

FROM A STRATEGY & INNOVATION AGENCY TO A VENTURE BUILDING POWERHOUSE.

Public version.



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Strategic Product Design
Delft University of Technology

COLOPHON.

From a strategy & innovation agency to a
venture building powerhouse.

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Master thesis

MSc. Strategic Product Design
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In Colabaration with

Business Models Inc. BV.

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PREFACE.

Hi Reader!

In front of you is the final deliverable for the graduation project of the MSc. Degree of Strategic Product Design at the Delft University of Technology. This graduation project was written in collaboration with Business Models Inc. and presents the culmination of 5 months of my blood, sweat and tears.

This graduation also marks the end of my long and exciting student life. I'm very happy to end this journey with a bang and I personally really see this graduation thesis as the icing on the cake. I'm very proud of the results of the thesis. Especially considering that I did a full-time graduation project for only 3 days per week (would not recommend). This project allowed me to explore one of my personal interests of venture building and entrepreneurship, and I'm forever grateful to Business Models Inc. That allowed me to really shape my own project brief and assignment.

Specifically, I would like to thank my supervisory team:

Lianne, thank you for allowing me to shape my own personal assignment and journey. Next to your enthusiasm and flexibility, you really offered me that critical strategic design perspective that I needed to elevate this project to a higher level.

Matthijs, thank you for your down-to-earth, real-life mentality! I really valued your entrepreneurial perspective and loved to just talk business with you in our few, but qualitative calls that we had. Your sharp mind and logical thinking kept me on the correct course during this project, much appreciated!

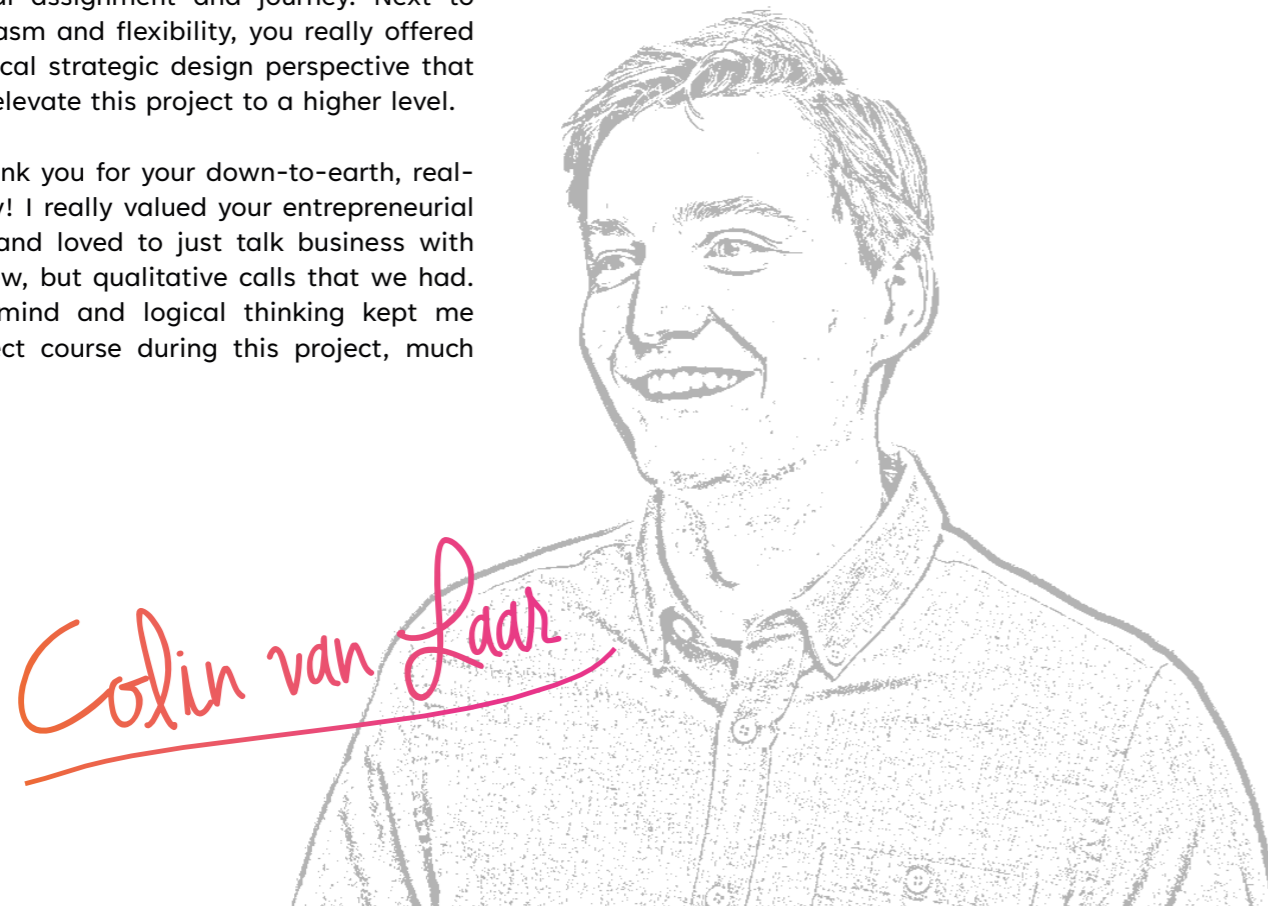
Arsham, thank you for being able to jump in as my company supervisor halfway into the project. Your flexibility and critical view on my work helped in shaping not only a desirable but also viable end result. I'm really looking forward to working with you in translating this proposition into a true possible future for Business Models Inc.

Furthermore, I want to really thank the whole crew of BMI for their support and interest during the project. This made the project really feel more like a collaborative effort than an individual thesis. Next, I really want to thank Harry (you know who you are) and Alexandra for their time, inexhaustible energy and expertise during our talks. This absolutely helped in creating a proposition that adds value on multiple different fronts.

Lastly, I would like to thank my friends, girlfriend and family for their ongoing interest, putting things in perspective and for helping me have fun in the process.

I am excited to share what I have learned over the past 5 months.

Enjoy the read!



EXECUTIVE SUMMARY.

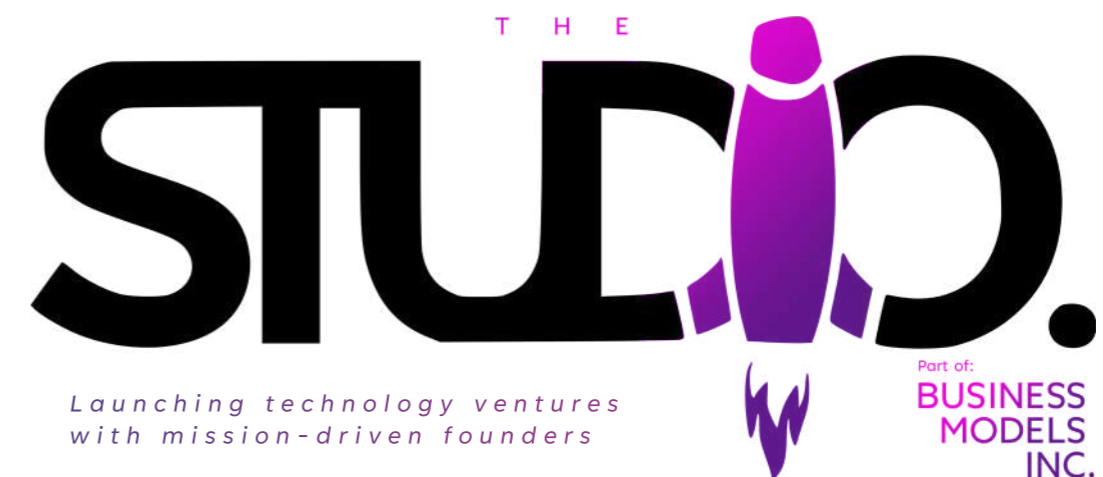
In a rapidly changing business landscape, innovation has become a critical priority for companies, with start-ups outpacing traditional corporations in speed and agility to innovate. Despite their potential, these start-ups often face high failure rates and struggle to cross the "valley of death" due to gaps in resources and commercialization expertise. To address these challenges, new venture building models such as the venture studio and venture clienting model have emerged, aiming to systematically de-risk new ventures and support them in successfully commercializing their innovations. This thesis explored these models, seeking to bridge the gap between practical applications and academic research, with the goal of developing a new model that enhances start-up success by reducing failure risks, improving time-to-value, and optimizing cost and performance.

This graduation project for Business Models Inc. explored different venture building models to identify and design the most optimal model for BMI to introduce into their portfolio of service offerings. Utilizing the Double Diamond methodology (Design Council, 2005), the project began with a research phase involving a literature review and expert interviews, focusing on venture building, corporate venturing, and factors influencing start-up success and failure. This phase led to the identification of the start-up studio model as highly beneficial for BMI, due to its potential for high financial value and control over start-ups' strategic direction.

Insights from the research highlighted three critical pillars for building strong ventures: the Human factor, the Resource factor, and the Opportunity factor. Interviews revealed three key stakeholder archetypes that are relevant for designing a new venture building model for BMI: the Driving Force, the Investor, and the Supporter.

The second phase of the project, the design phase, transformed these insights into a tangible value proposition named "the Studio". This start-up studio model for BMI is designed to scout technologies, ideate and validate radical venture ideas, assemble the ideal founding teams, and provide ongoing support to ensure growth. It aims to mitigate risks associated with the three identified pillars by involving a diverse mix of individuals in the founding teams, offering initial investment, and support with studio services.

The outcome includes a pitch deck to communicate the studio model's benefits to stakeholders, a minimum viable organization structure with necessary roles and capabilities, financial forecasts, and a roadmap for implementing the studio model at BMI.



Launching technology ventures
with mission-driven founders

Logo for the new studio value proposition

GLOSSARY.

BMI: Business Models Inc.

BU (Business Unit): A division or segment of an organization focused on specific business functions or markets.

Corporate Venturing: A practice where a large company directly invests in external start-ups or internally develops new ventures.

De-risking: The process of identifying, assessing, and mitigating risks in a venture or project to increase its likelihood of success.

Dilution: A reduction in the ownership percentage of existing shareholders due to the issuance of new shares in a company.

Equity Shares: Shares of stock that represent ownership in a company, entitling the shareholder to a portion of the company's profits and assets.

Exit: The process by which an investor or entrepreneur intends to leave their investment in a start-up, usually through a sale or merger.

Exit Value: The value of a company at the time of exit, reflecting the return on investment for its shareholders.

Fund: A pool of money allocated for a specific purpose, often managed by a firm that invests in start-ups or other ventures.

IPO (Initial Public Offering): The process by which a private company offers its shares to the public in a new stock issuance.

M&A (Mergers and Acquisitions): The process of consolidating companies or assets through various types of financial transactions.

MVO (Minimum Viable Organization): A concept similar to a minimum viable product, focusing on the smallest set of elements or resources needed for an organization to operate effectively.

NewCo: A term often used to refer to a newly formed company, especially in the context of spin-offs or venture creation.

Organic/Traditional Venture: A venture that is build using no external assistance from other venture building models or services.

Private Equity: Capital investment made into companies that are not publicly traded, typically by private equity firms, with the intention of restructuring or growing the businesses for a future sale or IPO.

Revenue Model: The framework for how a business intends to generate income by specifying which revenue source to pursue, what value to offer, how to price the value, and who pays for the value.

SAR (Stock Appreciation Rights): A form of bonus compensation given to employees that is equivalent to the appreciation of the company stock over a set period.

Start-up / Venture: A newly established business, often in the early stages of development, focused on bringing a unique product or service to market. (Start-up and venture are used as synonyms and interchangeably in this thesis.)

Sweat Equity: The non-monetary investment that founders or employees contribute to a start-up, including effort, time, and skills, in exchange for equity.

Time-to-Value(TtV): refers to the period it takes for an investment in a start-up or venture to begin generating significant value, either through revenue growth, market penetration, or achieving specific developmental milestones that enhance the company's valuation

Valley of Death: A term used to describe the difficult period a start-up faces between initial funding and before becoming self-sustaining, often characterized by financial challenges.

VC (Venture Capital): Financing provided by investors to start-ups and small businesses with long-term growth potential in exchange for equity.

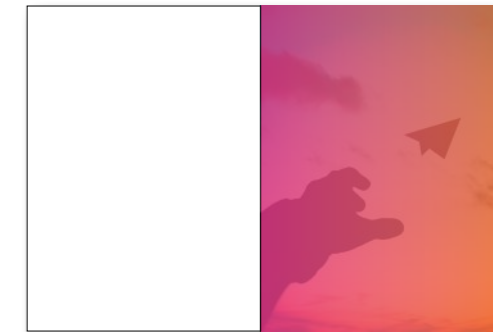
Venture Building: The creation and/or development and/or support of a start-up company.

READING GUIDE.

CHAPTER SECTIONS

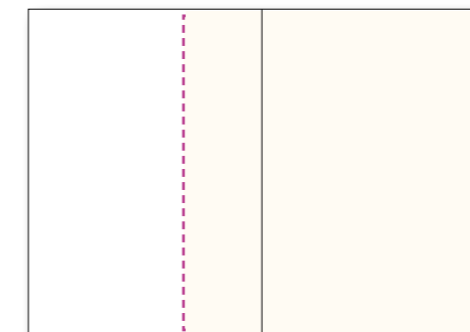


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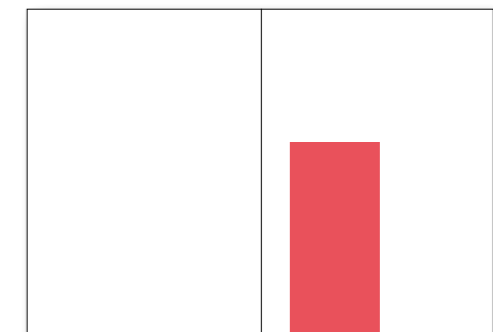


Closing of chapter

TAKEAWAYS/ SUMMARIES



Model takeaways



corporate venturing

TYPOGRAPHY

CHAPTER.

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DEFINITION

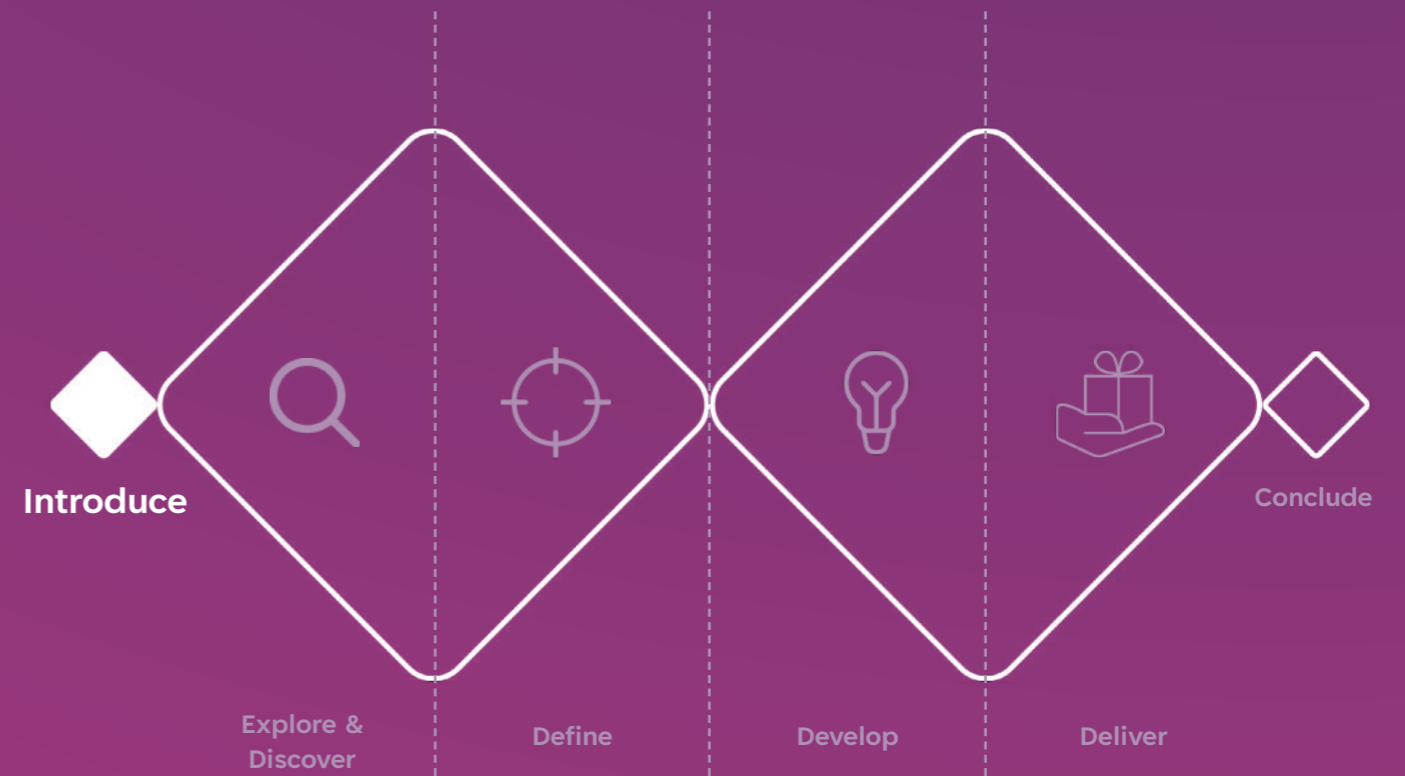
“Important quote from interview”

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INTRODUCE.

This chapter provides the necessary context to understand the contents of this graduation thesis. It lays out the objective, scope and relevance of the thesis and elaborates the approach and methodology that is used to write this thesis.



Chapter 1.1

PROJECT CONTEXT.

INNOVATION THROUGH START-UPS

“With the world moving faster and faster, companies need to be able to innovate at speed to stay ahead of the changes taking place in the market” (Dulinski, 2022). This mantra in the business world gained popularity in the last couple of decades with phrases like “innovate or die” being ushered across boardrooms. It is therefore not weird to see that 70% of US company directors put Innovation on their top 5 priority list for 2023 (Pederson, 2023). However, the old model of trying to innovate at home is no longer suitable for the pace at which changes have occurred. In this fast-moving world, it is start-ups that have the edge over large corporations when it comes to speed and agility to innovate (Weiblen et al., 2015). To stay relevant in the market, corporations have started to expand their innovation strategies to include these nimble start-ups. However what start-up companies offer in agility, speed and willingness to take risks, they often lack in control and strategic direction (Weiblen, et al., 2015).

It is therefore not hard to see that start-up companies still carry a lot of risk, with failure rates sometimes stated as high as 90% (Eisenmann, 2021).

