

# Startup selection, success, and sustainability

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In business, established companies are facing increasing pressure to embrace sustainability. To address this challenge, many incumbents are turning to corporate venturing, a process that involves collaborating with startups to tap into innovation and explore new markets.

A study in the *International Journal of Entrepreneurial Venturing* reports an analysis of a systematic research literature review and the outcome of expert interviews. It offers new insights into how incumbents choose startups for these collaborations, shedding light on the criteria and preferences that drive their choices. These results could have implications for both established businesses and those deeply involved in the [startup](#) ecosystem.

Lucia Brandt and Stefanie Bröring of Ruhr University Bochum, Germany, Natalie Laibach of the Center for Research in Agricultural Genomics in Barcelona, Spain, and Carolin Kamrath of the University of Bonn, Germany, found five key criteria that help incumbents evaluate startups for corporate venturing.

First, they place a high priority on the startup's team, scrutinizing factors such as experience, commitment, professionalism, and technical expertise. A strong team underpins success in such partnerships. Second, they assessed the novelty of the startups' ideas and technologies, with particular emphasis on how well these align with the incumbent's own capabilities.

The researchers also found that market-related factors, such as growth potential, market acceptance, and the startup's market orientation, are also important in predicting whether a collaboration will be successful. They add that [financial stability](#) and access to resources, whether from [public funds](#) or existing investors, are crucial for ensuring the startup's sustainability.

Last, strategic alignment plays a pivotal role, with incumbents seeking startups that strengthen, complement, and expand their own core values and abilities. Ultimately, the criteria will guide the incumbents as to whether they feel the collaboration will meet their own long-term objectives as well as be of mutual benefit.

The team's interviews with experts, conducted as part of the study, also revealed some additional preferences among incumbents. It was found that incumbents value a strong personal fit between their own [business](#) team and that of the startup. The emphasis is on trust, commitment, enthusiasm, and professionalism. Moreover, those startups that are better aligned with the incumbent's long-term vision, especially in the fields of digital and sustainable technologies, are even more highly sought after.

Also apparent is that incumbents will focus on customer-centric business models and markets undergoing transitions as these are considered particularly advantageous in terms of business development and the company's bottom line. That said, while financial considerations are important, they tend not to be at the forefront of the decision-making process when compared with the other factors discussed.

**More information:** Lucia Brandt et al, Start-up selection criteria for corporate venturing: what matters for incumbents, *International Journal of Entrepreneurial Venturing* (2023). [DOI: 10.1504/IJEV.2023.133464](https://doi.org/10.1504/IJEV.2023.133464)

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