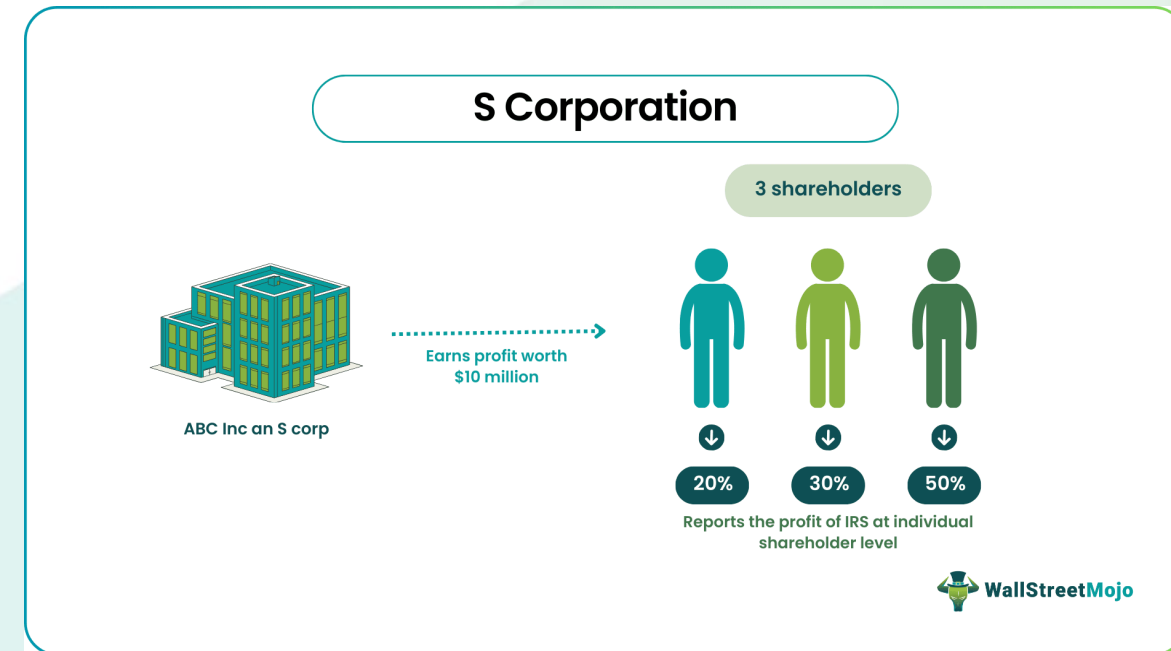
**Partnerships** and **Sole Proprietorships** are easy to set up but lack liability protection, making them riskier for tech start-ups.

Business Type	Best For	Liability Protection	Taxation	Ease of Raising Funds	Scalability
<b>Sole Proprietorship</b>	Solo tech entrepreneurs starting small	No	Personal income tax	Very low	Low
<b>Partnership (LLP)</b>	Co-founders launching a small tech venture	Limited (in LLP)	Pass-through taxation	Moderate	Moderate
<b>Limited Liability Company (LLC)</b>	Small-to-medium tech start-ups wanting flexibility	Yes	Pass-through or corporate	Moderate	High
<b>Corporation (C-Corp)</b>	High-growth tech start-ups seeking investment	Yes	Corporate tax (double taxation)	High (can issue stock)	Very High
<b>S Corporation (S-Corp)</b>	Small tech start-ups avoiding double taxation	Yes	Pass-through taxation	Moderate	High (but limited to 100 shareholders)

# Types of Business Organisations

## S Corporation

- **Limited Liability:** S Corporations provide limited liability for business losses while maintaining a partnership-like structure.
- **Tax Advantages:** Unlike C Corporations, S Corporations are taxed as partnerships and do not pay corporate income tax, reducing the overall tax burden.
- **Reduced Obligations:** S Corporations benefit from fewer school-related financial responsibilities and tax exemptions.
- **Accounting Focus:** The accounting staff registers the S Corporation and prepares financial statements (income statement and balance sheet) based on its tax advantages.
- **Entrepreneurial Choice:** The selection of a business structure depends on the entrepreneur's goals, with sole proprietorships requiring the least capital and S Corporations offering tax and liability benefits.
- **Relation to C Corporations:** The S Corporation is a partnership variation of the C Corporation, providing a more efficient structure for company formation and decision-making.



# Stages of starting a business and scaling it up

## Introduction

### 1. Pioneer Phase: Focus on Innovation & Technological Exploration

Technology entrepreneurship startups focus on innovation and technological exploration, often with minimal business plans and minimal or fluid business plans, utilizing minimal or fluid business plans.

### 2. Rollercoaster Phase: Flexible Approach & Early Scaling Risks

The Rollercoaster Phase is a critical stage for startups, where they gain market attention but face instability and premature scaling, with 74% of high-growth digital startups failing.

### 3. Management Phase: Establishing Structure & Leveraging Digital Advantage

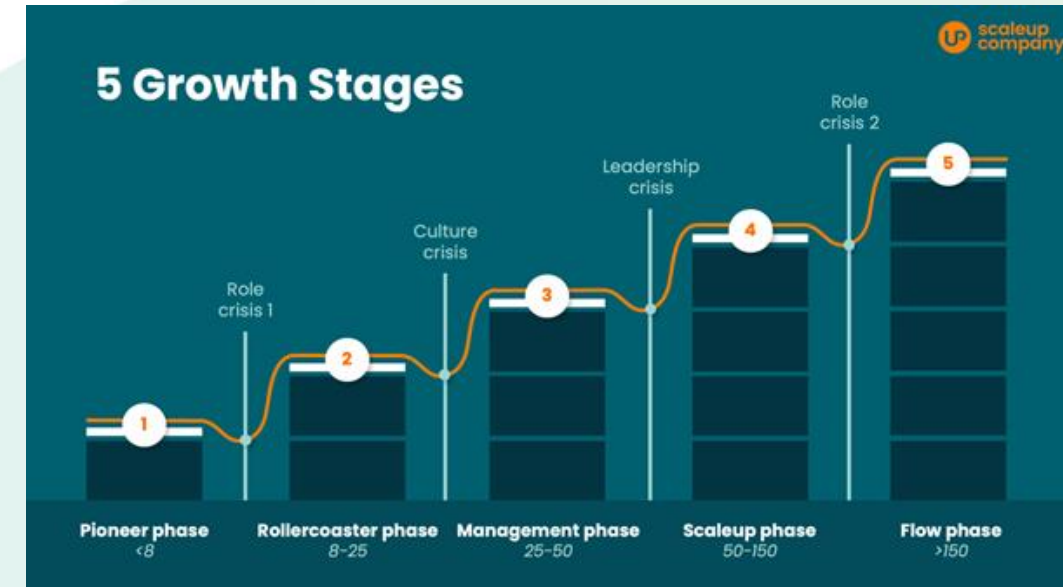
Startups in the Management Phase establish formal processes, define leadership roles, and strategically utilize digital technologies to optimize operations and reduce costs, balancing innovation with control.

### 4. Scaleup Phase: Massive and Rapid Business Scaling (MRBS)

Startups with validated products and processes aim for rapid scaling, requiring careful strategy to understand drivers and barriers to avoid uncontrolled growth and ensure sustainable scalability.