VALLEY OF DEATH

Because founders of new ventures often lack commercialization and business development experience, in combination with the inability to attract investors, these potentially innovative new ventures often find themselves stranded in the so-called “valley of death” (Ellwood et al., 2022). The valley of death is a phenomenon where there is a substantial gap in resources between the concept generation and commercialisation phase of a start-up (Gbadegeshin et al., 2022). In other words, a start-up runs out of resources or fails to attract any (new) resources before it is able to translate a good idea into a viable commercial business.

“Give me six hours to chop down a tree and I will spend the first four sharpening the axe”

Abraham Lincoln

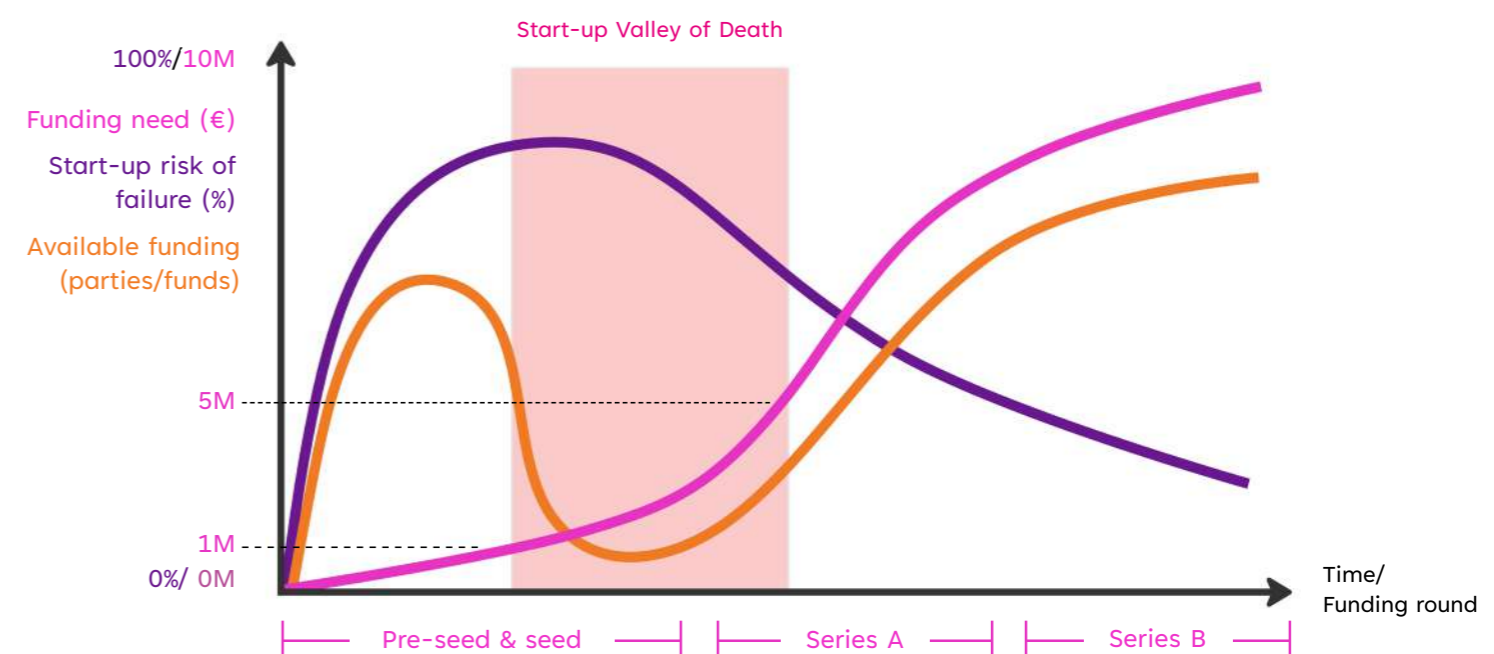


Figure 11: Start-up valley of death

NEW WAYS TO VENTURE

To still leverage the agility, speed and innovative capabilities of these start-up companies, while reducing the risk of starting these new ventures, various models have come up in recent years which use a systematic approach and proven methodology to create or aid new ventures (Gimmy et al., 2017). These new models for systematically de-risking new ventures each differ in their approach, level of involvement, and style, but all have the same goal in mind: helping these innovative new ventures in successfully crossing the valley of death. In recent years the “venture studio model” and the “venture clienting model” have gained popularity as innovative models for creating and helping new start-ups. The venture studio model is designed to methodically create new businesses by integrating the financial backing typical of a venture capital firm with the guidance and support offered by accelerators and incubators, alongside the entrepreneurial spirit of start-up founders (Cohen et al., 2019). The venture client model on the other hand states that established companies become initial customers of start-ups, despite the risks involved. They collaborate on pilot projects to create and test a proof of concept in actual conditions and when proven successful, they embark on a long-term partnership to incorporate the start-up’s innovations into the products, processes,

or business models of the established company (Haarmann et al., 2023). Even though these novel models around creating or aiding new ventures have seen an increased adoption among corporates and studios (Big Startup Studios Research, 2023), the total scope of possibilities and a solid overview of the characteristics for these models still remain unclear. Because new venture models like the “venture studio model” or “venture clienting model” are relatively new, there is little academic research done about the effectiveness and results of these models. The aim of this thesis is therefore twofold: bridging the gap between practical, non-academic research about the different venture models, and the lacking academic theory, and: understanding how venture building can help start-ups in crossing the valley of death. This is done by conducting expert interviews from different perspectives within this field of venture building with the goal to understand what different venture building models exist, where in the venture building process they are used, which characteristics they have, what their position is in the larger venture ecosystem, and how they help with systematically de-risking the venture building process.

By providing insights into the effectiveness of new venture building models, a new model can be developed that can help start-ups by; reducing the risk of failure, improving the time-to-value ratio, and optimizing the overall cost and performance.

Chapter 1.2

COMPANY CONTEXT.

This master thesis is written in collaboration with the company Business models Inc. Business models Inc, or in short: BMI, is an international innovation strategy & business model design agency that was started by Patrick van der Pijl in 2009. Together with Alex Osterwalder, the “founding father” of the business model canvas, Patrick produced the global bestseller: Business Model Generation (Osterwalder & Pigneur, 2010). This later formed the basis for the agency: Business Models Inc. which offers strategy and innovation services to multinational companies like Mars Wrigley and Ikea, through a business model lens. It currently employs around 50 employees divided into offices in Australia, Taiwan and Amsterdam.



Figure 1.3: Business Models Inc. logo

The overall purpose of BMI is to:

“Aspire to build a future of business that is about people, impact and doubling down on innovation through design”.

This part can be found in the confidential appendix.

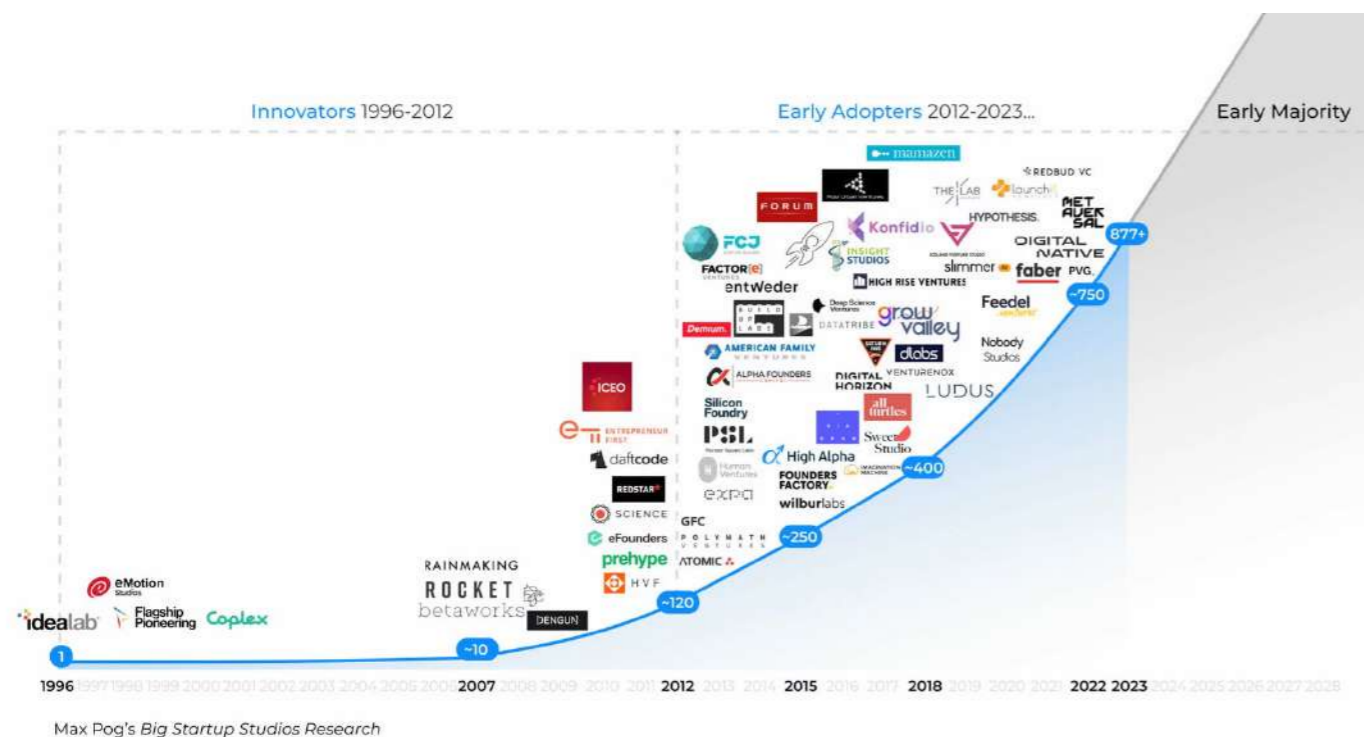


Figure 1.2: Max Pog's Big startup studio research maturity curve

BMI VALUE PROPOSITIONS

Currently, BMI has 5 service categories in its portfolio to drive this vision. These include: Growth strategy, Business innovation, Innovation organization, Experience design and lastly, Venturing building.

This part be found in the confidential appendix.

Chapter 1.3

PROJECT ASSIGNMENT.

PROJECT AIM

The central aim of this graduation thesis is to investigate and establish a venture building value proposition for Business Models Inc., motivated by the company's recognition of venture building as a substantial opportunity for potential growth. This exploration seeks to understand how venture building can be strategically integrated into Business Models Inc.'s existing portfolio of services, enhancing their overall market offering.

RESEARCH QUESTION(S)

The central aim of the project will be achieved by answering the following main research question:

MAIN RESEARCH QUESTION:

How can Business Models Inc. most optimally introduce the value proposition of venture building into its portfolio of service offerings?

This main research question is supported by the following sub research questions:

Venture building:

- What is (the context of) "Venture Building"? (what does the playing field look like?)
- What venture building models exist?
- What are the characteristics, pros and cons for these different models?
- What makes a venture building model successful/ unsuccessful?
- What are success factors for a venture?/ what are reasons for failures?

Business Models Inc.:

- What are the capabilities of BMI, both formally as informally?
- What characteristics of venture building best fit these capabilities?
- What are the problems, needs, barriers and challenges that ventures have when making use of a venture building model?

Most optimally:

- What competition exists in the "venture building" playing field?
- How can BMI create a competitive advantage for its venture building value proposition?
- How can BMI leverage its current capabilities to most optimally introduce venture building into its service offerings?

Chapter 1.4

PROJECT APPROACH.

For this graduation assignment, the methodology of the Double Diamond approach (Design Council, 2005) is used. This methodology is a tried and true methodology in the field of strategic design. Introduced by the Design Council in 2005, the double diamond method serves as a straightforward visual representation of the design process. This method unfolds across four stages, starting with an initial concept and culminating in the launch of a product or service. Although the double diamond's shape is intended to apply broadly across various projects, it's recommended that it be adapted—or customized—to suit the unique requirements and features of each specific project.

Each stage of the process includes iterative cycles for exploration and evaluation. The Double Diamond design process comprises four key phases: Explore & Discover, Define, Develop, and Deliver.

This approach is used in this thesis because of its flexibility and its power to make complex design problems visual and understandable (Kochanowska et al., 2022). The approach used, is an adapted double diamond (fig. 1.6) that is divided into the Explore & discover, Define, Develop and Deliver Phases. Between the two diamonds, a design requirements specification is defined that converges the research from the first diamond and defines specific goals for the design of the value proposition in the second phase.

EXPLORE & DISCOVER

This phase aims to understand the broader context of venture building and define what different models are used to develop or aid ventures. For this, a literature review was conducted that looked into the characteristics of these different models, and how they fit into the larger venture building scene. Next to this the success factors and reasons for failures for new ventures were identified to better understand what new ventures need in order to be successful. In this phase the first 5 sub-research questions are answered. This literature review in combination with interviews formed the basis for the stakeholder archetypes that are developed in the Define phase.

DEFINE

The goal for this phase was to sharpen the design direction and define a design requirement specification to help in guiding the design of the venture building value proposition. The literature research from the previous phase was used to develop an expert interview research approach and formulate semi-structured interview guides to guide this process. Next to this, additional BMI specific company desk research was done to better understand the company context, along with trend and stakeholder analysis to better understand the broader venture building context. The last 6 sub-research questions are answered in this phase.

DEVELOP

This phase aims to translate the design requirement specification into multiple concept directions for the BMI venture building value proposition. These different value proposition concepts are then tested through interviews with relevant stakeholders to validate different design directions. This will lead to a defined concept that is further developed in the deliver phase.

DELIVER

In the final phase, a proposal for a BMI venture building value proposition is developed. The deliverables of this new service offering consist of a service offering with additional tools, a business plan, and a roadmap for implementation within Business Models Inc. that can help start-ups reduce the risk of failure, improve the time-to-value ratio, and optimize the overall cost and performance.

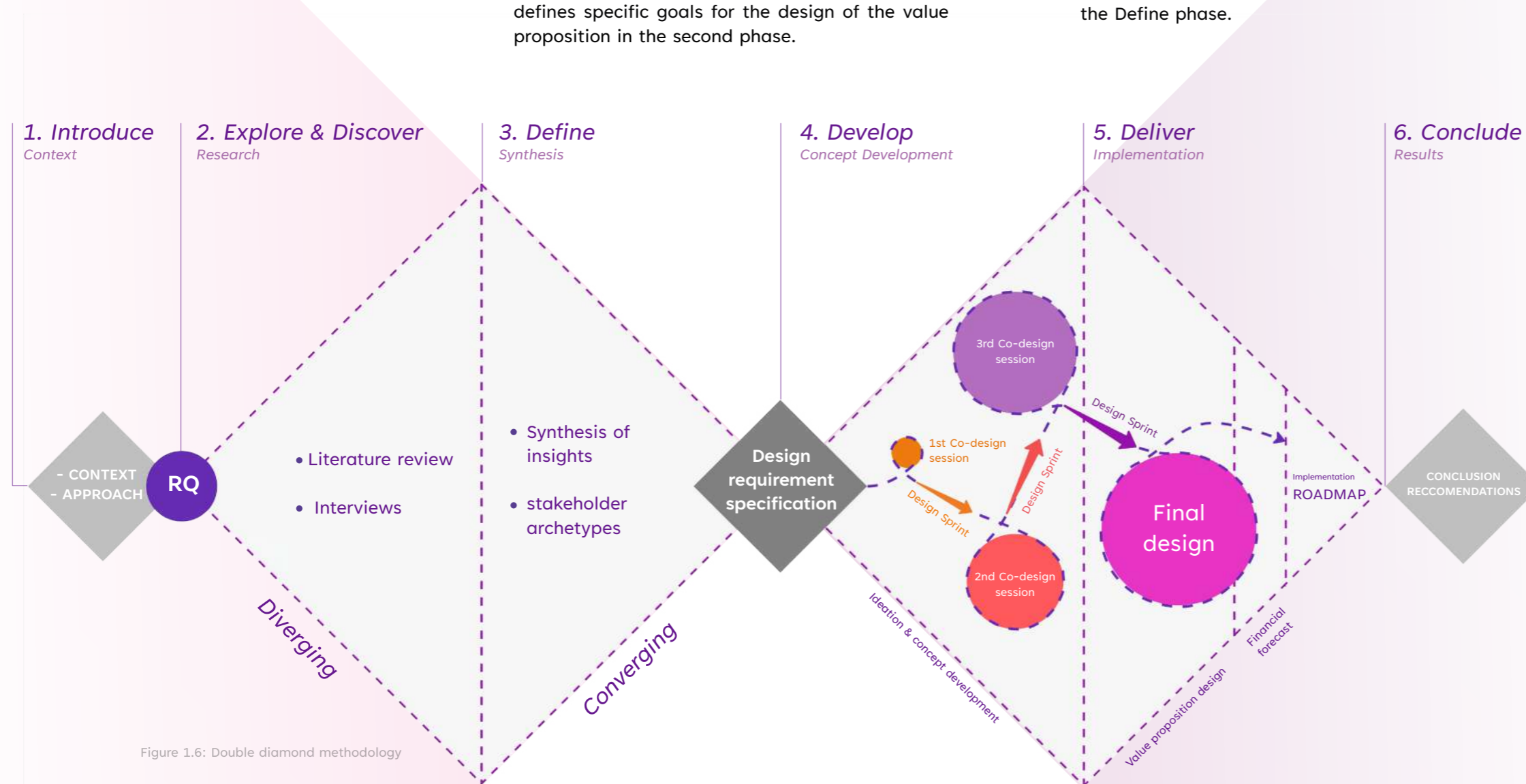


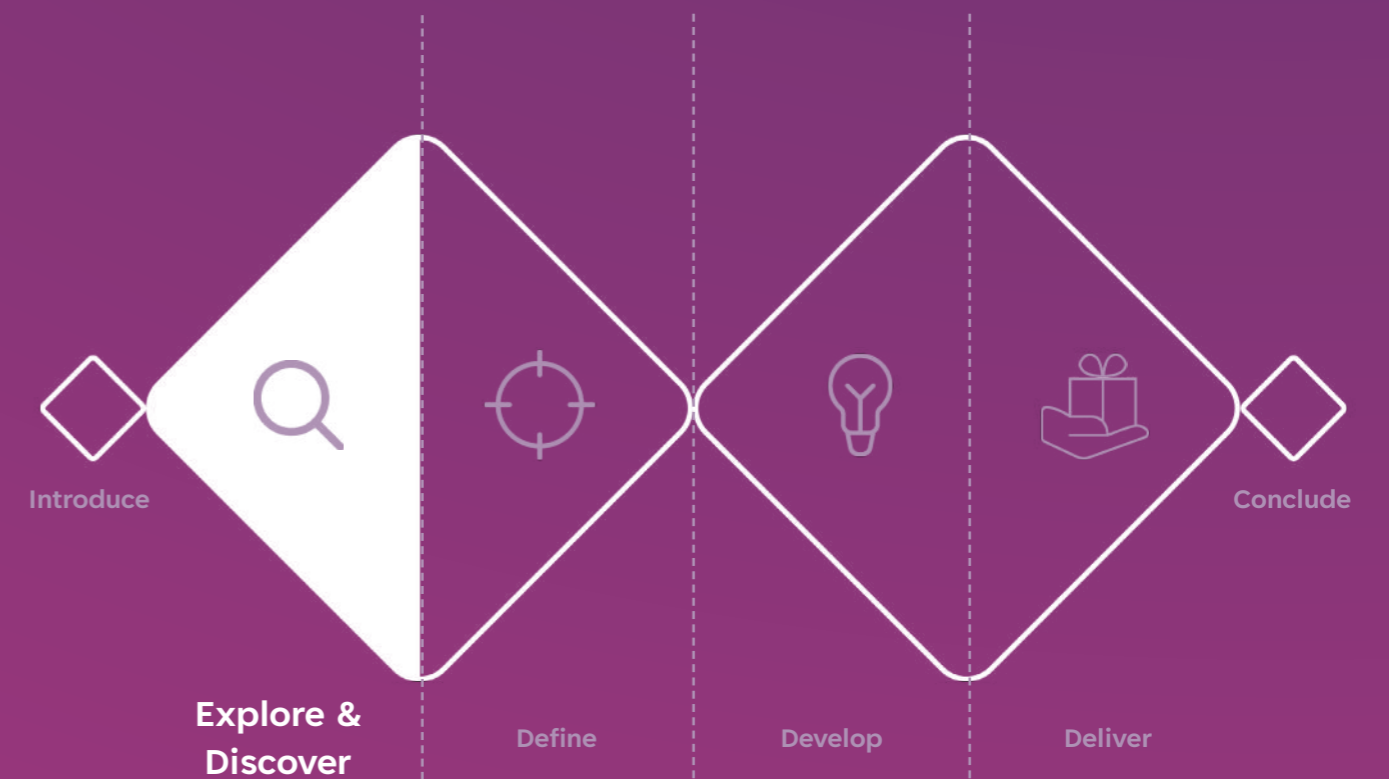
Figure 1.6: Double diamond methodology

DESIGN SPECIFICATION:

A design specification is a document or list that outlines the requirements, expectations, and limitations of a product, service or system. (Brace et al., 2010)

EXPLORE & DISCOVER.

