

# It takes an ecosystem to raise a successful start-up

December 4 2019, by Colin Mason and Michaela Hruskova

---



Credit: Canva Studio from Pexels

The geography of entrepreneurship is "[spiky](#)", meaning that from region to region there are significant variations in rates of start-ups and, in particular, "[scale-ups](#)"—new businesses that are evolving into larger

enterprises.

This can be explained by the fact that successful entrepreneurship occurs in "fertile soil"—economic and social environments conducive to entrepreneurial activity. And in some places these environments—or ecosystems—are much better at generating and supporting entrepreneurial activity than others.

An [entrepreneurial ecosystem](#) is a clustering of interconnected individuals, organisations and bodies that facilitates and supports entrepreneurial activity. This ecosystem provides start-up businesses with resources—money, people, markets and infrastructure—within an open, inclusive culture that has supportive policies and leadership.

Supporting the development of entrepreneurial ecosystems is now a [prime focus](#) of economic development policy. Cities and regions typically have dozens of [entrepreneurship support organisations](#) (ESOs) that are fully-funded public bodies or not-for-profit organisations whose funding comes from government. These ESOs provide information, advice, networking, training, mentoring and [financial help](#) that is considered essential for [entrepreneurial activity](#).

In Scotland, for example, one [recent study](#) identified 43 ESOs in Edinburgh focused just on [technology entrepreneurs](#). Our own ongoing research has identified 87 ESOs in Glasgow covering all sectors including social enterprise.

However, this profusion of ESOs is thought to be confusing for entrepreneurs who find it difficult to navigate the support infrastructure, raising concerns that there is overlap in the services that ESOs provide. But this is to misunderstand how entrepreneurial ecosystems work.

## **Everything is connected**

Every year the University of Glasgow runs a programme to support four start-up teams with a grant of £2,500 and 12 weeks of one-to-one mentorship from the student enterprise manager. This includes introduction to ESOs in the wider ecosystem, training and space in the university's "incubator" to help teams develop their embryonic start-up.

Businesses which have successfully completed the programme have gone on to receive further support from a variety of ESOs in the local ecosystem and beyond. Typically, each participant receives a package of support from the [Scottish Institute for Enterprise](#) (SIE). This helps them to connect to the local ecosystem to access lawyers, accountants and other specialists, provides assistance with start-up competitions, and access to networking events.

For example, [Dragons' Den](#) contestant Corien Staels, founder of [WheelAir](#) – a company that has developed a cooling backrest for wheelchair users—received support from an ESO called [Enterprise Campus](#) to cover initial operational expenses.

Staels went on to win the SIE [New Ventures competition](#) and several other awards that provided money, [business](#) support, training and mentorship. Having turned down a funding offer from Dragons' Den, she has gone on to raise equity funding from several individuals.

Staels' example demonstrates the interconnectedness of the entrepreneurial ecosystem, with ESOs providing a range of different forms of assistance. The learning and support needs of entrepreneurs change as their business develops. No single organisation can provide all of the support and resources that new ventures need as they progress. This is precisely why many ESOs target specific types of [entrepreneur](#) and stages in the process—idea, start-up, growth and so on—specialising in the types of support they provide. Which means entrepreneurs can draw upon a variety organisations as their business evolves.

Crucially, these relationships within the entrepreneurial ecosystem are reciprocal. Just as businesses that emerge from start-up programmes need a range of support to develop, ESOs need "springboard" initiatives such as the Glasgow University programme, which germinate start-ups that in due course will become their clients.

## **A healthy ecosystem**

Policymakers should not interpret the abundance of ESOs as an indication of duplication and waste. The real world is messy. The diversity of entrepreneurs and their changing needs on the entrepreneurial journey means that there also has to be a diversity of support available for these ecosystems to be effective.

Instead, they should ask key questions to assess of the health of entrepreneurial [ecosystems](#). Do the services provided by the ESOs involved cover the whole entrepreneurial journey, enabling individual organisations to "hand over" entrepreneurs as their needs change, ensuring ongoing support as their businesses develop?

Do the ESOs collectively provide an appropriate mix of generic and specialist resources and support? Do they have shared goals and a sense of collective mission? Or is each in competition with one another, claiming successful businesses as a result of their own efforts? And finally, are these ESOs run by people with business start-up experience—by entrepreneurs *for* entrepreneurs?

What is critical here is to recognise for the need for connectivity between these various ESOs. Operating in isolation from one another does not help young start-ups, which will thrive best in an environment where ESOs recognise that their effectiveness is contingent on one another. To paraphrase the African proverb: "it takes a village to raise a child", it takes an ecosystem—not a single individual or organisation—to

feed, nurture and raise a successful entrepreneurial venture.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

Provided by The Conversation

Citation: It takes an ecosystem to raise a successful start-up (2019, December 4) retrieved 27 June 2024 from <https://phys.org/news/2019-12-ecosystem-successful-start-up.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.