### 5. Flow Phase: Collaborative Culture, Economic Impact & Ecosystem Integration

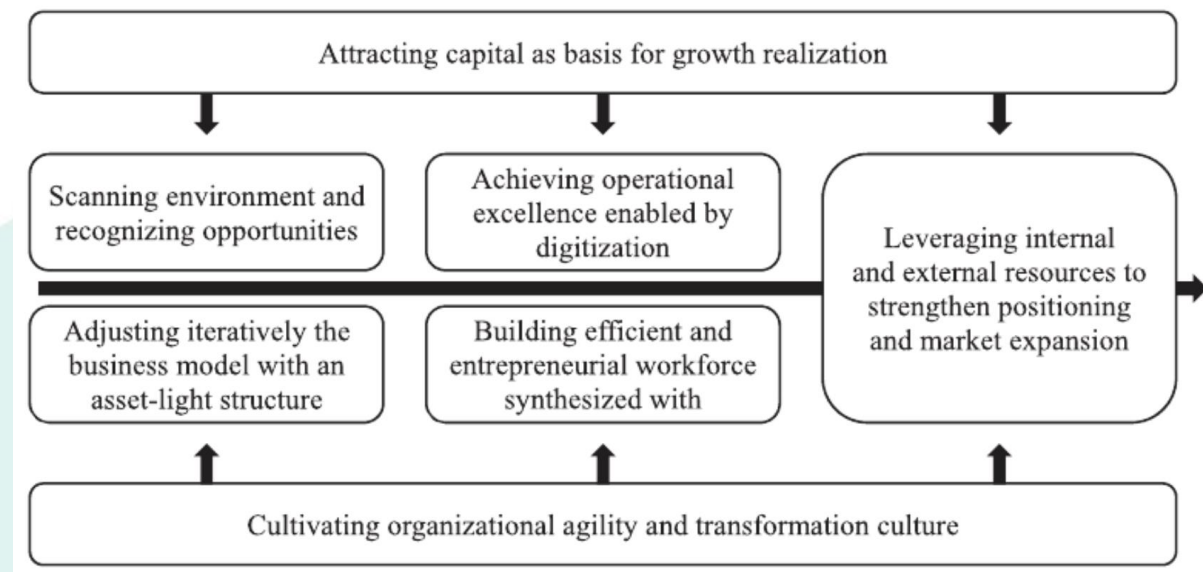
During the Flow Phase, startups mature, embed collaboration, and innovate, driving economic value through job creation and innovation, contributing to policy-making and ecosystem development in the digital economy.



# Stages of starting a business and scaling it up

## Introduction

- **Importance of MRBS Success Factors:** Understanding the key drivers of Massive and Rapid Business Scaling (MRBS) helps digital startup stakeholders develop effective growth strategies [9].
- **Economic and Job Impact:** High-growth startups drive creative disruption and generate significant job growth.
- **Policy Implications:** Identifying MRBS drivers can aid policymakers in designing policies and programs to support startup growth and innovation.
- **Disruptive and Unstable Environment:** Digital startups operate in constantly shifting markets where new markets emerge, old ones disappear, and existing players are displaced [10].
- **Adaptation Strategies:** Success in this environment requires startups to engage in:
  - **Sensing** – Maintaining awareness of market conditions and trends.
  - **Sagging** – Adjusting and reallocating resources effectively.
  - **Constant Transformation** – Continuously evolving to meet changing conditions.



Core drivers of MRBS

# Stages of starting a business and scaling it up

## Introduction

### Grounded Theory Approach & Scaling in Digital Startups

This training uses a **Grounded Theory Approach (DC)** to guide data collection, enabling the discovery of **new insights beyond existing theories**. Interviews with **founders, executives, and consultants** provide deeper understanding of **Massive and Rapid Business Scaling (MRBS)** [11].

### Key Contributions

- Identifies **20 key factors** influencing MRBS, grouped into **seven major drivers** [12].
- Expands research on **Dynamic Capabilities (DC)** in technology entrepreneurship
- Links **MRBS drivers to DC dimensions**, broadening theoretical insights.

### Scaling & Its Importance

- Scaling drives **fast revenue growth, market share expansion, and investor appeal**. It boosts **visibility, reputation, and competitive advantage**, allowing startups to **set industry standards and create barriers to entry** [13].

### Gaps in Research & Challenges

- **Limited academic focus**, with studies mainly on **established firms** rather than digital startups [14].
- **MRBS research is scarce**, with most methods identifying only **one-fifth of top performers**.
- **VC-backed startup failures are high**, with just **10% yielding significant returns** [15].

# 20 key factors influencing MRBS

## 1. Entrepreneurial & Founding Team Capacity

- Visionary Leadership – Clear long-term direction and ambition for scale
- Founder Experience – Prior startup or industry experience
- Team Complementarity – Balanced skills across tech, business, and operations

## 2. Product & Technology Readiness

- Product-Market Fit – Strong validation of customer need
- Scalability of Technology – Architecture supports high-volume growth
- Speed of Iteration – Ability to rapidly test, learn, and adapt

## 3. Business Model & Value Proposition

- Platform-Based Model – Network effects and low marginal costs
- Clear Value Creation – Tangible user benefit and differentiation
- Recurring Revenue – Subscription or usage-based income

## 4. Access to Capital & Financial Management

- Investor Support – Smart money and strategic VC backing
- Burn Rate Awareness – Disciplined financial control
- Funding Timing – Raising at the right stage and scale

## 5. Market Dynamics & Customer Growth

- Large Addressable Market – High growth potential
- Viral Acquisition Channels – Growth through users (e.g., referrals)
- Strategic Partnerships – Accelerated access to customers or infrastructure

## 6. Operational & Organizational Capacity

- Scalable Processes – Systems ready for rapid volume increases
- Talent Acquisition Strategy – Hiring speed without compromising quality
- Agile Culture – Ability to adapt quickly while scaling

## 7. Ecosystem & Policy Environment

- Supportive Regulatory Framework – Ease of doing digital business
- Innovation Ecosystem Access – Networks, incubators, and mentoring