This chapter provides an overview of the literature into the venture building process, models and other important topics of this thesis. It then looks into the concept of corporate venturing and describes literature on failure and success factors for start-ups. These insights are used to define an interview approach in which stakeholders from different perspectives on venture building are interviewed.



Chapter 2.1

LITERATURE REVIEW.

“Learn early. Learn often.”

Drew Houston

Dropbox Co-founder

LITERATURE RESEARCH APPROACH.

After the initial framing of the project aim and context, shown in chapter 2, a deeper foundation for the context of these different venture models needs to be established to most optimally answer the research questions. In parallel to these different venture building models, innovation methods for corporate companies are compared and research is done into how corporate companies start to incorporate ventures and different venture building models into their innovation strategies. Additionally, this literature review will focus on success factors and reasons for failures in context of new ventures and how the different venture models aim to limit these risks related to failure or leverage these factors that relate to start-up success.

For this literature review, the methodology of a traditional or narrative review (Stratton, 2019) is chosen. This literature review methodology allows for flexibility in search strategy and protocol (Arshed et al., 2015). This fits this literature review well because of the relatively new phenomenon of some venture models and thus allows for more research into non-academic sources.

VENTURE BUILDING.

The term venture building is a term that is often used ambiguously with many different acronyms and definitions. For example, within the innovation management literature, the term, innovation vehicles or: corporate innovation vehicles (Weiss & Kanbach, 2021) is often used. When looking at the field of entrepreneurship and business design, the same phenomenon is often described using the terms: venture support tools or venture building models (Spigel et al., 2023). Since this thesis will explore a broad range of possibilities, a broad definition for venture building is taken. Within this thesis, whenever venture building is mentioned, the following definition is used:

VENTURE BUILDING DEFINITION:

The creation and/or development and/or support of a start-up company.

This definition is broad and ranges from the straightforward model of an “organic venture” which builds a new venture all by itself, to a more advanced model such as the “venture studio model”, which uses “a group of veterans who take up several ideas for start-ups and grow them from initiation to maturation into independent firms leveraging their shared expertise and resources” (Szigeti, 2015).

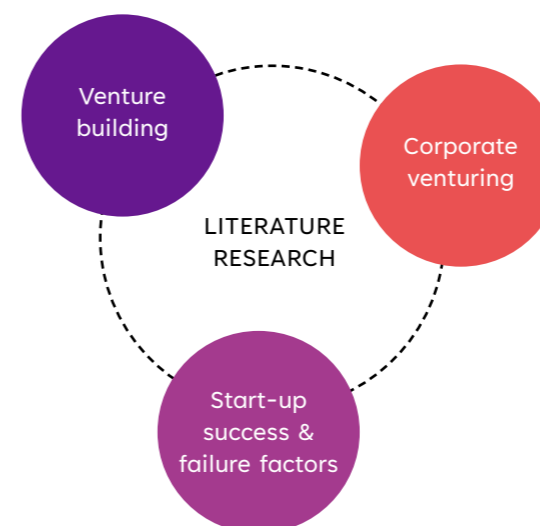


Figure 2.1: Literature research areas of interest

This thesis will explore this broad range of venture building models and find out their characteristics, similarities, differences and use-cases to paint the whole scope of possibilities within the venture building space.

VENTURE PROCESS.

In order to understand these different venture building models, and where in the venture process they are used, it is important to understand the general venture process and stages that start-ups go through. Once again literature about the venture process is quite ambiguous. For instance, within the field of entrepreneurial innovation, Joseph Pickens describes the venture building process along four stages which each depict principle challenges faced by the founding team (Picken, 2017). These phases are: start-up phase, which defines and validates the business concept, transition phase which lays the foundation for a scalable business, scaling phase which adds resources to profitably scale the enterprise, and the exit phase with harvests the venture through an IPO or private sale.

When looking at the venture process though a financing lens, often, 6 stages are used to describe the process that a venture goes through.

These are: the pre-seed stage which lays the foundation, the seed stage which confirms market demand, early stage (or series a) which crafts a minimum viable product, growth stage(or series B) which scales to a bigger market, the expansion stage (or series C) which aims to make the venture profitable and self-sufficient, and finally the exit stage which plans the exit strategy. (The 6 Stages of a Startup, 2023).

For this thesis, a process with 6 stages is used to represent the venture building process (fig. 2.2). This process as described by Max Pog (Big Startup Studios Research ,2023) is chosen because it is a combination of both aforementioned processes and describes 6 distinct phase that each require unique capabilities. These 6 stages help in defining which venture models can add value in which distinct part of the venture process. The stages are as follows: Venture ideation phase which focusses on coming up with the business idea, Idea validation phase which tries to find a product market fit, MVP creation phase which is aimed at developing a minimum viable product, Scaling growth phase which is focused on scaling the customer base, enterprise phase which is focused on scaling the company and team, and finally the exit phase, which is geared towards creating an exit strategy through an IPO/ private equity, or M&A.



Figure 2.2: Six stages of the venture building process

LEVEL OF INVOLVEMENT.

Next to being applicable in different stages of the venture building process, different venture building models also have different levels of involvement with the venture/levels of risk taken (Kannan et al., 2022). Risk and level of involvement are combined in this model, since the level of involvement often

correlates with the amount of time spend on helping or building these ventures. This often results in an increased risk that is taken within this model. These levels of involvement/risk are divided into 6 different categories (from least involved to most involved): Advisory role, Investor role, Network access & little support, Venture support role, Co-Founder role and finally Sole founder, owner.

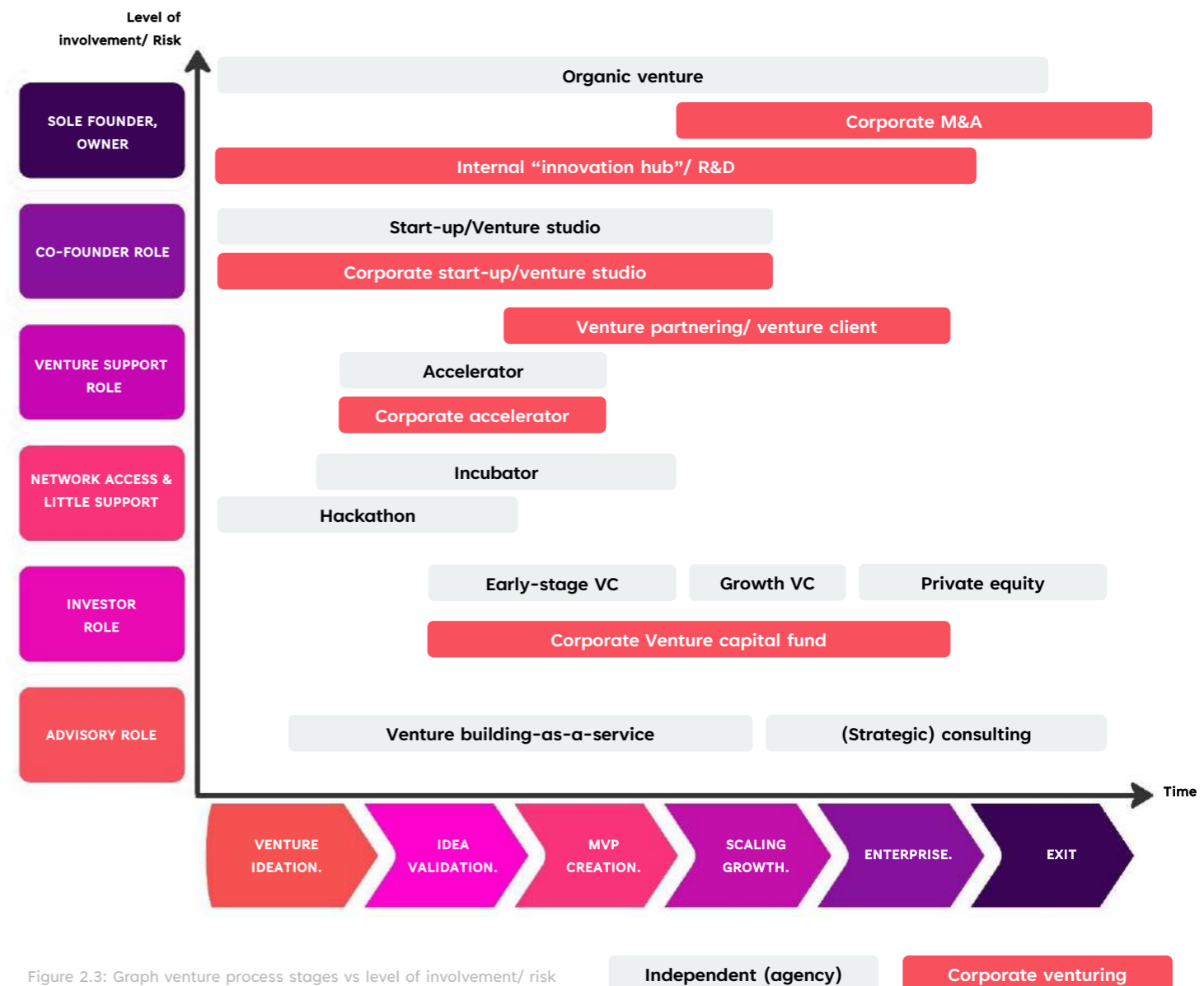


Figure 2.3: Graph venture process stages vs level of involvement/ risk

VENTURE MODELS.

When looking into specific venture models, the ambiguity in usage of terms continues. Within the venture building industry, terms are often loosely applied to a broad variety of concepts (Bariller et al., 2019). This ambiguity becomes ever so apparent when looking at the “venture studio model” which is used under at least 8 different terms and definitions in literature (de Alvarenga, et al., 2023). In order to create structure within this ambiguous field of literature, 16 venture building models are chosen, that fall within the above mentioned six levels of involvement/risk (fig. 2.3). Within these 16 models, slight varieties are still present and explained. (Note that within the model characteristics visuals, only 10 are shown because some models are combined for simplicity.)

Advisory role

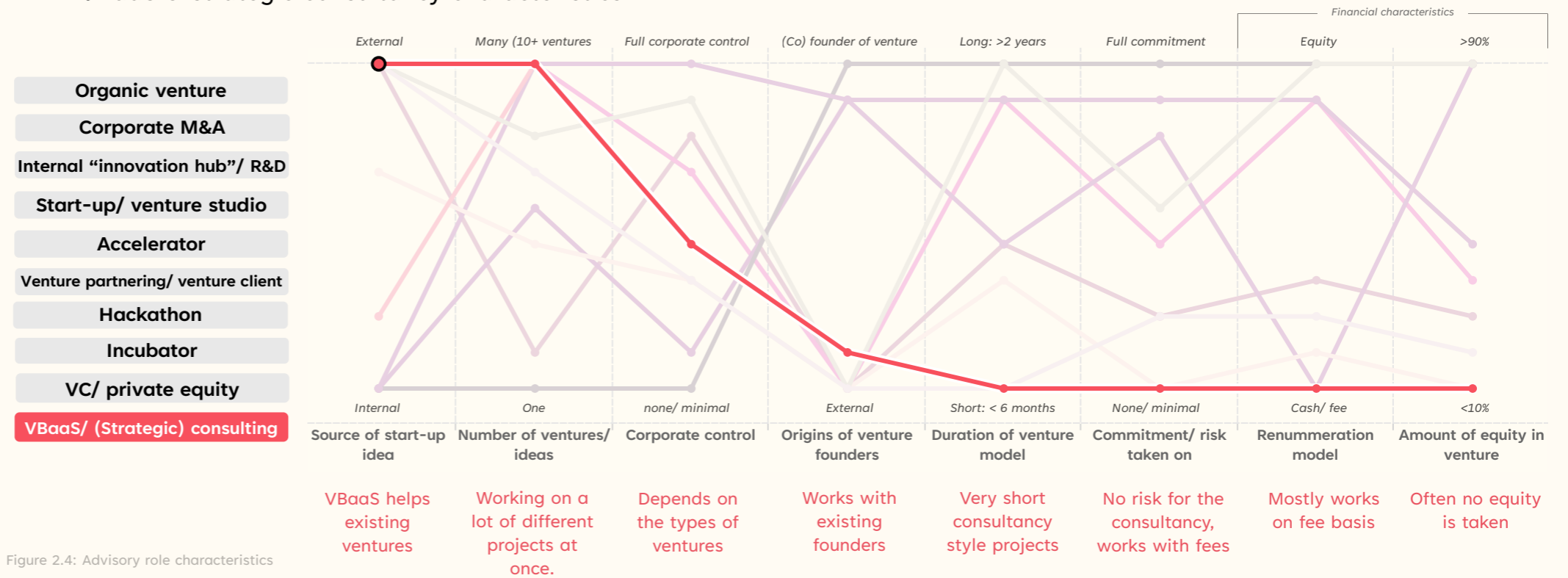
Venture-as-a-service (VBaaS)

Venture-building-as-a-service or VBaaS is a venture building model “that combines the creation of new ventures with the provision of support services to help them grow and scale”. In other words, VBaaS providers offer a range of services to help start-ups build and grow their businesses, including mentorship, and expertise in areas such as marketing, product development, and operations”(European Investment Fund, 2019).

This model is seen as a traditional advisory or consultancy service where a field expert, (often a consultancy or design agency), gives advice to start-ups which range from helping with finding a product-market fit, generation of ideas, to doing market and competitor research (How to Choose the Right Approach to Venture Building - WhatAVenture, 2023). This models usually works with a general service fee which is sometimes combined with a success fee.

ADVISORY ROLE

VBaaS & strategic consultancy characteristics



Sometimes the work from a VBaaS is even done in exchange for equity in the start-up (although very rare). Although the work with a VBaaS model is often more involved and hands-on than traditional strategic consulting, the work is still done through a consultancy lens, which means that there is often misalignment in goals between the VBaaS company and the venture. VBaaS look for earning a service fee and follow up assignments which might give the VBaaS an incentive to make the assignments as long and complicated as possible, this does not always align with the route to success from the venture perspective (The Change Officer, 2021).

Strategic consulting

Strategic consulting makes use of the same model, but often occurs later in the venture process when the venture is already more established. This also changes the type of assignments that a strategic consultant gets. This can for instance be more geared towards growth strategies or creating an exit strategy for the venture (IPO - BCG digital, 2023).

+ PROS:

- Allows BMI to work on venture assignments virtually risk free (no risk taken when work done is based on service fee)
- Offers new ventures access to high quality advice from market professionals.

- CONS:

- This model is often too expensive for cash-tight or early stage start-ups when working with a service fee. When working in exchange of equity, the model becomes to capital intensive for BMI which needs to pre-finance the work in some way).



SUCCESS FACTORS:

- Use a proven methodology that is tested with previous ventures.
- Works best when a VBaaS or Consultant leverages its client network and knowledge to benefit the start-ups.

Investor role

Investor models provide financial capital to start-ups and early stage ventures as a loan or in exchange for equity ownership. These investor models are often limited in the involvement with the start-ups and provide solely financial funds. These investor models are seen as the most traditional way of engaging with start-ups and is also called: gaining influence through equity (Weiblen et al., 2015). The three most common investor models for ventures are: Venture Capital, Private Equity and Corporate Venture Capital.

Venture capital

Venture capital is a financing model in which investors, or a so-called venture capital fund, invests money in start-ups in exchange for equity in the company. This type of financing is often used by start-ups that have a high growth potential but lack the necessary resources to scale. Venture capitalists are often willing to take risks and invest in start-ups that are not yet profitable but have a promising idea (Gompers and Lerner, 2001). Venture capital funds are spit up into early stage VC's, which often invest in early stage start-ups that are located in the validation or creation phase of the venture process, and growth VC's which often invest in ventures that are located in the growth phase of the venture process. Venture capital funds are often financed by multiple private investors and are run by VC partners that use, on average, a 2% to 2,5% operational fee to run the fund (Litvak, 2009). Depending on the venture capital fund, VC's often look for a so-called return-on-investment after around 5 to 7 years, with an average Internal rate of return (IRR) being around 25% (Lerner et al., 2023). Although being a vital part of the Start-up ecosystem, Venture capital is still seen as a risky business. When looking at the average returns for Venture capital funds over the last 20 years, Morgan Stanley found that the average VC fund doesn't even reliably outperform the return of the stock market (Elder, 2023).

Private equity

Private equity also is a financing model in which investors invest money in existing companies in exchange for equity. This type of financing is often used by companies that have already achieved a certain size and are looking for capital to grow even further. Private equity investors are often looking for companies with a proven track record and a clear path to profitability. This is why private equity investors often show up later in the venture process (Kaplan et al., 2009). Within the venture process, private equity is often seen as an exit strategy, with private equity parties often taking a majority equity stake in the company (Wright Robbie, 1998).

Corporate venture capital

Corporate venture capital or CVC is seen as the most traditional way that corporates engage with start-up companies to enhance their innovation strategies (Suazo, n.d.). CVCs are typically "stand-alone subsidiaries of nonfinancial corporations and they invest in new ventures on behalf of their corporate parents" (Chemmanur et al., 2014). The investments that CVC's make are often aligned with the broader mission, goals and sector in which the corporate operates, and often have the end goal to fully acquire a promising start-up to implement into the corporate's core business, either as operational asset or as separate business unit (Weiblen, et al., 2015). This is also the key differentiator between independent venture capital and corporate venture capital. Independent venture capital aim to purely financially benefit from investments made whereas a corporate venture capital fund likely only creates value when it is pursued for strategic reasons: "CVC is likely to create firm value only when pursued for strategic reasons. A financially oriented firm is less likely to be able to benefit from such investment activity, as structural deficiencies (misaligned incentives, internal conflicts, and incompatible objectives) are likely to overshadow CVC potential advantages" (Rossi et al., 2019).

INVESTOR ROLE

VC, Private equity & CVC characteristics

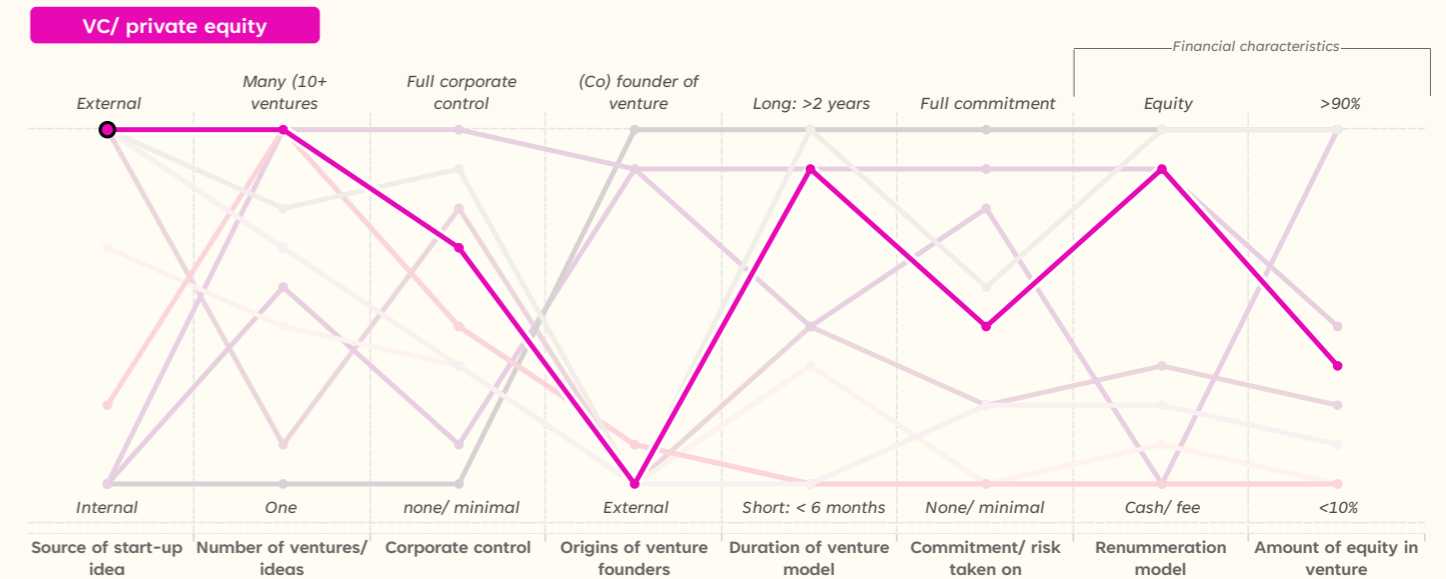


Figure 2.5: Investor role characteristics

Venture capital and private equity source and scout external start-ups to invest in.	Since investing is a numbers game, investors typically engage in more than 10 ventures at a time.	There are different types of investors with backers from different backgrounds. One of them is corporate venture capital or CVC.	Investors look for already established ventures to invest in and usually do not step in as co-founders.	Vc/ private equity generally actively engage with a startup for 3 to 4 years, will being lockin in for about 7-10 years.	An investors is purely committed through its equity stake, This only financial risk for an investor.	VC/private equity trade financial funds against equity in a company.	The amount of equity that investors take depends on the stage of investment. For early investors, this ranges between 20% & 40%
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+ PROS:

- Provide much needed work capital for start-ups that traditional investors like banks find to risky. Are therefore an essential part of the broader start-up ecosystem.

- CONS:

- Have a low involvement with the start-ups themselves and are purely looking out for financial or strategic interests.
- Might only due some slight due dilligence which still makes it a risky model to engage with start-ups. The de-risking method is very low.
- Only the best performing VC funds take in the majority of the profit, with less performings VC's often struggling to book a net positive return.



SUCCESS FACTORS:

- Often more successful when a VC has a specific sector focus.
- The quality and quantity of dealflow (amount of start-ups that a VC evaluates) often makes or breaks a VC fund.

Network access & little support

Hackathon

A hackathon is a short, intense event where teams of participants collaborate to solve specific challenges or develop innovative solutions, often in a competitive and time-bound format. These events can range from a few hours to a few days and typically involve developers, designers, and subject matter experts (Briscoe, 2014). Hackathons are often seen as kick-start events for possible venture ideas and are often set up from a university or corporate perspective to promote and drive innovation. Research suggests that hackathons can also be useful tools for later stages of the start-up process, to either be used as a means to develop future products or find suitable future employees (Nolte, 2019).

Although Hackathons can promote entrepreneurship and foster the creation of start-ups, The main two outcomes from a hackathon event revolve around the creation of technical artifacts such as prototypes, bug fixes, and learning for the participants (Medina Angarita et al., 2020). Although it has potential to be a pressure cooker for new venture ideas, the model of a hackathon is more suitable for general innovation or a learning experience than a full-fledged venture building model.

Incubator

An incubator is a venture model which, as defined by Huseber and Korreck (2018) are: "organizations that support the establishment and growth of new businesses with tangible (e.g. space, shared equipment and administrative services) and intangible (e.g. knowledge, network access) resources during a flexible period and are funded by a sponsor (e.g. government or corporation) and/or fund themselves taking rent (or less frequently equity) from incubatees." An incubator is seen as a hands-off approach to supporting start-ups where the incubator program is set up to foster entrepreneurship within either a Corporate, public or University environment, Without actually offering lot of strategic or substantive support.

NETWORK ACCESS & LITTLE SUPPORT

Hackathon & Incubator characteristics

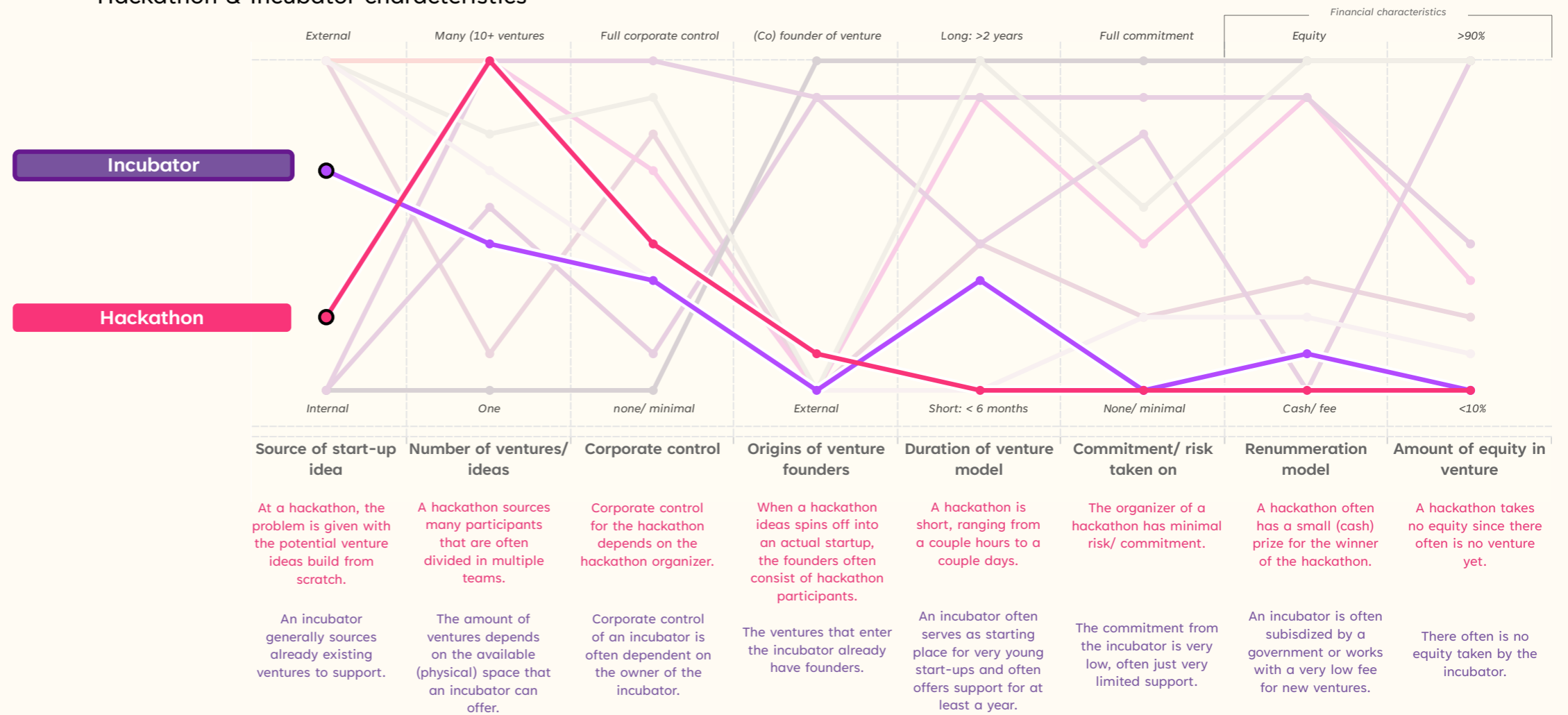


Figure 2.6: Network access & little support characteristics

Traditionally, Incubators have had a positive effect on economic development and job creation (Alpenidze et al., 2019), which is why they are popular with government sponsored entrepreneurial programs. According to research from the same study done by, Alpenidze Pauceanu & Sanyal, three variables have a positive influence on the success of the incubator venture building model, namely 1. Availability and access to external financial resources, 2. Having a strong social and business network and 3. Internal strength of the program in regards to resources and capabilities. Incubator programs most often work with existing early stage start-ups, have an approach that is mainly based on mentoring and often take no stake or a negligible stake in a company (Burris, Mohammadi, & Maiocco, 2023). This makes the incubator model a very attractive option for young start-ups to overcome initial entrepreneurial hurdles.

+ PROS:

Hackathon

- Relatively risk free for Business models inc, when an outside sponsor for the event can be found. (see previous bullet point)

- CONS:

- Very early stage in the venture process which requires a lot of work and upfront investment to develop the hackathon ideas into viable start-ups
- The quality of ideas is strongly reliant on the hackathon participants.



SUCCESS FACTORS:

- Try to find entrepreneurial minded people that are open to start a venture, might the situation arise.

Incubator

- Great option for young inexperienced founders that do not want to give up equity.
- Very low barrier to entry for early stage start-ups.

- Often offers limited support for ventures outside operational support, housing and superficial workshops.
- An incubator as standalone program has a very limited business model for a commercial company like BMI, even less interesting if no equity is given out to BMI.
- Requires an external funding party to run, otherwise the model becomes too capital intensive for BMI.

- Combine this venture model with possible other venture building models like funding or accelerator opportunities.

Venture support role

Accelerator

An accelerator is a venture building model in which “an organization or a business that helps start-ups to get through the difficulties of creating a new venture in the early stages and successfully launch it to market”(Mohammadi, et al., 2023). Accelerator programs differ from other venture building models because they are Time limited, often not exceeding 6 months, are often cohort based, in which a group of start-ups run through the program simultaneously and often result in a demo day in which participating start-ups showcase their products/ services to potential investors (Cohen & Hochberg, 2014). Unlike incubators, accelerators adopt a more hands-on approach, often taking a small equity stake in the participating start-ups in exchange for their support. An accelerator aims to systematically de-risk the start-up process by taking ventures through a proven methodology within a “pressure cooker” environment. Although very well-known accelerators like TechStars and Ycombinator, have shown immense success, with the latter having aided more than 4000 total funded start-ups, with a \$600 billion combined valuation (Y Combinator, n.d.) , it is still open to question whether accelerator programs actually benefit participating entrepreneurs (Hallen et al., 2020). This research suggests that only top tier “select accelerators aid and accelerate ventures”, with attending unproven accelerator programs could even hurt ventures in the long run. According to literature, the following success factors are critical for setting up a successful accelerator program: 1. Be located close to the customers for its companies 2. Focus on the cohort and group learning 3. Create strong internal and external networks 4. Offer funding as a reward, not a guarantee 5. Integrate with investor networks 6. Build its brand through innovative features, positive associations and remarkable alumni stories 7. Be selective, choose the best and signal exclusivity 8. Have a high-quality program with entrepreneurial coaches and time pressure to achieve goals (Fowle & Tyne, 2017, September).

Venture partnering/ Venture client

Venture partnering is a relatively new venture building model which was first introduced by Gregor Gimmy and Matthias Meyer as: BMW, the start-up Garage, an addition within the broader BMW corporate innovation strategy (Gimmy et al., 2017). Venture partnering, or a venture client is “an organization that buys and uses products developed by start-ups to eventually integrate them into its existing business operations. Venture clients seek out the best start-ups that can help them address specific business issues, optimize their operations, or improve the overall customer experience” (Team, 2023). Similar to corporate venture capital, Venture partnering is a corporate venture building model which is aimed at using start-up collaboration to drive a broader corporate strategy (Haarmann et al., 2023). The biggest difference with CVC, is that within the venture partnering model, the corporate positions itself not as investor, but as a partner, which provides the start-ups with potential customers, direct revenue, and credibility which comes from working with a known corporate, something which is often seen as one of the biggest hurdles for a start-up company (Siota et al., 2020). This model (fig 2.7) also allows the start-ups access to specific industry knowledge and direct customer feedback, without the need for the corporate to engage in a risky upfront investment for equity, as is the case with CVC.

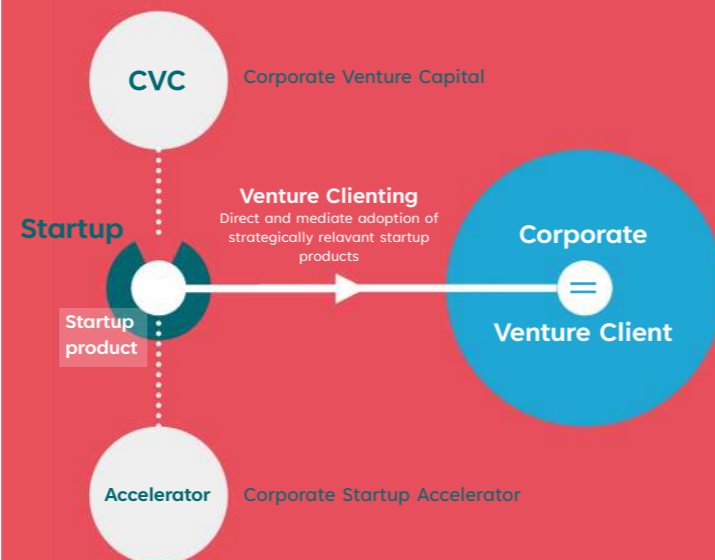


Figure 2.7: Venture Clienting model

Corporate accelerator

The success stories that came from accelerator program ventures such as AirBnB and Dropbox, sparked interest with established corporate firms (Moschner et al., 2019). As a logical addition to their corporate innovation strategies, corporates like SAP, Bayer and Microsoft adopted the idea and launched their own corporate accelerator programmes (Weiblen & Chesbrough, 2015). This Corporate-Start-up collaboration hinges on the same de-risking strategy where a corporate can take away a start-ups “resource constraints and liabilities”, it helps the corporate in providing innovativeness, speed and flexibility (Kurpjuweit, 2018; Zaremba, Bode, & Wagner, 2017).

Although often quite similar in setup (limited time, cohort based, small financial investment against a small equity return), corporate accelerator programs often differ in their underlying goals. Where a non-corporate accelerator often has as goal to create financial returns, Corporate accelerators pursue accelerators for “predominantly strategic goals such as fostering corporate innovation and infusing entrepreneurial culture by bringing the start-up spirit into existing corporations (Gutmann, 2019). Sometimes corporate accelerators even opt for non-equity partnerships as a result of this difference in goals (Kanbach & Stubner, 2016). Generally, corporate accelerators can be divided into 4 categories (fig. 2.8): 1. In-house accelerator, where a corporate creates and operates a program internally, 2. Hybrid accelerator where, a hybrid of externally sourced start-ups are combined with internally sourced innovation projects, 3. Powered by accelerator, where an independent accelerator manages the accelerator on behalf of a corporate company, 4. and finally a consortium accelerator where an external independent accelerator program offers its services to multiple corporates, often within one specific sector (Moschner et al., 2019).