# Stages of starting a business and scaling it up

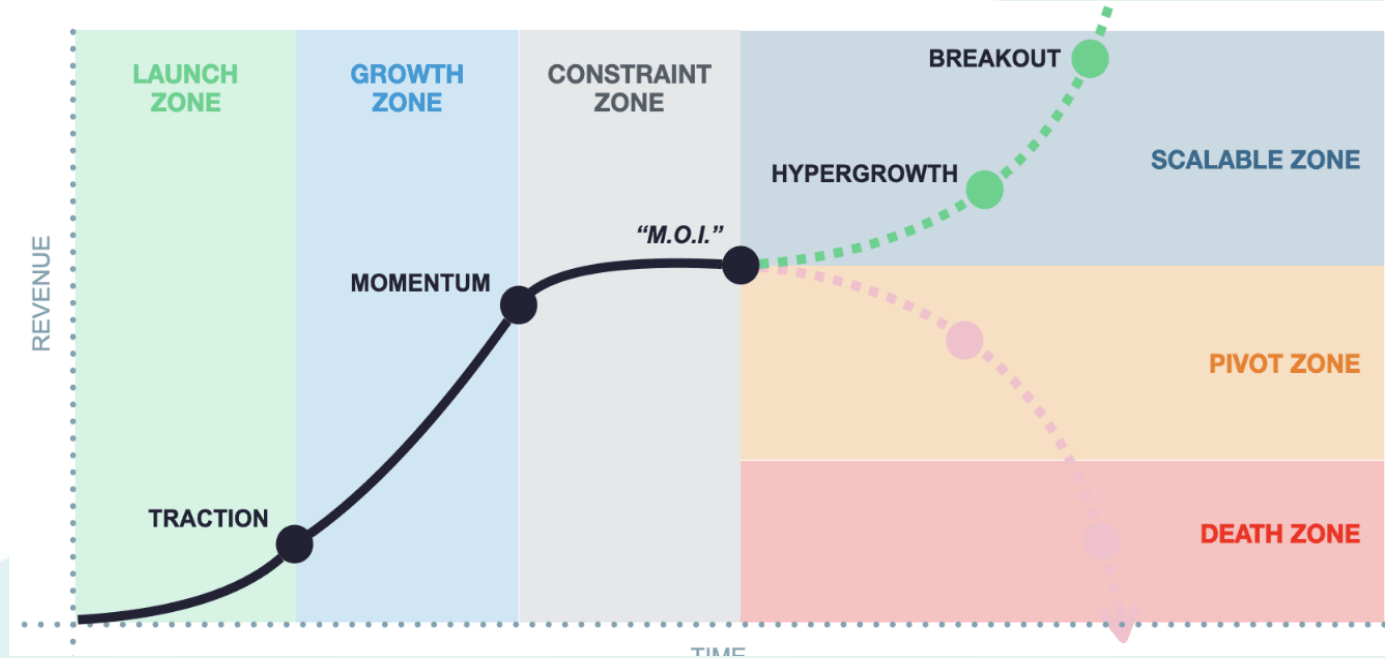
## Scaling large and fast businesses

### MRBS as a Strategic Maneuver

MRBS is not the end goal but a **means to achieving long-term business success**. While rapid growth offers advantages, it is not a guaranteed indicator of success. **Early scaling is a major risk**, with **74% of fast-growing digital startups failing due to premature expansion**. MRBS is typically short-lived, with only **15% sustaining high growth**, while **50% exit the market within 3–6 years** [16].

### Strategic Focus & Dynamic Capabilities

High-growth firms prioritize **making competitors irrelevant** rather than direct competition. This highlights the importance of **dynamic capabilities**, which help digital startups **achieve and sustain MRBS** in a constantly evolving market.



VS



# Stages of starting a business and scaling it up

## Reflect the process of large and rapid business expansion

### 5 Main Stages of Starting a Business

#### 1. Do it all Founder Dilemma

**Resource Strain:** Rapid scaling can **overload human resources** and increase bureaucracy.

#### 2. Building Organizational Structures That Support Growth

**Complexity in Scaling:** Managing **stakeholders and resources** slows decision-making.

**Controlled Growth:** MRBS requires a **cyclical, process-driven** approach with **timing as a key factor**.

#### 3. Managing Operational Processes Amid Rapid Growth

**Flexibility vs. Efficiency:** Over-focusing on **operational excellence** can **hinder innovation** [17].

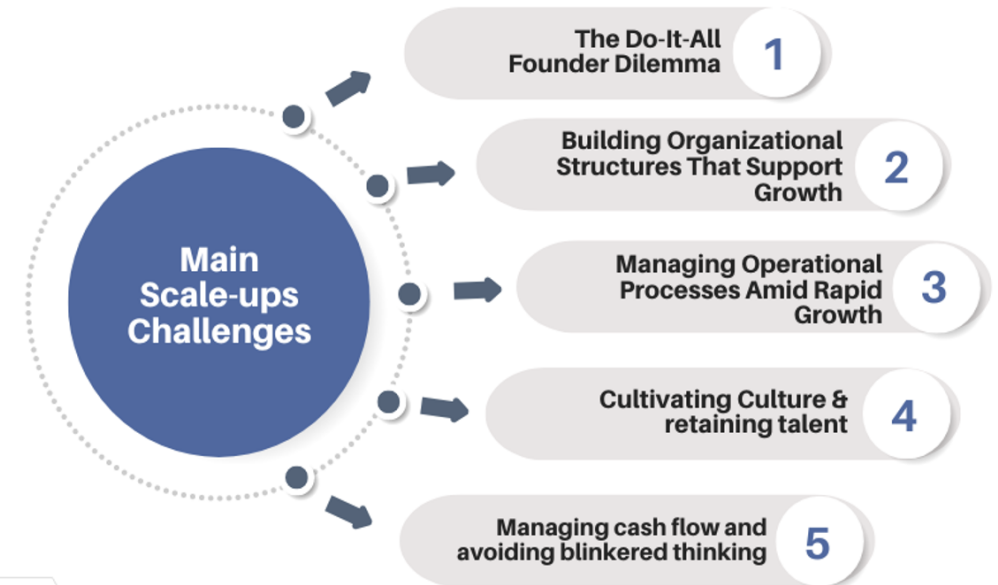
#### 4. Cultivating Culture & retaining talent

**Cultural Impact:** Startup culture **shapes workforce dynamics** and scaling success.

#### 5. Managing cash flow and avoiding blinkered thinking

- **Investment Risks:** Growth momentum is crucial but can **threaten long-term sustainability**.

### 5 Main Stages of starting a business



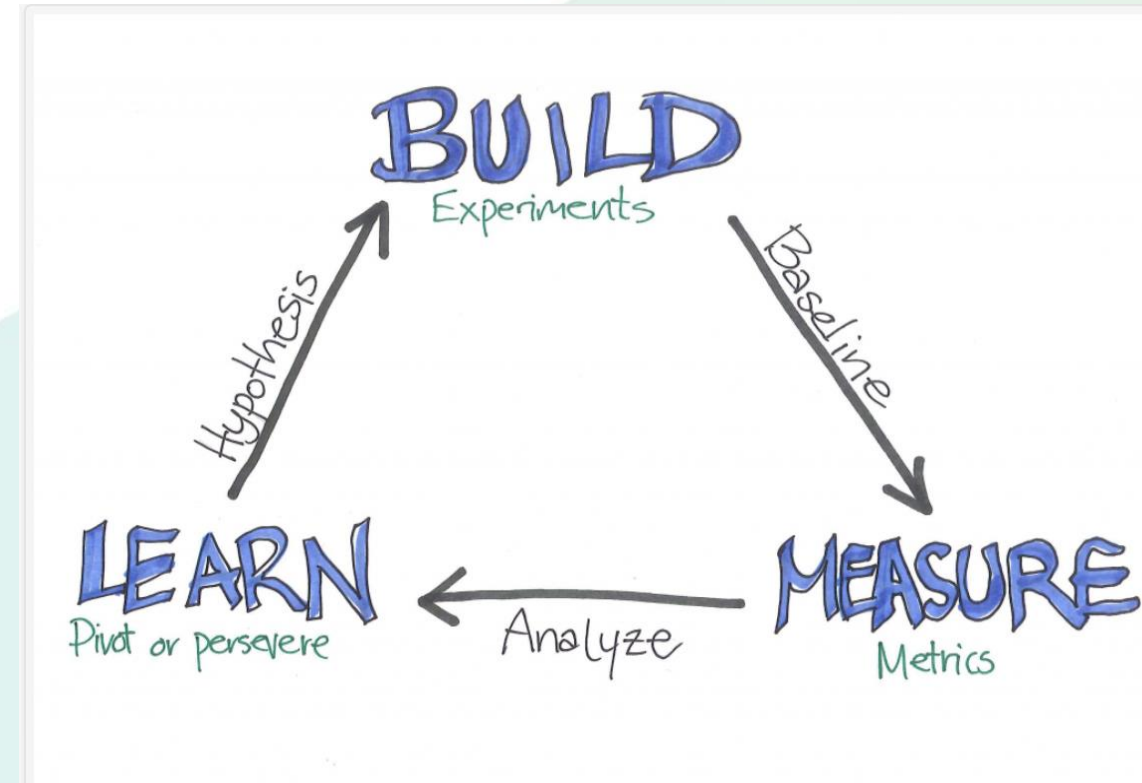
### The Lean Startup Framework

The Lean Startup Framework, developed by **serial entrepreneur Steve Blank** (2013) [18], aims to **reduce risks in the startup process** by emphasizing the importance of hypothesizing, testing, and adapting ideas until a viable business model is identified. Key components include:

- **Customer Development:** Engaging with customers to gather insights and validate assumptions.
- **Agile Engineering:** Iterative development processes that allow for quick adjustments based on feedback.
- **Minimum Viable Product (MVP):** Creating a basic version of a product to test the market and gather data.