In-house Accelerator

Advantages:

- + Strong link to corporate and its brand
- + More influence on startups and the program
- + Integration of existing business unit challenges
- + Internal staff can quickly learn to deal with startups
- + Easier internal corporate networking
- + Corporate brand attracts startups

Disadvantages:

- Requires substantial corporate Investments
- High risk of establishing an accelerator that may have to be shut down if it fails, with potentially high loss of resources
- Long setup time for the corporate accelerator program and ecosystem
- Exclusive link to only one corporate often not attractive for startups
- Often not attractive for startups due to the risk of corporate structures hampering and decelerating startups development

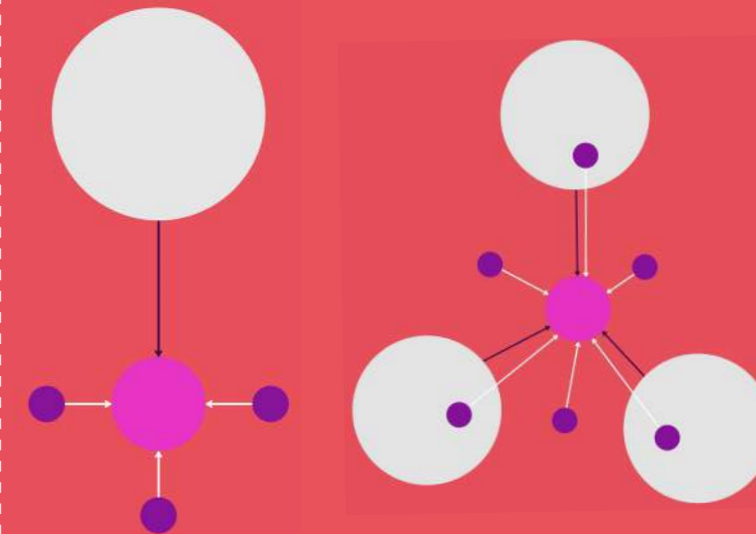
Hybrid Accelerator

Advantages:

- + Pushes internal projects
- + Integration of existing business unit challenges
- + Internal staff can quickly learn to deal with startups
- + Easier internal corporate networking
- + Corporate brand attracts startups
- + Cultural exchange between external startups and internal staff

Disadvantages:

- Requires substantial corporate investments
- Long setup time for the corporate accelerator program and ecosystem
- Exclusive link to only one corporate often not attractive for startups
- Often not attractive for startups due to the risk of corporate structures hampering and decelerating startup's development
- Risk of external startups' dissatisfaction due to subordinate support in comparison to internal projects



Powered by Accelerator

Advantages:

- + Well-known programs with a high market reputation are highly attractive for startups
- + Program is independent of the corporate, therefore not bound to internal policies
- + Extensive expertise with startup development, due to experience, specialization, and global spread
- + Integrated into existing entrepreneurial ecosystem and linked to investors
- + Programs work efficiently due to the market pressure and experience

Disadvantages:

- Acceptance and implementation throughout the corporate more difficult due to the external entity
- Risk of a high loss of (financial) resources in case of failure
- Less control of the program structure and startups

Consortium Accelerator

Advantages:

- + Information and best practice exchange between corporates regarding collaborations with startups
- + Fast setup and configuration time, due to existing program structures and ecosystem
- + Low entry and exit barriers for corporates. (i.e. a company can easily join and leave this corporate accelerator model)
- + Accelerator can act more independently (i.e., not strictly bound to internal policies)
- + Extensive expertise with startup development
- + Startups can benefit from several companies as potential partners and support from an independent entity
- + Programs work efficiently, due to market pressure and experience

Disadvantages:

- Less control of the program setup.
- No direct link to corporate and its brand
- Integration of business units more difficult
- Acceptance and implementation throughout the corporate more difficult due to the external entity

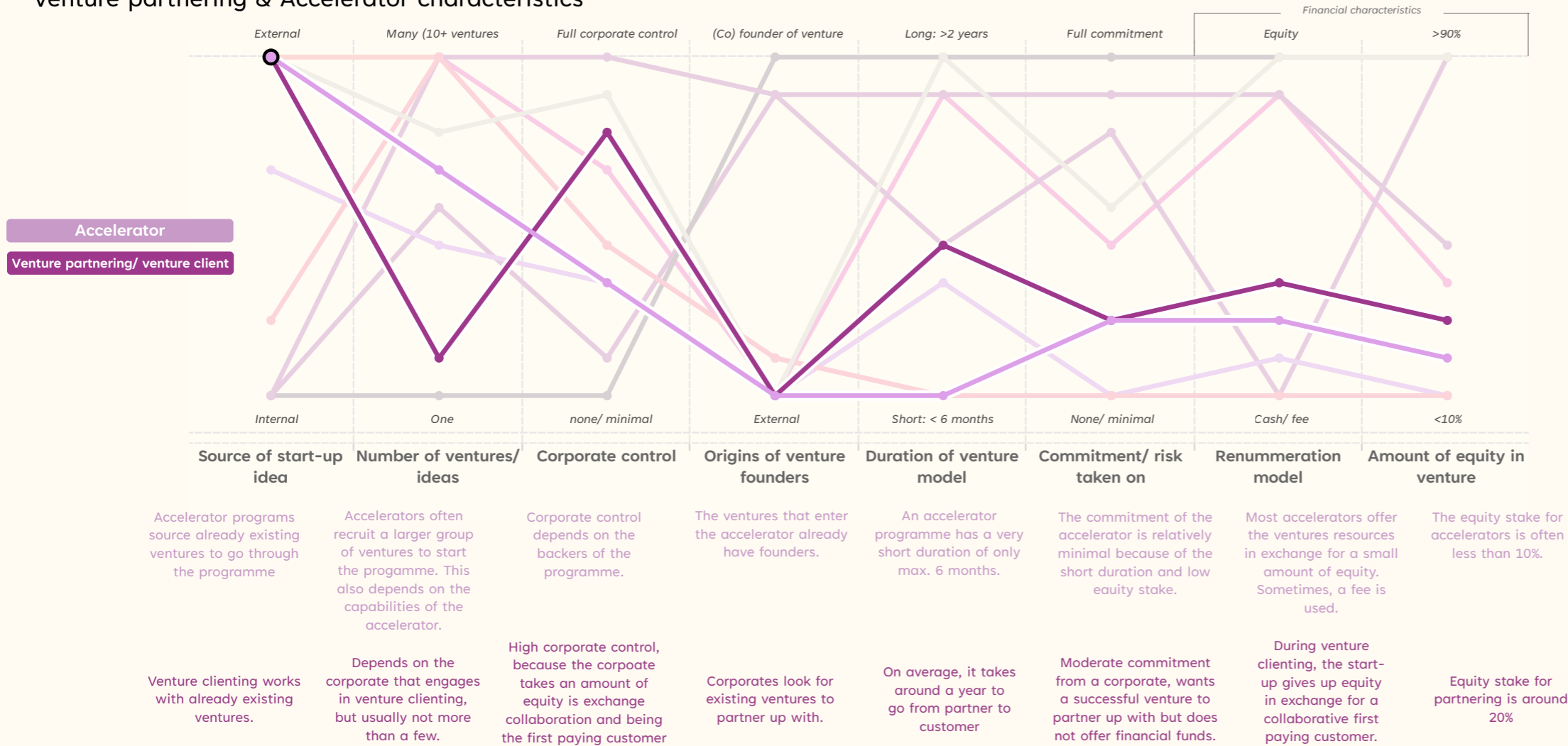


Figure 2.8: Corporate accelerator models

VENTURE SUPPORT ROLE

Venture partnering & Accelerator characteristics

Figure 2.9: Venture support role characteristics



“Organizations that use their internal resources and ideas to produce companies in a factory-like manner, with a focus on speed, efficiency, and scale, and using standardized processes and shared resources”.

This new model furthermore follows the push of de-risking the start-up process even more, as venture studios are meant to own a significant portion of execution from day one. Next to this, venture studios are involved from the beginning, remain involved for a large percentage of the ventures journey to maturity, and repeatedly engage in the venture building process, which improves and standardizes the venture building process along the way (Muñoz Abreu, 2021). Because of this early involvement and large stake in the idea generation phase of the start-ups, which translates to more risk and time invested, start-up studios tend to take a larger equity stake in the created start-ups (Bastos, 2019), usually between 20% and 40% (Big Startup Studios Research ,2023).

This systematic manner of building start-ups appears to be paying off, with initial data stating that: 84% of start-ups coming out of studios go on to raise a seed round” which is a 30% increase over traditional organic start-ups (GSSN, 2019). Not only do more studio start-ups raise capital, they also seem to be doing it quicker, with a 51% time decrease in raising seed round capital, and a 41% time decrease in raising series A funding (Big Startup Studios Research ,2023).

Although this number just says something about the ability of raising capital, which does not necessarily say something about the quality or longevity of the start-ups, it does paint a promising picture for the model itself. It is therefore not weird to see that the amount of global venture studios has seen a significant increase in the last couple of years, from around a 100 studios in 2012, to over 850 in 2022 (Big Startup Studios Research ,2023).



PROS:

Venture partnering

- Allows corporates quick and easy access to new innovative products and services.
- Offers start-ups the product development capabilities and expertise of big corporates which can drastically decrease product development times.
- Secures an early customer which helps start-ups with credibility in future sales opportunities.

This part can be found in the confidential appendix.



CONS:

- As a new start-up, giving up equity without directly gaining financial funds might not be interesting.
- Might end up in forming the product development process of a new venture too much towards specific problems from the corporate which could hurt the venture with other clients.



SUCCESS FACTORS:

- Actual corporate support with a clear mutual benefit needs to be agreed on.

Co-founder role

Start-up/venture studio

Within the co-founder role, a new model for venture building is covered, namely, the “venture” or “start-up studio model”. This model is also used quite ambiguously within the venture building “scene”. As concluded in the white paper: “The Rise of Start-up Studios” interchangeably references the same concept as “venture studios”, venture builders, “start-up studios” or “company builders” (GSSN, 2019). For this literature review, the following broad definition is used: “factories that produce start-ups” (Muñoz Abreu, 2021). Within this definition, factories are used as a metaphor to describe the systematic manner in which these organizations build start-ups. Köhler & Baumann, (2016) also refer to this model as:

According to Kannan & Peterman, (2022), Venture studio models differ on 9 distinct dimensions. These are: Industry focus, Source of start-up ideas, Founder role, Volume factor, Guild factor, Funding, Time, Structure, and Control.

1. (Industry) Focus

The studio must pick if it wants to have a certain industry or business model focus, or remain agnostic. Having a focus allows for a competitive advantage in industry knowledge but could also make it harder to source ideas. According to Enhance ventures, 2022, around 72% of studios have a focus on either one or two sectors. An example focus area would be MedTech or B2B SaaS.

2. Source of start-up ideas

A studio must pick if it wants to independently source ideas for start-ups internally, or work with external partners to fill the funnel of start-up ideas. A hybrid model is also possible.

3. Founder role

According to Duodeka Venture Builder, (2023), the role of the founder within the studio model can be defined along the following four categories:

Founder studio: Starting the company from scratch, after validation, external founders are recruited to lead the start-up.

Cofounder studio: Partnering up with a founder before the idea stage, co-creating the company and team.

Late Cofounder Studio: Joining an established but young start-up that have already validated the idea. Often the partnership starts before the first investment round.

Refounder Studio: This type of studio acquires an underperforming start-up, does their own product-market-fit research and starts with assembling a new team.

4. Volume factor

The amount of companies that will provide enough proof to raise additional funding for the studio.

5. Guild factor

Defining how and until when talent will be shared between different start-ups within the portfolio of the studio. The sharing of resources allows for a scalable model but can become tricky when certain start-ups start outperforming others within the same portfolio.

6. Funding

Define how the studio will be funded. The average studio raises between \$10M and 20M to run their operations (Kannan & Peterman, 2022).

7. Time

The time in which the studio builds a new start-up and wishes to hand it over to founders that will continue the venture. This duration of support can range from 6 to 24 months (Burriss et al., 2023). Generally, Studio models aim to have build and launched a MVP within 6-9 months, about a year quicker than with a traditional venture (Anderson, 2022).

8. Structure

An important differentiator between studio models is the (legal) structure. Here, Futuresight ventures (2020), identifies 2 different legal funding structures for the venture studio model that are used most:

Single fund Entity: A single legal entity where the Fund and studio are not separable. This is the simplest and most nimble model where external investors take direct ownership in the venture studio. A key weakness for this is the limited options for accessing capital (Futuresight Ventures, 2020. P 11).

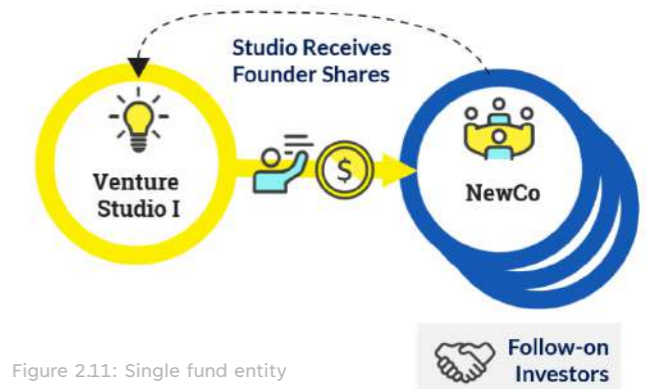


Figure 2.11: Single fund entity

Dual- entity: Separate legal entities for the fund and studio. Typically, the studio receives founder shares and the fund receives preferred equity. Here the Fund and studio operate as two separate entities with the studio becoming the first investment of the studio fund, to cover operating expenses (Muñoz Abreu, 2021). This models allows the fund to control quality of the ventures and allow for the option to refuse investing in a new venture. This structure reduces the possible conflicts of interest but is admittedly also more complex which might be less interesting for investors (Futuresight Ventures, 2020. P 11).

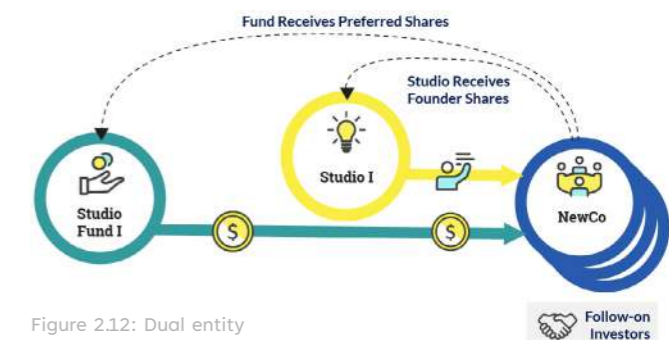


Figure 2.12: Dual entity

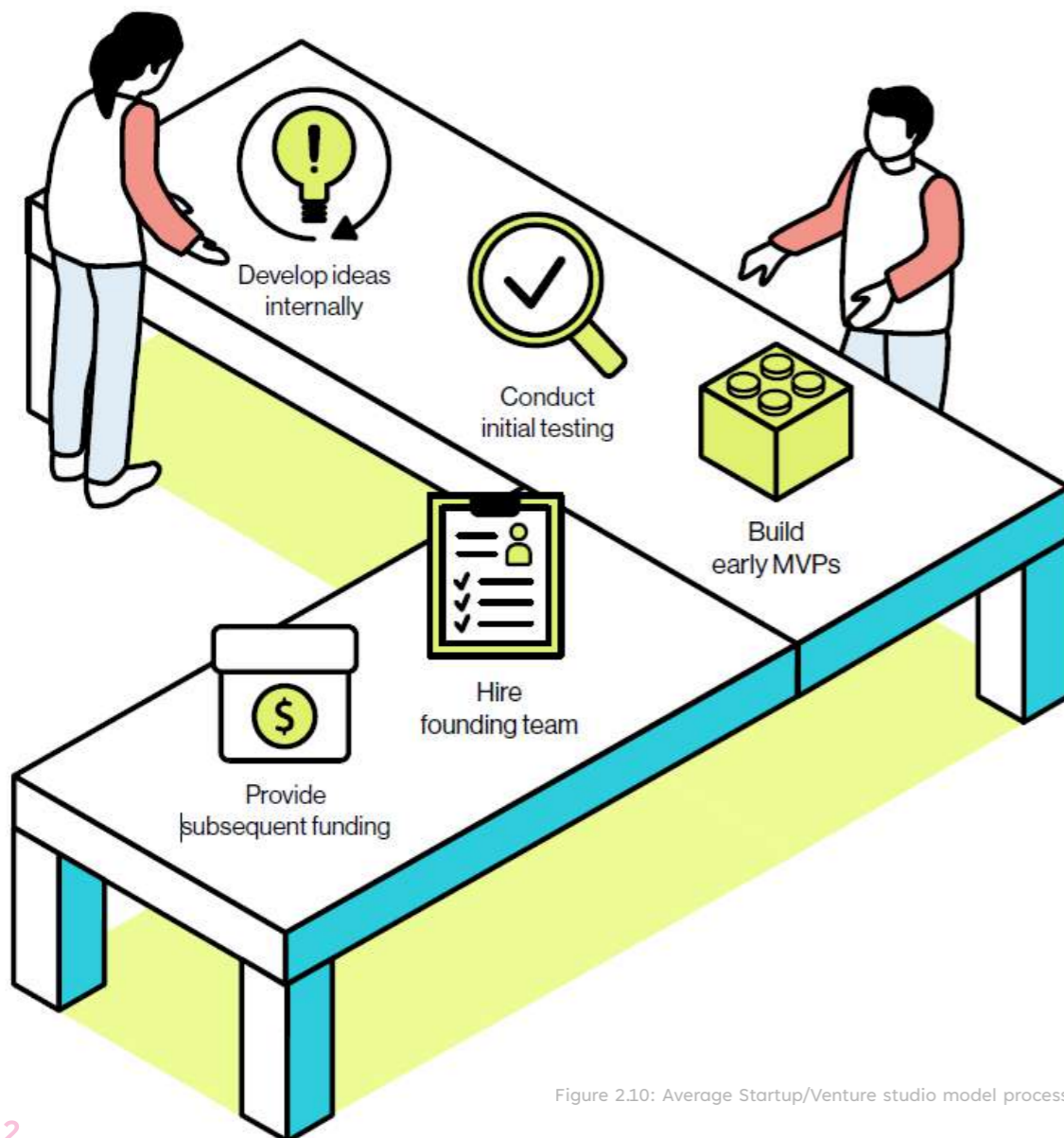


Figure 2.10: Average Startup/Venture studio model process

9. Control

A choice must be made by the studio, how much control they want to have in the individual ventures. More control might result in more quality ventures but could reduce the amount of ventures that can be build.

Common challenges

Although the venture studio model brings several core benefits like a systematic way to build and de-risk ventures, There are some common challenges that occur:

Need for an extensive and strong funnel of start-up ideas: According to Kannan & Peterman, (2022), Anywhere from 30 to 107 top-level ideas were required to launch 1 company.

Talent challenge: One of the hardest things to do within the studio model is to source capable and qualified entrepreneurs that can lead the companies that the studio create (Burriss et al., 2023). Since this is one of the core features that a studio model needs to do well, it is seen as a big challenge for the model.

Problem with equity: Since the studio model is relatively new and takes a big equity stake in the start-ups, VC's often see ventures that come from studios as a red flag, this could make it hard for such a venture to find follow-up funding (Burriss et al., 2023).

Corporate venture studio

Next to the abovementioned venture capital fund, venture partnering and accelerator, the venture studio model also made its way into the venturing strategy of corporates. Corporate venture studios, also known as Corporate venture builders or CVB's are defined as: "an organizational unit that builds internal new ventures, like an internal corporate incubator, but with external entrepreneurs" (Kitsuta & Quadros, 2022). As with other corporate venturing models, the corporate venture studio model wants to make use of the speed, agility and flexibility of a start-up, being unencumbered by corporate bureaucracy but still tightly aligned with the corporates strategic imperatives (Genberg, 2021).

Often, the Corporate venture studio model is seen as a logical and a well-functioning combination with the Corporate venture capital model. They have similar big picture goals, namely, growing businesses that are strategically important to the parent company (Gotz, 2023). This collaboration between these two corporate venturing models often take on two forms, either, the CVC invests in the fund to run the Corporate venture studio, or the CVC invests in created ventures that come out of the Corporate venture studio.

Within the corporate venture studio model, There are three different methods in which a corporate can configure this model (fig. 2.14), namely: Within corporation, in-house, and with corporations (Big Startup Studios Research ,2023).

Within corporations: in this model, a separate venture studio is created with as funding partner, a certain corporate company. A good example for this is the corporate company Proctor & Gamble starting P&G ventures (About | P&G Ventures, n.d.). Within this model, The corporate company solely acts as an investor into a separate corporate backed studio that can independently act from the corporate company. The venture building studio is still closely located to the corporate's overall innovation strategy. Often the Corporate venture capital fund of the corporate company solely funds the operational costs of the corporate venture and has as goal to return the created ventures into the

corporate's core business as for example, a new business unit.

In-house: In-house venture studios are studios where corporate employees can work on building ventures, parttime, next to their corporate jobs. In this model, the corporate's venture capital fund, funds the costs for running the internal studio, with as goal to return the created ventures into the corporate's core business as for example, a new business unit. An example for this model is Google's Area120 (Area 120 by Google, n.d.).

With corporations: This is the most common corporate venture studio model and consists of independent venture studios that have corporate customers for which they build new ventures. Within this model, the corporate venture capital fund of the corporate company funds the operational costs of the venture studio, as well as invests in individual studio ventures. The corporate company has an equity stake in venture(s) within the venture studio. A studio venture could be fully acquired by the corporate to, for example, be included as a new business unit, or could be independently further developed by the newly sourced founders. A well-known studio that follows this model is the Danish Rainmaking (Rainmaking, 2023).



Figure 2.13: 4 quartiles of Corporate venture studios

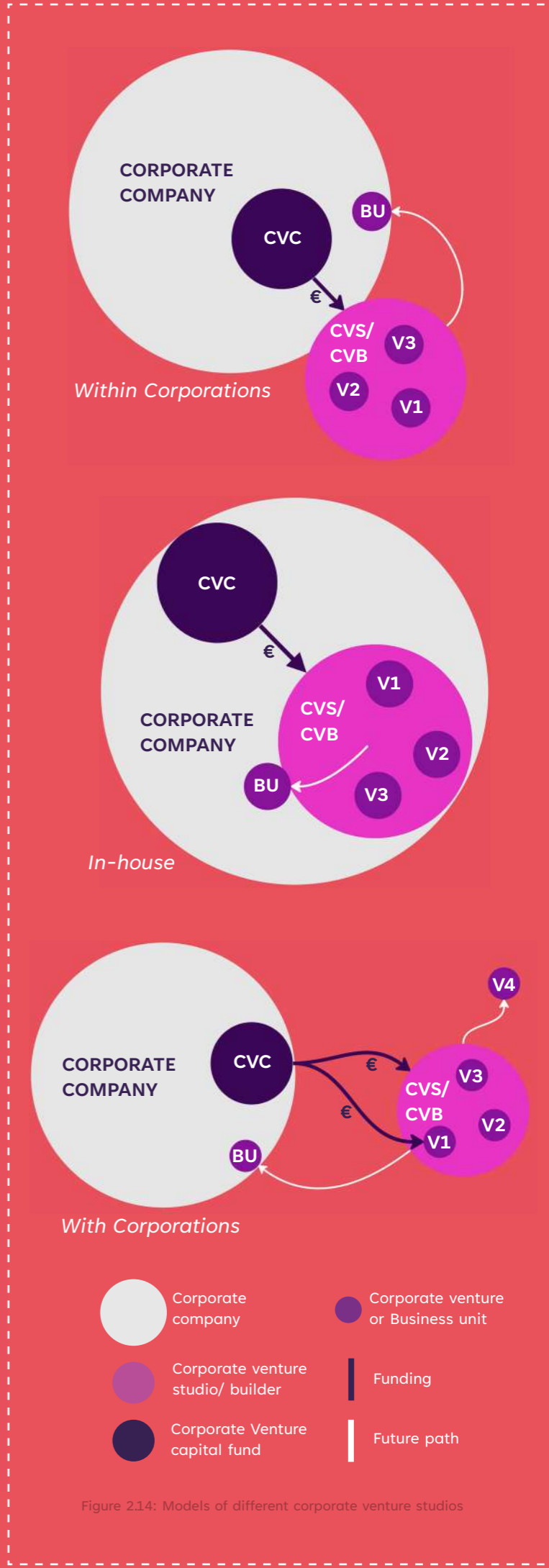


Figure 2.14: Models of different corporate venture studios

CO-FOUNDER ROLE

Start-up/Venture studio model characteristics

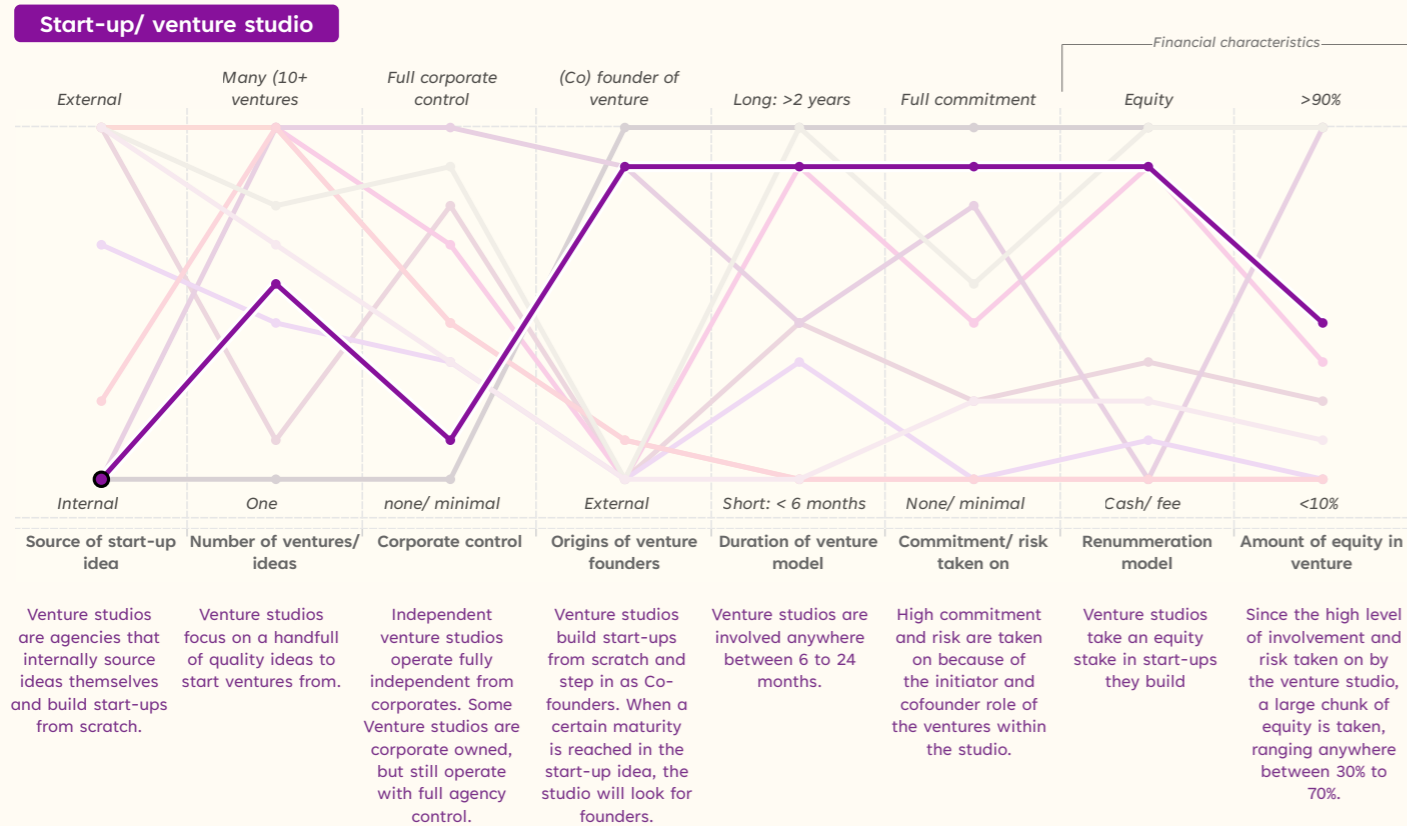


Figure 2.15: Co-founder characteristics

- PROS:**
 - Unlike fee based services, running a start-up studio would allow BMI to gain equity in multiple start-ups, which spreads risk and increases potential financial upside.
 - Shared resources (like HR, legal, and marketing) across different start-ups can lead to economies of scale, making it more cost-effective than standalone ventures.
 - Studios have significant control and influence over the start-ups, from ideation to execution, ensuring alignment with the studio's strategic vision.
 - The studio model allows for rapid testing and iteration of ideas, which can lead to innovative business models and products.
- CONS:**
 - Setting up a studio requires significant upfront capital for infrastructure, staff, and initial venture investments.
 - Overseeing multiple startups simultaneously can be complex and challenging, requiring robust management systems.
 - Continuous generation of viable business ideas is crucial, which can be demanding and unpredictable.
 - Balancing resources like funding and mentorship among various startups can be difficult.
 - There's a risk of diluting focus and resources if too many start-ups are initiated without adequate support.



SUCCESS FACTORS:

- Effective leadership to steer the studio and manage multiple projects is critical.
- consistent pipeline of viable, market-tested ideas is essential.
- Secure funding sources for both the studio operations and the individual startups.
- Efficient allocation of shared resources across different ventures.
- Connections with potential customers, investors, and industry experts can significantly boost the studio's start-ups.
- Attracting and nurturing entrepreneurial talent is key to the creation of successful ventures.
- Developing standardized processes that can be replicated across different ventures for efficiency.

Sole founder/ Owner role

The last category for level of involvement, covers the Sole founder/ owner role. Within this category, the start-up founders or corporate company have full control of the start-up but also take on the full amount of risk.

Internal "innovation hub"/ R&D

The Innovation hub is a more traditional innovation strategy of a corporate, in which they set up an internal innovation unit that is focused on breakthrough innovation (Webster, 2019). This is a more centralized approach for driving innovation within a corporate organization and is focused on developing new ideas and technologies that are geared towards eventual implementation as business unit (Davis et al., 2023). A corporate employs corporate employees to work for the innovation hub, is a 100% owner of the innovation hub ideas, and has full decision-making power (How to Choose the Right Approach to Venture Building - WhatAVenture, 2023). The difference between an Internal innovation hub and a corporate venture builder is that a CVB takes a more decentralized approach to innovation with the innovation coming from a separate entity in which the corporate does not have full equity ownership.

The innovation hub model is often ambiguously used with the before mentioned in-house corporate venture studio approach, which is not weird since they are very similar, however there is a difference. An Innovation hub is still formally part of a corporate's internal R&D center and is geared towards innovation that is more closely aligned to the core business of the corporate. An in-house corporate venture studio, is still fully corporate owned, but tries to offer a creative safe space for exploring more unconventional radical ideas by "leveraging specific assets that let you mimic start-ups. Small teams are empowered to go and build something without friction or a ton of processes" (Selma, 2021).

Corporate M&A

Corporate Merger & Acquisition is a corporate growth strategy within corporate venturing that is seen as the "buy strategy" within a corporate's innovation strategy (Corporate Venturing Playbook, RevelX, 2023). This strategy of acquiring innovation through acquisition is often done by firms with a limited internal ability to innovate in order to enhance their innovation output (Sevilir & Tian, 2012). is often seen as an exit strategy for start-up founders, where an innovative venture gets acquired by a corporate company.

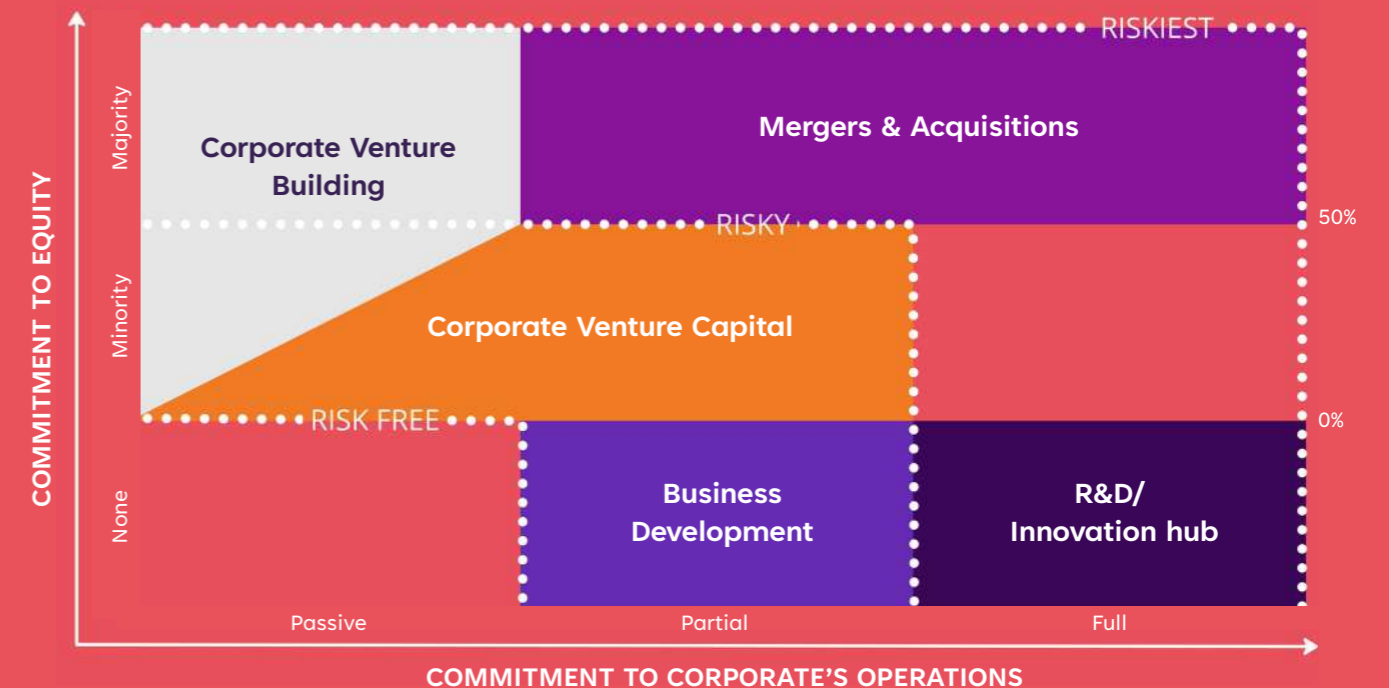


Figure 2.16: Role of venturing within corporate innovation

However according to Mckinsey, corporate M&A can also be relevant for corporate's in earlier stages of the venture building process, namely for Tech-and IP-driven acquisition, Acqui-hiring, product expansion and regional expansion (León et al., 2022).

Ideation
(pre-seed funding)



Tech and IP-driven acquisition

Definition: Acquisition of patents, capabilities, or an entire tech start-up to access the underlying technology

Strategic rationale:

- Accelerate time to market with tech that would be time-consuming and costly to develop in-house
- Gain advantage over competitors through use of protected intellectual property

Key Success factors: Availability and transfer of tacit knowledge

Building
(Series A funding)



Acqui-hiring

Definition: Access to talent through acquisition of a start-up, which may then discontinue its business

Strategic rationale:

- Access rare tech talent and well-integrated teams
- Shortcut time-consuming and costly hiring and onboarding processes
- Tap into tacit knowledge of key employees

Key success factors: Cultural fit, retention rate

Scaling
(Series B funding+)



Product expansion

Definition: Addition of products or services adjacent to the core offering

Strategic rationale:

- Create ecosystem offerings and potential for synergies, including lock-in effects, cross-selling, and bundled offerings
- Generate immediate growth in sales revenue and customers

Key success factors: Strategic fit between incumbent and complementary products added

Scaling
(Series B funding+)



Regional expansion

Definition: Market entry by buying a local start-up with a similar product or service offering

Strategic rationale:

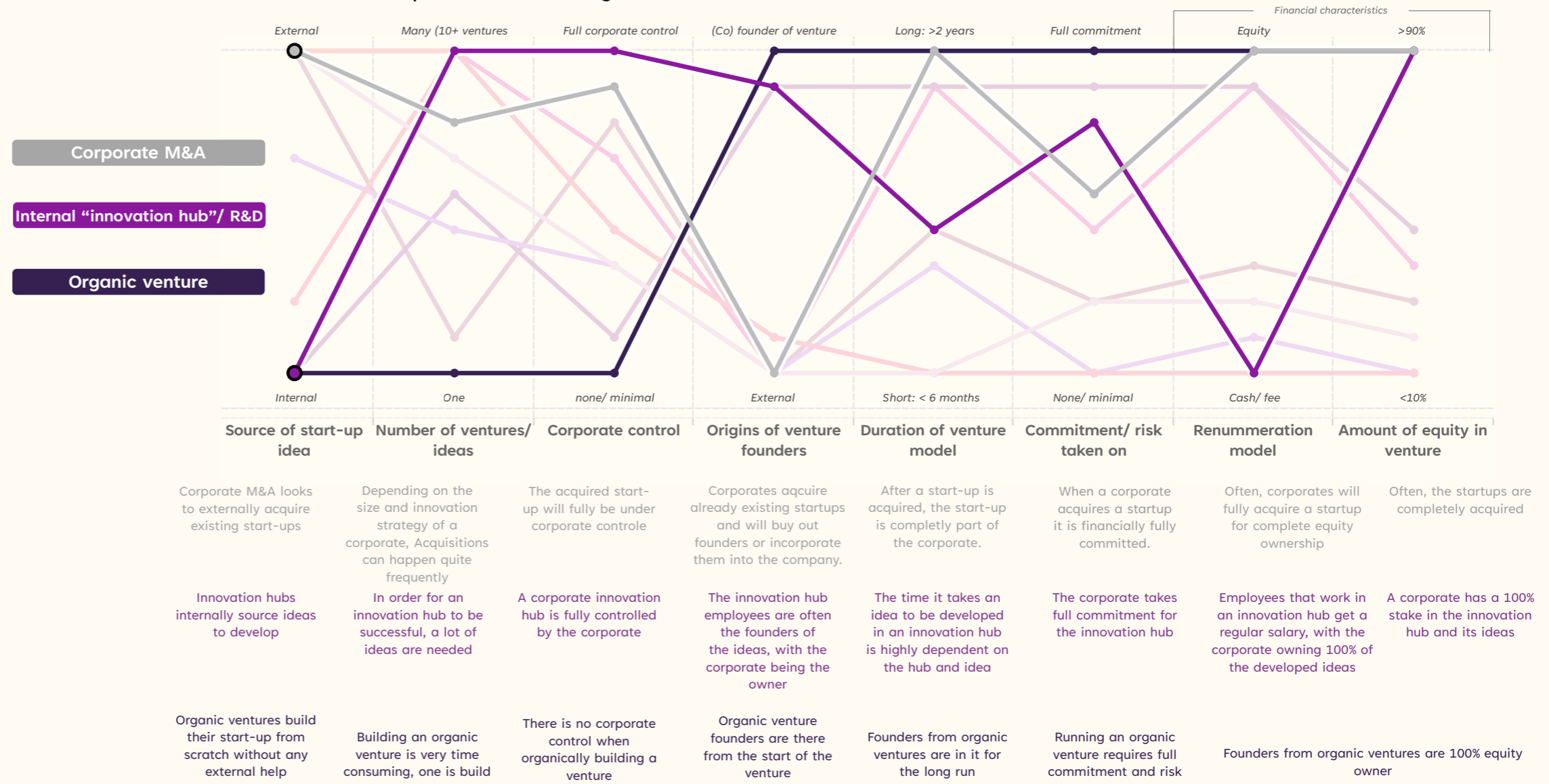
- Access knowledge of the local market
- Speed up market entry by using existing structures, customers, and value chain

Key success factors: Similarity of products or services, cultural fit

SOLE FOUNDER/ OWNER ROLE

Internal innovation hub, Corporate M&A & Organic venture characteristics

Figure 2.17: Sole founder/ Owner characteristics



Organic venture

The organic venture building model involves the creation and development of a start-up company without external involvement. This model is often seen as the most straightforward model of venture building, where a new venture builds itself all by itself. This model places the full ownership and risk with the founders of the start-up. This model, also called bootstrapping in entrepreneurship literature (Lahm & Little, 2005), is one of the oldest ways to create and develop a venture. Building an organic venture is often seen as a limiting factor for a start-ups growth ambitions but has two main benefits, offering the founders a valuable learning process through a try it, fix it approach (Horváth, 2018), as well as offer the founder(s) full control and entrepreneurial freedom (Bhide, 1992).