**Osterwalder and Pigneur** (2010) [19] enhanced this framework by introducing the **Business Model Canvas**, which utilizes a design science approach based on natural scientific methods. This tool assists entrepreneurs in:

The Lean Startup Framework underscores the importance of **continuous learning and improvement** throughout the startup journey.



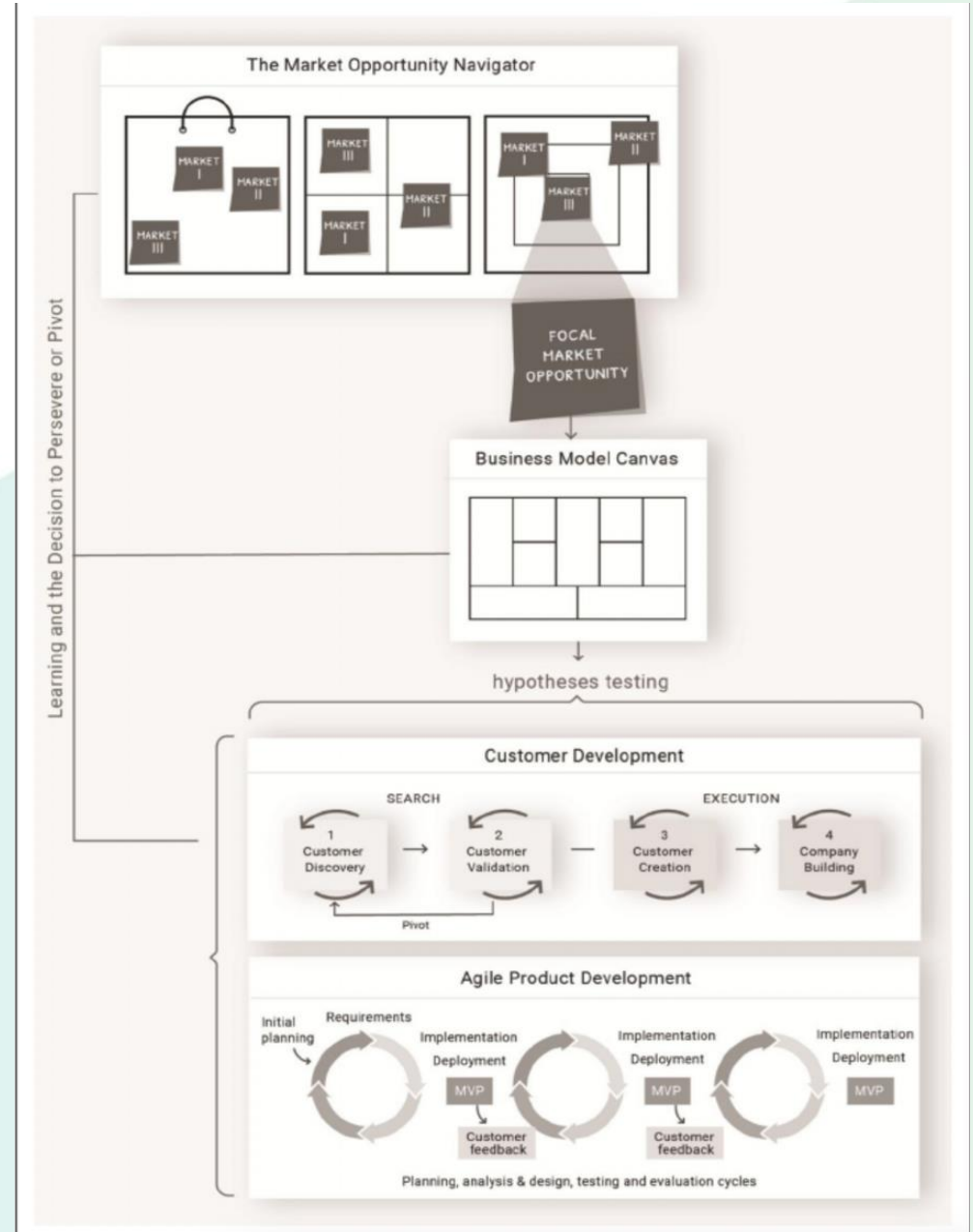
# Lean entrepreneurship

## Introduction

### Components of the Lean Startup Framework

The Lean Startup framework consists of five main components:

- **Discovering and Prioritizing Market Opportunities:** Identifying and focusing on viable market opportunities for the venture.
- **Designing the Business Model:** Creating a structured plan for how the business will operate and generate revenue.
- **Validated Learning:** Engaging in customer development to validate assumptions and learn from real-world feedback.
- **Creating a Minimum Viable Product (MVP):** Developing a basic version of the product to test concepts and gather user insights.
- **Learning to Persist or Pivot:** Deciding whether to continue on the current path or change direction based on learned experiences.



## Introduction

### Business Model Canvas (BMC)

- **Definition:** The Business Model Canvas (BMC) is a strategic management tool developed by **Alexander Osterwalder and Yves Pigneur** that facilitates the **quick and easy definition and communication of business ideas**.
- **Structure:**
  - The BMC is a **one-page document** that outlines the key elements of a business or product.
  - It focuses on both **customer (external)** and **business (internal)** aspects.
  - External and internal factors converge around the **value proposition**, representing the value exchange between the business and its customers/clients [19].

### Challenges in Data Collection

- **Database Matching:**
  - While some literature guides often list databases and information sources for data collection, matching these resources to the BMC can be **challenging** due to the unique nature of each business.
  - For example, a company's database may be utilized to find potential **partners or customers** or to model **cost structures**.

### Proposed Research Approach

- This guide suggests a **research approach** that focuses on uncovering the components of a library database, rather than trying to match them directly to the BMC components.

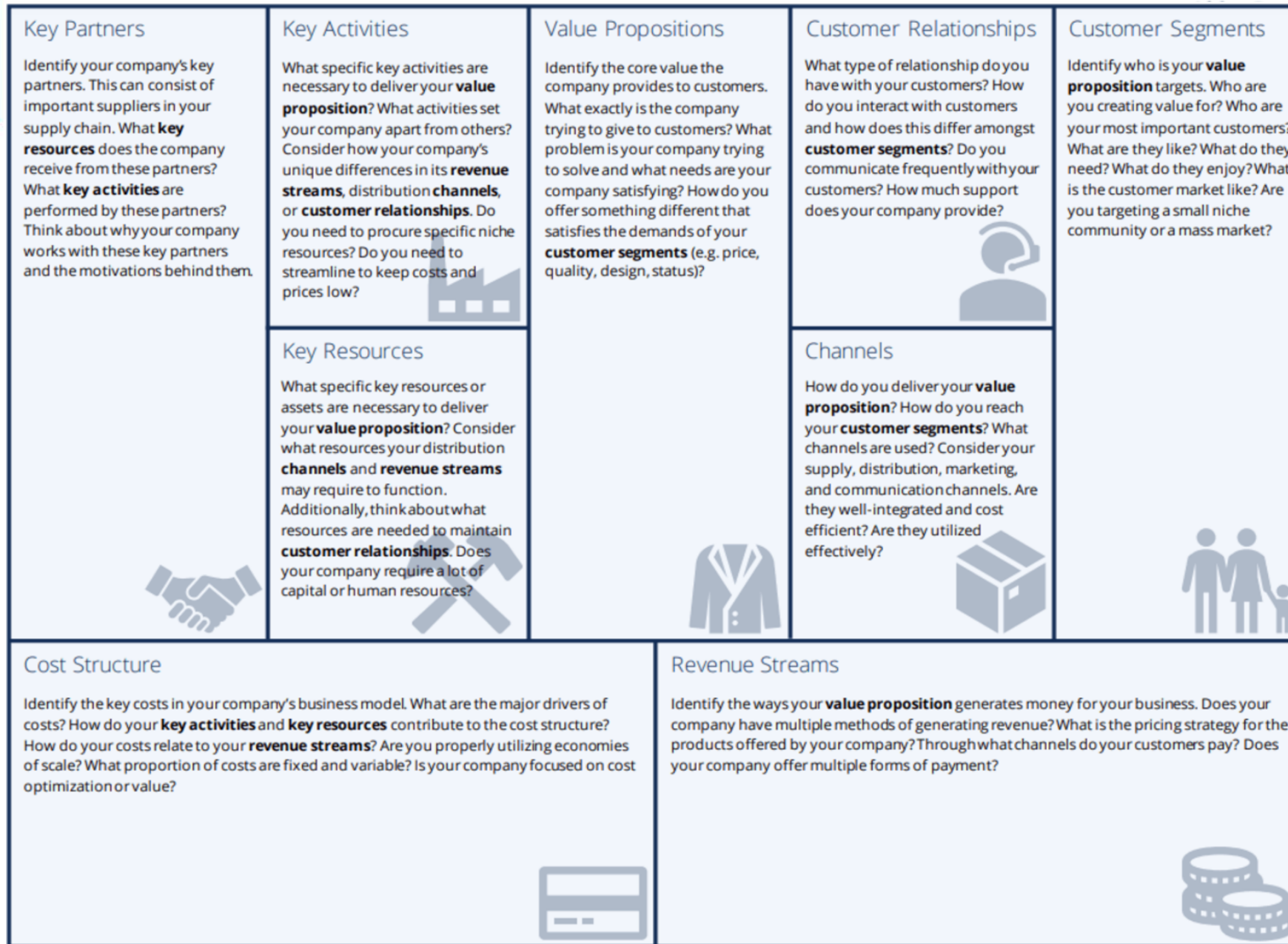


Figure 2. Source: Corporate Finance: <https://corporatefinanceinstitute.com/>

# Business plan training

## The need for a business plan

### The Importance of Business Plans

A **business plan** is a comprehensive report that outlines the objectives of a business, covering its concept as well as operational, marketing, financial, organizational, and legal aspects. It is essential for both **start-ups** and established firms, as it:

- Increases the likelihood of **survival and success**.
- Minimizes the chances of business failure and mitigates the impact of any failures.

Companies should maintain a **written plan** that addresses all key functional areas, including sales, personnel, human resources, and finance. Armstrong [25] emphasizes that the primary purpose of a business plan is to instill the **right attitude and motivation** in entrepreneurs, leading to higher business growth when they adopt a mindset focused on planning and growth.



# Business plan training

## Business plan training

### Business Plan Training and Learning

Business plan training enhances entrepreneurs' abilities to:

- Analyze future scenarios and understand financial implications.
- Identify and minimize risks.
- Use business plans as effective **communication tools**.

The learning that occurs during the business planning process boosts the **efficiency and viability** of new businesses. Business plans are promoted by educational institutions, government agencies, bankers, and investors.

While some individuals learn to formulate plans through **formal education**, most corporate professionals receive training through specialized sessions, such as **corporate workshops**. Teaching business planning has become standard in business curricula worldwide and is included in various pedagogies related to entrepreneurship, new business management, small business management, and business education and development [26].



## Introduction

### Understanding Technological Entrepreneurship

- **Focus on New Technologies:** While established companies in sectors like software, pharmaceuticals, and aerospace engineering often dominate discussions about technology, it's essential to recognize the role of **technology entrepreneurs**.
- **Definition: Technological entrepreneurship** encompasses a set of skills and collaborative processes that allow for the mobilization and transformation of new scientific and technological ideas into valuable products and services.
- **Value Creation:** The goal of technological entrepreneurship is to create, deliver, and earn value from innovations.

#### Key Terms and Concepts

- This section introduces key terms and concepts related to technological entrepreneurship to facilitate a comprehensive understanding of the topic. Important terms are **italicized** for emphasis [27].
- Subsequent chapters will delve deeper into these areas for further exploration.



# Fundamentals of entrepreneurship in technology

## Innovation and technology

The modern understanding of entrepreneurship stems from Joseph Schumpeter's concept of creative destruction. Schumpeter believed that **economies experience constant change** and that entrepreneurial behavior challenges the existing market order and destroys competition [28]. Entrepreneurs embrace this change, innovate and find new ways to create value. Today, the importance of technological entrepreneurship goes beyond issues of market economics and competition. Technological innovation is essential for sustainable development in a complex modern world grappling with environmental, social and economic concerns [29].



# Fundamentals of entrepreneurship in technology

## Technology entrepreneurs

### Qualities of Successful Entrepreneurs

- **Opportunity Recognition:** Successful entrepreneurs have the ability to **identify and seize opportunities** that others might overlook.
- **Problem Solving:** They excel at **solving problems** and generating **creative solutions** [30].
- **Mindset:** Entrepreneurs develop a mindset that embraces **uncertainty** and **deviations from convention**, thriving on challenges [31].

### Resilience and Adaptability

- **Survival Challenges:** New ventures often face high failure rates, making qualities like **resilience, perseverance**, and a **willingness to learn, practice, and adapt** essential [30].

### Collaborative Efforts in Technology Entrepreneurship

- **Team-Based Endeavor:** Technology entrepreneurship is typically a **collaborative effort** that brings together individuals with diverse knowledge, ideas, and perspectives.



# Fundamentals of entrepreneurship in technology

## Entrepreneurship ecosystem

### Collaboration Beyond the Team Level

**Broader Collaboration:** Collaboration in technology entrepreneurship extends beyond individual teams to encompass multiple organizations, both **public and private**, working together in a mutually supportive manner.

**Social Value:** Tech entrepreneurship has the potential to generate significant **social value**, highlighting the importance of collaborative ecosystems.

### Ecosystem for Innovation and Growth

**Supportive Environment:** A successful ecosystem fosters **innovation, development, and growth** by bringing together various stakeholders.

**Innovation Hubs:** Geographically evolving innovation hubs, such as **Silicon Valley**, exemplify the development of these collaborative ecosystems, driving technological advancements and entrepreneurial success [27].



Silicon Valley - Northern California USA  
source: <https://www.bbc.com/worklife/article>

# Strategies for attracting funding and investors for technology-based start-ups.

## Introduction

### Securing Funding for Technology Entrepreneurs

- **Significant Challenge:** Securing funding is one of the most significant challenges faced by technology entrepreneurs.
- **Funding Sources:** Various funding options include:
  - **Venture Capital**
  - **Angel Investors**
  - **Government Grants**
  - **Crowdfunding**
- **Understanding Funding Options:** Entrepreneurs must develop a clear understanding of their funding options and tailor their approaches to attract suitable investors.