+ PROS:

Innovation Synergy: An innovation hub can facilitate cross-pollination of ideas and expertise, leading to innovative solutions and new venture concepts.

Resource Sharing: Shared resources, such as office space, infrastructure, and talent, can reduce costs and streamline operations.

- CONS:

Innovation Alignment: Ensuring that the venture aligns with the corporate's strategic goals and values can be challenging within an innovation hub.

Dependency: The venture may become too dependent on the hub for support, limiting its ability to operate independently in the long run.



SUCCESS FACTORS:

Clear Objectives: Define clear goals and expectations for the venture within the innovation hub, aligning them with the the corporates overall strategy.

Collaborative Culture: Foster a collaborative and innovative culture within the hub, encouraging knowledge sharing and experimentation.

Organic venture

Full Control: BMI would retain complete control over a organic venture, making strategic decisions and having the final say in all aspects of its development.

Full equity ownership: An organic ventures gives full equity ownership to the founders, resulting in the highest potential in terms of future financial returns on the organic venture(s).

Resource Intensity: Building a venture organically can be resource-intensive in terms of time, money, and personnel, diverting attention and resources from existing core services.

Slower Pace: Ventures developed organically may take longer to achieve market readiness and growth compared to models with external support.

Strategic Partnerships: Collaborate with external partners, investors, or industry experts to fill gaps in resources and knowledge.

Iterative Approach: Be agile and open to pivoting or adjusting the venture's strategy based on real-world feedback and market dynamics.

START-UP FAILURE & SUCCESS FACTORS

Failure factors

In order to most optimally design a venture building value proposition for Business Models inc., it is important to understand what it is that start-ups are struggling with. In the world of venture builders, that was explored in the previous paragraphs, you can clearly see a trend towards de-risking the process of designing and developing a start-up company. As was already established in chapter one of this thesis, more than 90 percent of start-ups will fail (Eisenmann, 2021). In order to bring down this failure rate of start-ups by building or aiding ventures through a different approach, it is important to understand these factors that lead to failure. According to Jamie Pride (2018), all reasons for start-up failure directly relate to one of the 3F's: Founder failures, funding failures and flawed business models. this means that most optimal venture building models offer a service which minimizes all three areas of failure (fig. 2.18).

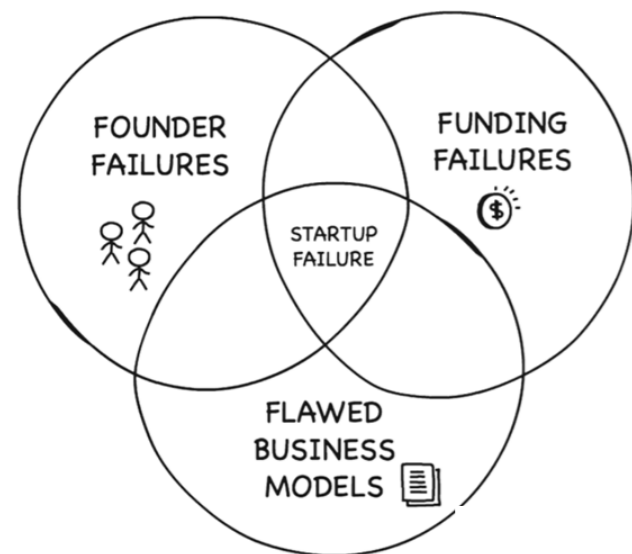


Figure 2.18: 3 F's of ventures

Although insightful, It would be more interesting for this thesis to find more concrete reasons that start-ups fail. Based on an analysis of 101 start-up postmortems, CB insights, El-amine & Mohammed (2023), found out that the top 20 reasons for failure are:

TOP 20 REASONS START-UPS FAIL:

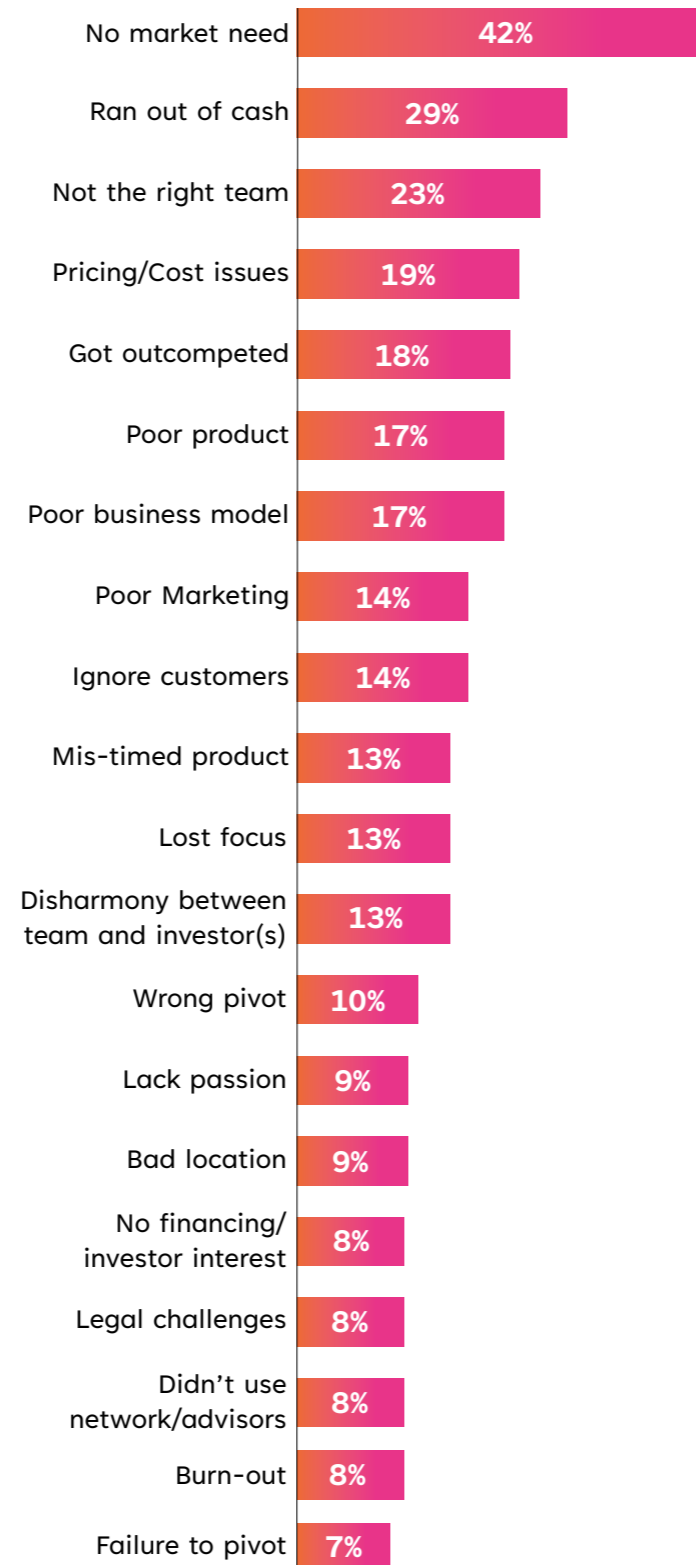


Figure 2.19: Top 20 reasons that startups fail

Success factors

In order to most optimally design a venture building value proposition for Business Models inc., It is important to also look at success factors for start-ups. The most optimal venture building value proposition should not only try to limit the known failure factors, but also try to steer towards universal success factors. In a study by Song et al. (2008), a meta-analysis was done to get a more integrated picture of factors that lead to start-up success. Out of the 24 analyzed meta-factors that were identified from literature, eight were found to be significant and universal success factors in the performance of new ventures. These are: **Supply chain integration, Market scope, Firm age, Size of founding team, Financial resources, Marketing experience, Industry experience and Patent protection.**

This research led towards an integrated framework of new venture performance (fig. 2.19). This framework suggests that:

VENTURE SUCCESS:

“The better the fit between the driving forces (team, resources and opportunity) and the strategy and organization of the venture, the better the performance”

This not coincidentally seems to match up with the identified factors of failures, identified by Jamie Pride (2018).

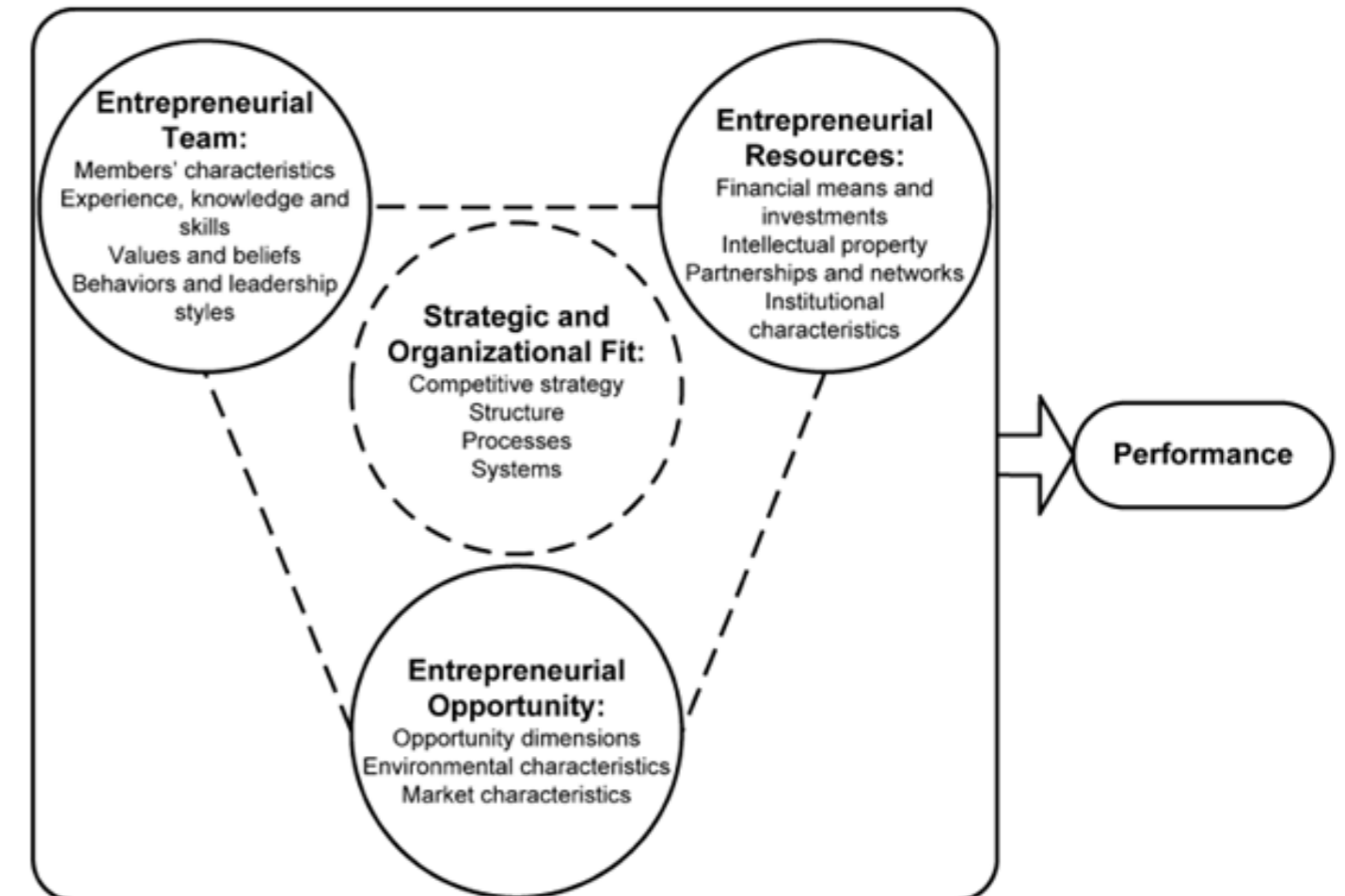


Figure 2.20: Integrated framework of New Entrepreneurial Firm Performance

Chapter 2.2

INTERVIEWS.

The literature review conducted in the previous chapter looked at how different models approach the concept of venture building. This gave coherent answers to the sub research questions around “venture building” that were formulated in the introductory chapter of this thesis. In order to get a better understanding of how Business models inc. can most optimally introduce a venture building value proposition, a series of interviews were conducted with different relevant stakeholder groups identified from the literature review. These different stakeholder groups were taken to provide insights from different perspectives identified as relevant for a potential future venture building service offering for BMI. These perspectives each have different positions within a broader venture building ecosystem and (could) therefore also have conflicting and/or contradictory viewpoints. To capture the most complete picture of drivers and barriers for these different stakeholders, interviews with these different perspectives were conducted. These different perspectives are: An investor perspective, a BMI Employee perspective, BMI leadership perspective, a Corporate perspective, an Academic perspective and finally a Start-up (founder) perspective.

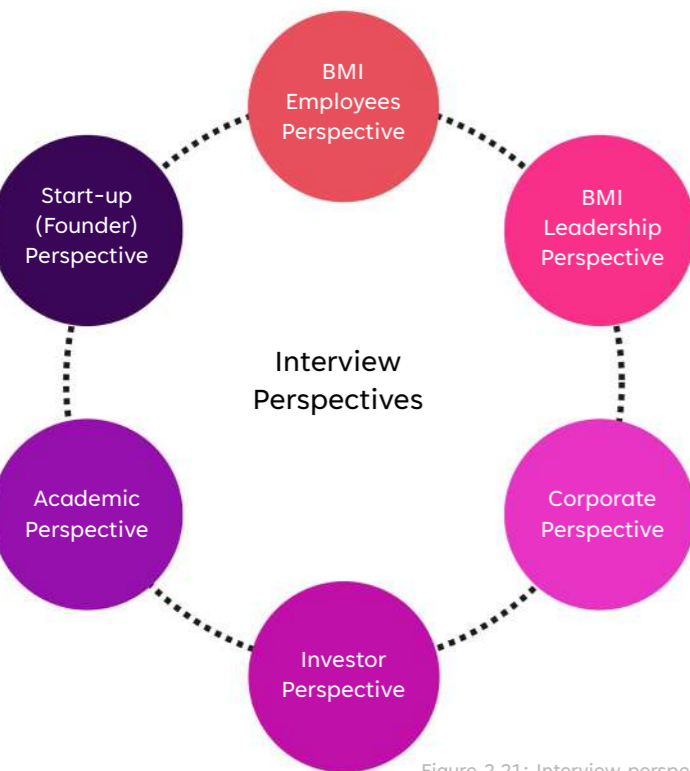


Figure 2.21: Interview perspectives

GOALS OF INTERVIEWS

The main goal of these interviews is to gain a more profound understanding of the different drivers and barriers for the different identified stakeholder groups that (could) have an influence on the BMI venture building value proposition, as well as answer the following remaining sub-research questions formulated in the introductory chapter of this thesis:

Business Models Inc.:

- What are the capabilities of BMI, both formally as informally?
- What elements of venture building best fit these capabilities?
- What are the problems, needs, barriers and challenges that ventures have when making use of a venture building model?

Most optimally:

- What competition exists in the “venture building” playing field?
- How can BMI create a competitive advantage for its venture building value proposition?
- How can BMI leverage its current capabilities to most optimally introduce venture building into its service offerings?

From the insights of these interviews, in combination with the insights from the literature review, strategic choices are made to narrow down on the objective of the thesis. This also results in a design requirement specification that forms a guideline for the “Define” and “Deliver” phases of this thesis.

METHODOLOGY

For this research, the method of in-depth semi-structured interviews was chosen. This method is one of three most commonly used methods to gain a deeper understanding of how people perceive their social realities and how they act within a social world (Busetto, Wick, Gumbinger, 2020). From the three most common qualitative research methods of: observations, focus groups

and interviews, conducting semi-structured interviews is chosen for this research. This is because it strikes a balance between structure and flexibility, allowing for in-depth exploration of emerging themes (Patton, 2002), as well as helping with developing a real sense of a person’s understanding of a situation (Cohen & Crabtree, 2006). A common limitation for this method is that the information provided during the interviews is not always accurate or reliable. Often interviewees also don’t really know what they need or want. Because a broad range of perspectives are interviewed, with multiple different interviewees per perspective, this limitation can largely be neutralized.

Selection of interviewees

In order to get the desired result, interviewees from all the above-mentioned perspectives were interviewed. The selection of interviewees was

done through a combination of purposive and convenience sampling, where characteristics are defined (specific perspectives) for which interviewees were sourced that were conveniently accessible (Andrade, 2021). For this research, instead of a fixed number, a sample size range was used (Robinson, 2014), which was set between 6 (one per perspective) and 20.