### Networking for Financial Support

- **Building Relationships:** A strong network and leveraging relationships within the industry enhance opportunities for securing financial support [28].
- **Opportunities for Connection:** Networking events, pitch competitions, and industry conferences serve as platforms for entrepreneurs to connect with potential investors and mentors.

## Investment Strategies for Startups

- 1 Understanding Risk and Return
- 2 Diversification
- 3 Angel Investors and Venture Capital
- 4 Crowdfunding
- 5 Bootstrapping
- 6 Strategic Partnerships
- 7 Government Grants and Programs

## Introduction

### Capital Needs for Startups

**Raising Capital:** Startups often cannot rely on large amounts of funding and need to raise capital to increase profitability and launch their businesses [29].

**Assessing Funding Needs:** It's crucial to first determine how much funding is needed and when it will be required, as the funding needs vary by business type and size.

### Examples of Capital Needs:

- **Capital-Intensive Industries:** Processing industries typically require large amounts of capital.
- **Retail Businesses:** Retail ventures generally need less capital.

### Financing Methods

- **Main Financing Sources:** The two primary sources of financing are **debt and equity**.
- **Government Grants:** These may finance specific aspects of a business, with additional incentives available for locating in certain regions or promoting particular activities.
- **Financing Categories:** All financing methods can be broadly categorized into three macro groups:
  - **Equity Financing**
  - **Debt Financing**
  - **Leasing**

# Strategies for attracting funding and investors for technology-based start-ups.

## Equity Financing

### Equity Financing Overview

- **Investor Rights:** Entitles investors to a share of company profits.
- **Permanent Commitment:** Unlike debt, equity investment is not repaid by the company.

### Ownership & Legal Considerations

- **Investment Conditions:** Must be clearly defined within a formal legal entity [30].
- **Ownership Structure:**
  - **Limited Liability Companies:** Represented by membership shares.
  - **Corporations:** Represented by ordinary and preference shares.
- **Bankruptcy & Default:**
  - **Preference Shareholders:** Paid before ordinary shareholders.
  - **Ordinary Shareholders:** Lowest priority over company assets.

### Equity Financing Options

# Strategies for attracting funding and investors for technology-based start-ups.



## Debt financing

### Debt Financing Overview

- **Definition:** Borrowing funds with a commitment to repay with interest.
- **Creditor's Return:** Interest earned on the loaned amount.

### Types of Debt Financing

- **Secured Debt:**
  - Backed by collateral (e.g., property, equipment).
  - Lender can seize assets if the borrower defaults.
  - Lower risk for creditors.
- **Unsecured Debt:**
  - No collateral required.
  - Higher risk for creditors in case of default.
  - Typically involves higher interest rates.

### Debt Financing Categories

- **Short-Term Debt:**
  - Finances **current assets** (e.g., operating expenses).
  - Typically repaid within a year.
- **Long-Term Debt:**
  - Funds **capital assets** (e.g., buildings, equipment).
  - Repaid over multiple years.

### Key Considerations

- Debt financing structures vary in repayment schedules.
- Businesses must align debt type with financial objectives.
- Managing debt effectively helps maintain financial stability [36].

## DEBT FINANCING

## EQUITY FINANCING

### Advantages

Keep full ownership

1

Less risk than debt

No obligations after paying debt

2

No paying back funds

Interest is tax deductible

3

Gain credibility through Investor networks

Short and long-term options

4

Investors don't expect Immediate ROI

More cash on hand

5

Fixed payments for better budgeting

### Disadvantages

Must pay back

1

Investors returns could be more than debt payments

Could cause cash flow issues

2

Investor gets some ownership

Usually need collateral

3

Most consult investor for decisions

# Strategies for attracting funding and investors for technology-based start-ups.

## Bootstrapping

### Bootstrapping: Self-Funding a Business

- **Definition:** Starting a business without external investment or with minimal outside capital [33].
- **Key Benefit:** Maintains financial independence and full control over the business.
- **Funding Sources:**
  - **Personal Savings:** Profit-sharing, early retirement benefits.
  - **Asset-Based Loans:** Loans against property shares, cash value of insurance policies.
- **Advantage:** Avoids equity dilution and large debts from financial institutions.

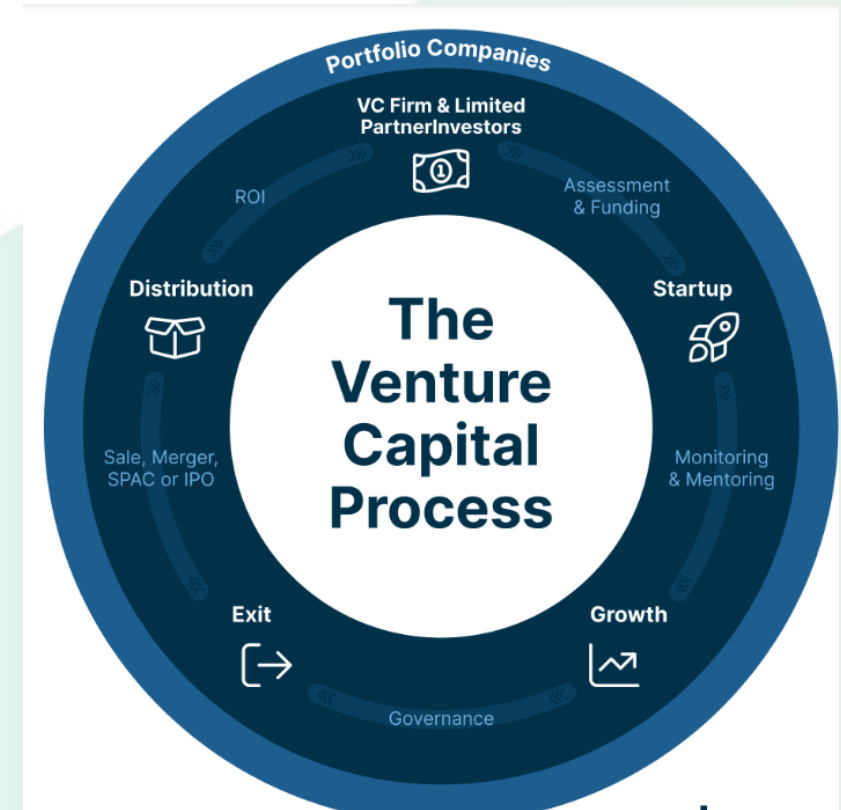


# Strategies for attracting funding and investors for technology-based start-ups.

## Venture capital

### Venture Capital: High-Risk, High-Return Investment

- **Definition:** Financial support from investment firms or individuals in exchange for equity in a private start-up [34].
- **Key Investment Criteria:**
  - Experienced management team
  - Competitive advantage
  - Proactive engagement (board representation, decision-making influence)
- **Primary Goal:** High returns (25-30% annually).
- **Potential Conflict:** VCs prioritize short-term profitability, which may clash with founders' long-term goals.
- **Portfolio Strategy (2-6-2 Rule):**
  - 2 high-return successes
  - 6 moderate-return ventures
  - 2 failures
- **Overall Objective:** Diversified risk management while aiming for 50%+ returns on select investments.



Source: <https://www.svb.com/startup-insights/vc-relations/what-is-venture-capital/>

# Strategies for attracting funding and investors for technology-based start-ups.

## The 20-60-20 rule

### 20:60:20 Rule in Marketing & Workforce Management

- **Workforce Distribution:**
  - **20%:** High-profile, high-performance employees (e.g., CEOs, management).
  - **60%:** Competent main workforce performing essential tasks.
  - **20%:** Underperformers who struggle to meet expectations.
- **Behavioral Theory:**
  - **20%** act intelligently.
  - **60%** are average performers.
  - **20%** engage in poor or irrational decisions.
- **Application to Online Communities:**
  - Reflects how social behavior plays out on the Internet.
  - Helps understand the dynamics of engagement, influence, and misinformation [35].

# 20/60/20 Rule



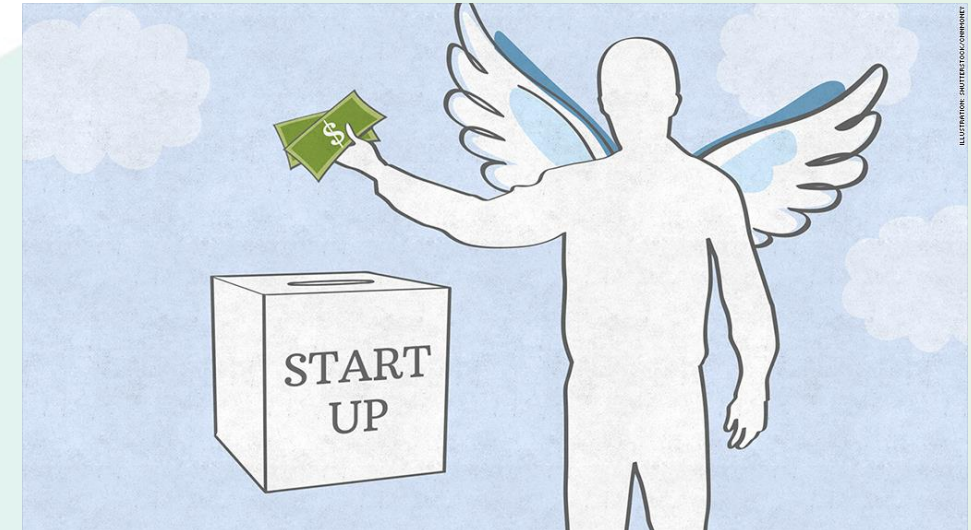
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# Strategies for attracting funding and investors for technology-based start-ups.

## Angel investors

### Angel Investors & Their Role in SMEs

- **Mission-Driven Investment:**
  - Angel investors prioritize growth beyond financial returns.
  - Their interests align with profitability and investment security.
- **Local Economic Development:**
  - Unlike VCs, angel investors often focus on regional business growth.
  - Their goal is to boost community prosperity [36].
- **Early-Stage Business Support:**
  - Provide funding during a company's formative stages.
  - Typically invest smaller amounts than venture capitalists.
  - Help diversify and sustain small businesses.



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## Successful startup that was funded by angel investors

### Uber

- Uber's Early Growth (2010)
  - Aimed to disrupt transportation with a reliable ride-hailing service.
  - Needed substantial funding to expand and develop its platform.
- Angel Syndicate Funding
  - Raised **\$1.25 million** from **First Round Capital's AngelList** syndicate.
  - Over 40 investors, contributing as little as \$5,000 each.
- Benefits for Uber
  - **Access to Capital:** Fueled expansion, technology development, and user acquisition.
  - **Network & Expertise:** Investors provided strategic guidance and industry connections.
  - **Credibility:** Funding from a reputable syndicate enhanced Uber's market position.
- **Returns for Investors**
  - Angel investors saw **substantial financial gains** from Uber's success.
  - Showcased the potential of early-stage syndicate investing.



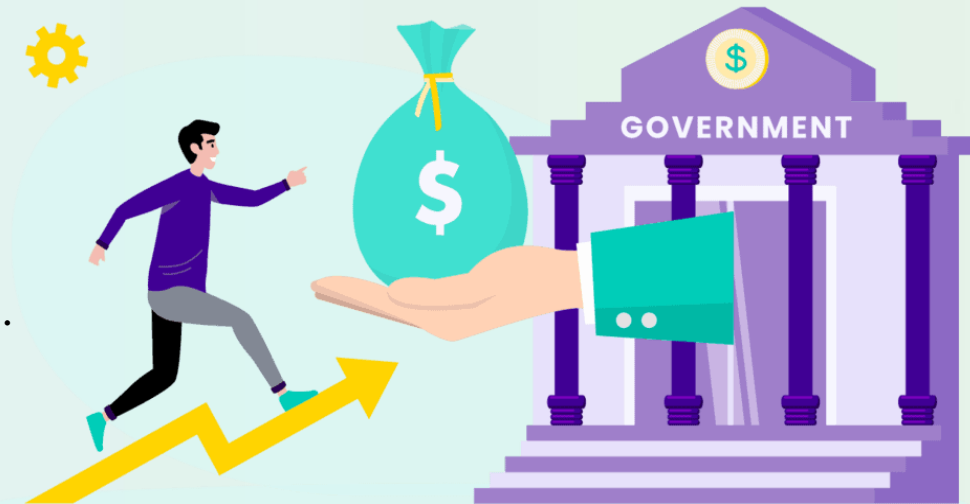
Uber's case highlights the **pivotal role of angel syndicates** in scaling startups while offering investors the opportunity for high returns.

# Strategies for attracting funding and investors for technology-based start-ups.

## Government grants

### Government Financial Assistance for Businesses

- **Types of Support**
  - **Grants:** Direct financial aid for startups, R&D, and community projects.
  - **Tax Credits:** Reductions in tax liability to encourage specific business activities.
- **Grants**
  - Provided by federal and state governments with **eligibility criteria**.
  - Competitive application process with set **usage guidelines**.
  - Supports innovation, expansion, and economic development.
- **Tax Credits**
  - Incentives for R&D, sustainability, and job creation.
  - Reduce business tax burdens, promoting investment in key areas.
- **Impact on the Economy**
  - Stimulates business growth and job creation.
  - Encourages **innovation and sustainability**.
  - Strengthens the overall **business environment** and economic development.



# Strategies for attracting funding and investors for technology-based start-ups.

## Commercial Finance Companies

### Trade Finance Companies: A Viable Financing Option

- **Alternative to Traditional Lenders:**

- Ideal for businesses struggling to secure financing from banks.
- Focuses on collateral rather than financial history or profit projections.

### Key Features of Trade Finance Companies

- **Collateral-Based Lending:**

- Loan approval depends on asset value rather than business performance.
- May result in poor credit decisions if collateral is overvalued.

- **Higher Cost of Borrowing:**

- Interest rates are generally **28% higher** than other commercial lenders.
- Reflects increased risk due to reduced emphasis on business stability.

- **Limitations:**

- Insufficient personal or business assets may lead to loan rejection.
- Businesses must weigh the trade-offs between flexibility and cost [37].



# Strategies for attracting funding and investors for technology-based start-ups.

## Government programs

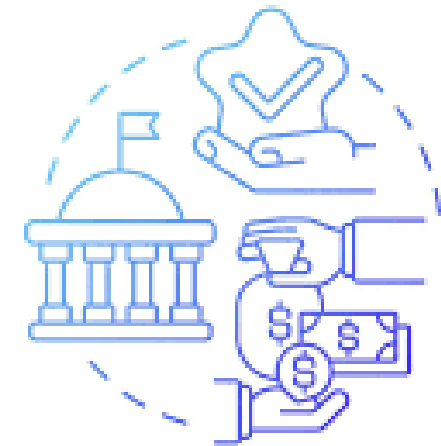
### Government Financing Programs for Startups and SMEs

#### Government-Backed Loan Guarantees

- **Purpose:** Reduce lending risk and improve access to credit for small businesses.
- **How It Works:**
  - The government guarantees a portion of the loan, acting as collateral.
  - Encourages traditional lenders to finance higher-risk businesses.

#### Benefits of Government Financing Programs

- **Increased Loan Accessibility:**
  - Businesses with limited assets or high-risk profiles can secure funding.
  - Encourages entrepreneurship and economic growth.
- **Favorable Loan Terms:**
  - Lower interest rates due to reduced risk for lenders.
  - Potential for longer repayment periods and better loan conditions [38].



**GOVERNMENT  
PROGRAMS**

# Pitching techniques for presenting innovative projects to investors.

## Introduction

### Mastering the Art of Pitching to Investors

Starting a business is both challenging and exciting, and one of the biggest hurdles entrepreneurs face is securing financing. Finding investors who share your vision can be crucial to realizing your entrepreneurial dreams. Here are some effective tips to help you create an engaging pitch:

- **Research Your Investors:**
  - Before approaching potential investors, thoroughly investigate the types of companies they fund and the pitches that have caught their attention in the past.
  - This research will provide valuable insights for structuring your pitch effectively.
- **Get Straight to the Point:**
  - Investors receive countless pitches daily, so it's essential to be concise and compelling.
  - Focus on data-backed claims about market demand or key industry trends that demonstrate your startup's potential for success.
- **Show Your Passion:**
  - Investors invest in both people and ideas, so it's vital to convey your passion for your business.
  - Your pitch should reflect your belief in your startup and your dedication to making it a success.

# Pitching techniques for presenting innovative projects to investors.

## Introduction

### **Highlight Your Unique Selling Proposition (USP):**

- Clearly articulate what sets your business apart from competitors and similar startups in the market.
- Emphasize the uniqueness and innovation of your product or service to convince investors why they should choose you.

### **Be Realistic with Financial Projections:**

- While high profit projections may be appealing, unrealistic figures can backfire.
- Consider risk factors such as competition and shifts in consumer preferences when presenting your financial projections.

### **Prepare and Practice:**

- Preparation is key; practicing your presentation boosts confidence and leads to a polished delivery.
- Consider rehearsing with a friend or colleague to gain feedback on areas for improvement.

### **Conclusion**

Presentation skills take time and practice to develop. Invest the necessary time in research and preparation, refine your presentation skills, and showcase your passion for your project to increase your chances of securing funding [40].

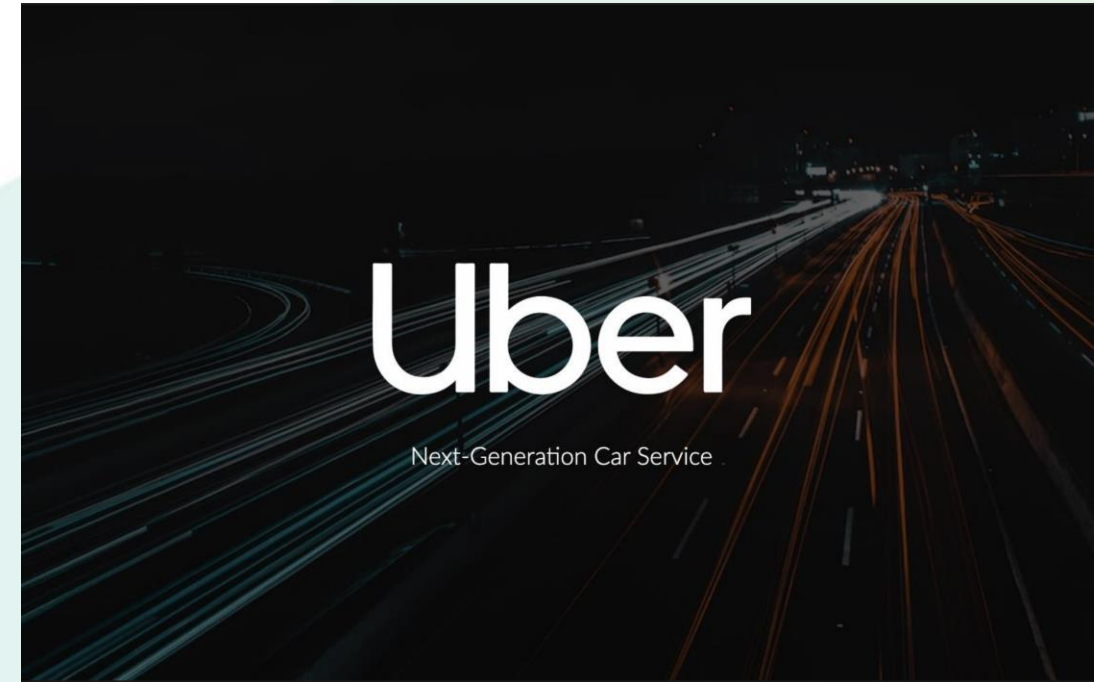
# Pitching techniques for presenting innovative projects to investors.

## Uber – Presentation

- **Problem:** Getting a ride was a hassle (taxis were expensive, unreliable, hard to get).
- **Solution:** An app to easily and quickly get a ride.
- **Why it's great:**
  - **For riders:** Cheaper, easier, and better rides.
  - **For drivers:** A way to make money with their car.
- **Big market:** Lots of people need rides.
- **How it works:** Uber connects riders and drivers and takes a cut.
- **Tech:** App, GPS, payments all make it smooth.
- **The team:** We're the people to make this happen.
- **Proof:** (Later on) Lots of people are using Uber!
- **What we need:** Money to grow.

**In even fewer words, Uber's pitch was:**

"Rides are broken. We fix it with an app. It's huge. We're the team. Give us money to grow."



## **Business Organization and Strategic Alignment:**

- The choice of business structure (sole proprietorship, partnership, C Corporation, S Corporation) affects liability, taxation, and scalability.
- Entrepreneurs should align their organizational form with long-term goals, balancing flexibility, risk mitigation, and access to capital.
- S Corporations and C Corporations provide scalability advantages for tech startups, while sole proprietorships may be better for early-stage experimentation.

## **Lean Entrepreneurship and Agile Innovation:**

- The Lean Startup Framework and Business Model Canvas emphasize iterative learning, customer-centric validation, and resource efficiency.
- Prioritizing minimum viable products (MVPs) and continuous feedback loops helps mitigate risks and align innovations with market demands.
- Rapid iteration and adaptability are essential for success in technology transfer.

## **Scaling Challenges and Dynamic Capabilities:**

- Scaling technology ventures requires dynamic capabilities like sensing market shifts, seizing opportunities, and reconfiguring resources.
- Premature scaling is a common pitfall; success depends on balancing operational excellence with innovation and securing timely funding.
- Organizational resilience is crucial for sustainable growth amid market pressures.

## **Funding Strategies and Investor Engagement:**

- Attracting capital requires a compelling value proposition, realistic financial projections, and strategic networking.
- Equity financing (venture capital, angel investors) and government grants are vital funding sources.
- Entrepreneurs must manage trade-offs between control, dilution, and investor expectations. Effective pitching should combine clarity, passion, and data-driven storytelling.

## **Team Building and Leadership:**

- High-performing, diverse teams are essential for successful tech startups.
- Distributed leadership models enhance creativity and problem-solving through collaboration and complementary skills.
- Founders should cultivate trust, delegate authority, and promote a culture of accountability to sustain growth during rapid changes.

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