Data collection & Analysis

The interviews were conducted online, through video conferencing technology and were recorded and transcribed with formal verbal approval of the interviewees. The interviews lasted approximately 30 minutes each and were conducted along perspective specific interview guides. For the data analysis of the interviews, an adapted more simplified version of the Grounded theory Methodology (GTM) (Strauss & Corbin, 1994), was used. This methodology is geared towards

BMI Employee Perspective	Interviewee 1	Business designer	Business Models Inc.
	Interviewee 2	Business designer	Business Models Inc.
	Interviewee 3	Business designer	Business Models Inc.
	Interviewee 4	Business designer	Business Models Inc.
BMI Leadership Perspective	Interviewee 5	Chief Financial Officer	Business Models inc.
	Interviewee 6	Chief Commercial Officer	Business Models Inc.
	Interviewee 7	Lead business designer	Business Models Inc.
Corporate Perspective	Interviewee 8	Director B2B innovation	Dutch Telecom company
	Interviewee 9	Global venture leader	Large International furniture retailer
Investor Perspective	Interviewee 10	Investment specialist	Dutch Investment fund
Academic Perspective	Interviewee 11	PhD researcher	Dutch Technical University
Start-up (Founder) Perspective	Interviewee 12	Co-founder	Dutch (AI) start-up

Figure 2.22: Table of interviewees

formulating new theories based on analyzing real-world data. Because for different perspectives, different interview guides were used and different topics were discussed, a thematic analysis was less relevant. In order to gather insights without weighing different themes, an open coding method was used (Glaser, 2016). This allows for free interpretation of the data and followed an inductive coding approach for theme definition.

RESEARCH RESULTS

The results of the interviews are divided into the corresponding perspectives. For each perspective, interesting insights were gathered which are further supported by subsequent quotes. These gathered insights do not necessary directly or solely answer the proposed research questions from chapter 1. but rather provide additional building blocks to create a more complete design requirement specification. The conclusion of interviews insights is found in chapter 3.

BMI EMPLOYEES PERSPECTIVE

This part can be found in the confidential appendix.

A deliberate choice with BMI as learning experience

Following this line, the interviewees elaborate that choosing to work at an agency like BMI over working for/beginning a start-up company was a deliberate choice, mainly because of the steep learning curve and experience that could be obtained at Business Models Inc.: *“I then looked at working for a start-up, I thought it was really cool, but it was still really make-do and I thought for my learning curve, I don’t know yet whether that would be useful to do as a first job ”.* Interviewee 3

“I am new to the labor market as a recent graduate, so I liked the fact that there were people from whom I could learn a lot from, from the Business perspective. At the same time, I also found a large Corporate with a fixed development path a bit frightening.” Interviewee 1

Interested in venturing on company time, but hesitant to take big personal (financial) risks

The interviewees do state that they would be interested in engaging in entrepreneurship through business models inc. But fully committing to a position in entrepreneurship with subsequent possible upside but also related (financial) risk is something the interviewees are not (yet) open to. Interviewee 1 and 2 would be open for a exploring ventures on company time, only if the conditions are right for them:

“Imagine you say something crazy like: I’m now working 5 days, 4 days I still work for BMI as a consultant and 1 day as a cofounder, then I would be very interested in that.” Interviewee 1

“If it is a start-up that you really believe in, I would love that, but then the preconditions must be really good” Interviewee 2

Interviewee 3 states the financial burden as a big reason to work for an agency over engaging in entrepreneurship:

“I am still at the beginning of my career here, which means that I will not earn very much yet if you compare it with others, and sacrificing such a salary in Amsterdam would be quite a challenge” Interviewee 3

Difference in mindset that is required for making start-ups succeed

Interviewees also state that working for a start-up requires a different mindset than working for corporate clients, and state when you see working on ventures the same as working on corporate assignments, that it lacks the full commitment that it takes for start-ups to succeed.:

“I really have to believe in the start-up, because if I don’t fully believe in it or support it yet, then I won’t go for it 100%. But as part of my work for BMI, I would be fine with that.” Interviewee 4

“I have also done projects where I drew up a vision for a company and I thought yes, but no, I don’t believe in it, but yes, the customer is king at that moment. That is really not the mindset you should have when you go into ventures.” Interviewee 1

BMI is strong in translating fuzzy ideas into concrete propositions

In describing the capabilities that Business Models Inc. possesses which are relevant for the process of venture building, the capability of translating existing fuzzy ideas into concrete propositions is a capability that is repeatedly mentioned:

“I think our strength lies in the fact that we can take an existing idea, which is still fuzzy, further towards concrete value,” Interviewee 1

“We are very good at making an existing proposition concrete, what is really the value you deliver that goes beyond the product level” Interviewee 2

This part can be found in the confidential appendix

BMI is very good at understanding client needs

A capability that BMI does really excel at, is also something that most start-ups often struggle with. This is really getting close to your customer and understanding their needs. When most start-ups fail because of a lack of market need, really understanding your customer is an important skill to have.

“I think that we at BMI are very good at getting close to the customer, which goes beyond just

delivering value, but also daring to be close to the customer on an emotional level, for example” Interviewee 4.

“We are also very good at really focusing the strategy from a business model lens and putting down what it is really about” Interviewee 2

“We have skills in storytelling and are good at approaching innovation through a customer centric mindset in everything we do” Interviewee 4

BMI LEADERSHIP PERSPECTIVE

This part can be found in the confidential appendix.

CORPORATE PERSPECTIVE

Venturing as part of the innovation strategy, but needs to be close to the core business

In regards to venture building or, corporate venturing in general, the interviewees agree that for them, it is primarily seen as part of their overall innovation strategy. This results in an engagement with start-ups or the creation of ventures that must primarily help with strengthening the core business of the corporate. *“We ultimately said, well, within 5 years the ventures we partner with should simply be a (Company X) business and be part of the core business” Interviewee 9*

“I work in B2B and it was stated very clearly that our core business is connectivity. When I first told them that I wanted to sell cash register systems, they looked at me very strangely, that was not the intention”. Interviewee 8

Next to the close proximity to the core business, the interviewees agree that most corporates work with short term strategies, often needing to deal with external investors that are looking for immediate, or at least on short term value creation when looking at innovation. This is therefore also reflected in the way they engage with start-ups:

“We must be able to start with it tomorrow, and it must be in line with our vision and mission” Interviewee 9

“We are “private equity owned”, which means we don’t have time to wait 5 years to solve a problem. We are now looking for a solution.” Interviewee 8

“And in the field of innovation, you will notice that we are a Private equity company, we simply focus more on cost savings than on innovation because that yields profit in the short term.” Interviewee 8

Corporates prefer to collaborate with start-ups that have already proven products/ services

Because of this focus on mostly immediate value creation for strengthening the core business, most corporates don’t want to work with innovation initiatives like a corporate start-up studio which have relatively long lead times to value creation. This, in combination to the fact that the interviewees are part of corporates that are very established in their respective markets and deal in common commodities, Their preferred corporate venturing approach is with start-ups that are more established and offer already proven products:

“We see things that have not yet been launched as worthless, they must have already shown their value.” Interviewee 9

“We don’t look there, when we look for a solution, we often look for larger proven parties with a certain track record.” Interviewee 8

This is also reflected in the fact that established corporates have in place a strict due diligence process for collaboration with start-ups, to ensure a correct match on, among other things, company values.

“So it is very much about due diligence on that partner, are they okay, are they risky according to our value and that whole process is quite intense and takes a lot of time for these start-ups.”
Interviewee 9

INVESTOR PERSPECTIVE

The cap table is holy for investors

According to the interviewee, when a start-up has given up (too much) equity to a venture building program that is not providing a “continuous value add” meaning there is value being added to the start-up after the venture building program, it raises a red flag with investors.

“In general, the pie (Cap table) is quite sacred for the investors, so everything you do in your percentages becomes complicated for investors, which is why venture builders and the like are generally looked at with a bit of resistance. Are you taking too big a piece of the pie and not adding lasting value? Then it is so-called dead equity, and investors are certainly not happy with that” Interviewee 10

The interviewee states that certain programs, especially in the early stages of the a start-up do add value to a venture, especially from a credibility standpoint, but that if these types of programs that are not continuous or do not add funding, take (a large amount of) equity, the start-up becomes less interested for investors in later investment rounds.

Not having a capable founding team, biggest reason to not invest

According to the interviewee, the biggest reason that investors do not invest in a start-up is by far: not having a capable team of founders, especially within deep tech ventures. This makes the sourcing and correct recruitment of capable founders the biggest hurdle in any venture building model that relies on internally building start ups

“The fact that investors are not getting involved is

really by far a lack of a capable founding team, that is by far number 1, everyone believes in the technology, there must be people who can actually translate the tech into a viable business.”
Interviewee 10

Real entrepreneurs over consultants

The interviewee states that investors are always very interested in looking at ways to de-risk their investments, it however has to be by a capable group of proven venture builders or entrepreneurs, not another consultant looking to earn his salary”. According to the interviewee, it is the correct entrepreneurial mindset and willingness that makes a difference:

“Look, if you have those consultants who just want to run a project for a short time, yes, that is of no use to you at that moment, you cannot just do a deep dive into an industry thinking that you are there, but you really have to go for it. fighting and that entrepreneurial mindset is not just briefly looking at strategy, but that is continuing to nagging at that one corporate whether they don’t want to get on the board after all. It’s all that little stuff that is real entrepreneurship and that is what will make the difference.” Interviewee 10

A fund needs autonomy to be effective

The interviewee states that funding for a venture building program and funding for the actual ventures needs to be separate, a VC wants to have autonomy when investing in ventures. This results in an extra due diligence check on if the ventures that come from the internal program are still worth it to invest in:

“So that’s a bit of a limitation when you really talk about venture capital, you see that the funds that do the best are really separate from the corporate or venture building program. A VC is focused on direct profit and also wants autonomy for investing. Otherwise it becomes a bit like a butcher inspecting his own meat. If you keep them separate, there is always an external validation round to ensure that your start-up can actually raise money independently on the market”
Interviewee 10

ACADEMIC PERSPECTIVE

Content, methodology are the least relevant for a venture building program, in the eyes of founders

According to the interviewee, getting a unique selling point for a venture building program towards a founder is hard to get. This is in line with academic research that suggest that the number one thing they look for when wanting to join such a program, is the potential of funding:

“What I learned from that program is that the content of the program is the least important aspect, at least for founders, right? So you see that having a unique selling point for such a program is tough” “as if I were to interview those founders about those programs, the result is that potential funding is listed at number 1, which is interesting, with access to network and expertise at number 2, and potential sales at number 3.” Interviewee 11

This makes it very important to really understand the needs of founders when designing a venture building program that makes use of existing start-up with an already established founding team. It also shows that it could be more beneficial to focus on getting the venture building program model and progress correct, rather than focus on the content of the program.

Make client personas of stakeholders to understand their needs

The interviewee emphasizes that it is important to really identify the key stakeholders of a preferred venture building model, and map how each of the stakeholders interact, and what their inherent needs are. This is important because these needs could very well be conflicted in nature.

“What you often have to be clear about is, gosh, which archetype figures do you have and what do they want and as long as you don’t get those clear, it is difficult to design for certain needs. For example, people with money that venture studios

find interesting but do not know how to get involved, when would they invest?” Interviewee 11

Entrepreneurial spirit is hard to teach

The interviewee identifies an interesting opportunity within university entrepreneurship where often innovative inventions are most present at universities, rather the problem with valorization of these inventions often has to do with the lack of entrepreneurial spirit that is often present with the inventors. Something that is hard to teach. This phenomenon was also observed by interviewee 10 that stated that the problem is often with the correct team, not the technology.

“My believe is that, and you also see it very strongly with professors at the TU Delft, with all those fancy papers and patents that, because of the liberalization of the University, need to help with valorization. So the University thinks, oh everyone can be an entrepreneur so we have to make an entrepreneurial program for faculty staff. Than these people who facilitate those workshops come back to me and say, this is never going to actually take off with these people.” Interviewee 11

START-UP (FOUNDER) PERSPECTIVE

Venturing is not just some part-time assignment

According to the interviewee, there needs to be a full-time commitment with “skin in the game” by the founding team to successfully build and run a start-up. He states that it takes long hours, with the feeling of personal risk that really drives growth within a new venture:

“A consultancy like Hourly billing structure for a start-up just doesn’t work. As an example, the two of us were sitting here yesterday working until 1am, and we came in at 8am. Yes, if you were paid by the hour, that just doesn’t work, you just have to have that commitment and drive, otherwise it won’t get off the ground.” Interviewee 12

From a strategy & innovation agency to a venture building powerhouse.

A methodology or “good” workshops are not going to attract top founders or start-ups

According to the interviewee, the most important factor for start-ups to join a program like an accelerator is always a potential for future funding, then access to a network of experts and a future sales pipeline. The workshops and content of such a program is not that relevant or interesting. A program that does not deliver credibility like the top accelerator programs or funding needs to think about the value offered after the program. Otherwise, it is not interesting, especially not if you must give up equity.

“Look, when you look at a program like Y Combinator, every founder thinks, yes we should have that, but such a program just has to be very selective and super critical about who is allowed to join, for example, because if out of 20 there are just 15 are very bad, then the other 5 don’t want to join either, it’s really about the reputation”
Interviewee 12

“Sometimes I have the feeling that such programs take more time than they save, it mainly involves a lot of courses and presentations, I think it should mainly remain pragmatic, really building things, talking to customers, etc.” Interviewee 12

Taking care of the operational hassle would really help founders

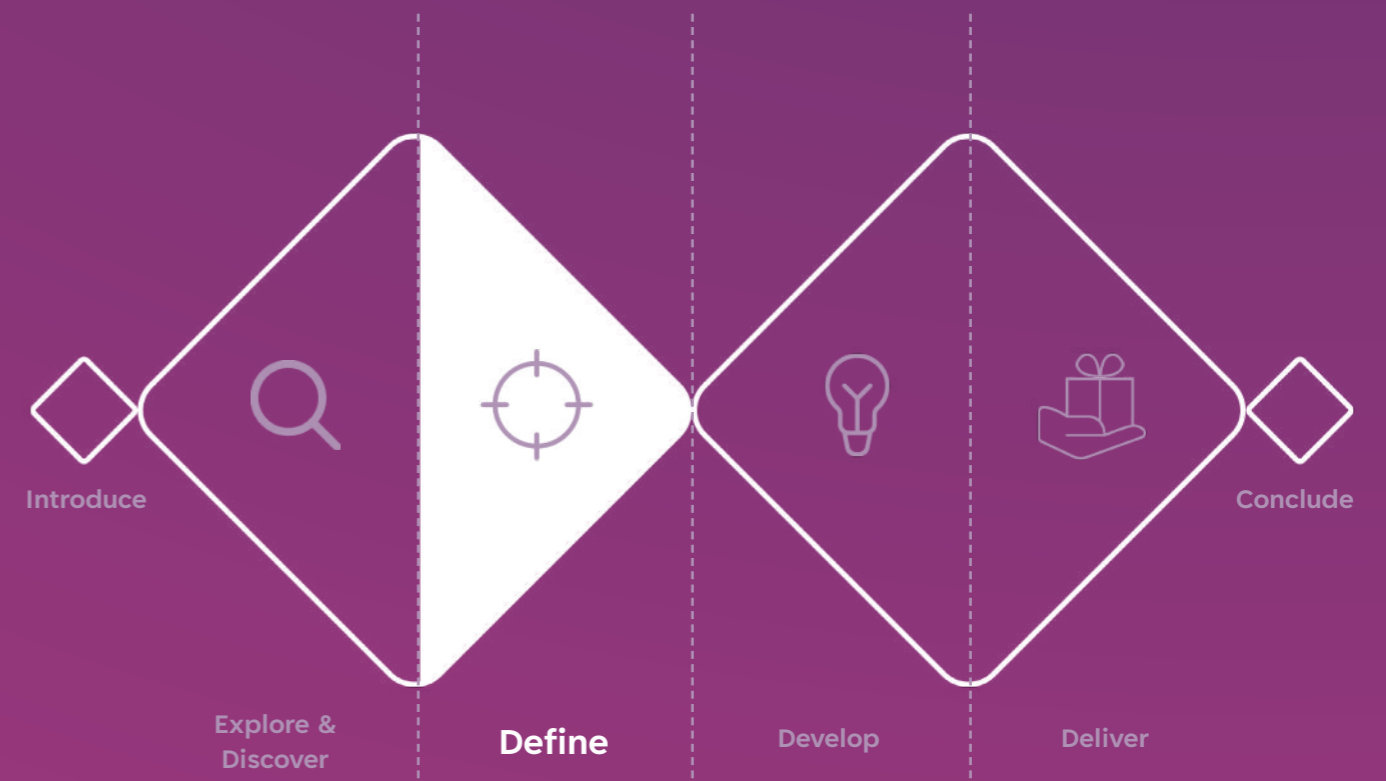
According to the interviewee, good founders that for instance have already exited an successful start-up are way more interested in a venture building studio that could take care of the operational side of the venture, instead of another accelerator that runs workshops.

“You really don’t help experienced founders with another workshop on validation or how a business model canvas works, especially if you have done this before and already have a good network, imagine you can outsource all the peripheral matters of a start-up, and you can focus on building, yes that works better for me”
Interviewee 12



DEFINE.

This chapter summarizes the findings from chapter 2 and translates them into insights that are used to form the design requirement specification.



Chapter 3.1

SYNTHESIS OF INSIGHTS.

Within this chapter, the acquired knowledge from the literature review on venture building, corporate venturing and start-up success & failure factors is combined with the knowledge acquired from the expert interviews and translated into actionable insights which form the design requirement specification.

LITERATURE REVIEW INSIGHTS

The Literature review on venture building and corporate venturing from chapter 2, paint the picture of the broad and extensive playing field for innovation strategies that exist around ventures. Within this “playing field” of venture support models, the model that has the highest potential business value is the start-up studio model (fig 3.3). This start-up Model would put Business Models Inc. in a position to generate an additional, potentially exponential revenue model in the form of equity in the created start-ups. It is also the model that allows for the most creative freedom in the creation of ventures itself since it is involved from

the start. Since BMI would be involved from the start of creating start-ups, there is the biggest potential upside for BMI in terms of equity share, as well as it allows BMI to dictate the direction and types of ventures that they want to create. Because this model aims to systematically build and de-risk start-ups, it is also a model that gains the most on operational efficiency and economies of scale once more start-ups are being created. (BMI gets more and more experienced in systematically creating start-ups which can lower the cost of launching, growing and maintaining these ventures.)

This big potential upside for the start-up studio model is also paired with the highest form of risk and needed (external) investment. Because the start-up studio model, is a hand-on approach to building ventures, which comes with the above mentioned benefits, it is an expensive model with a lot of different moving parts and processes that need to be done right to make this model work. Two models that have relatively less risk and

“Any fool can know. The point is to understand”

Albert Einstein

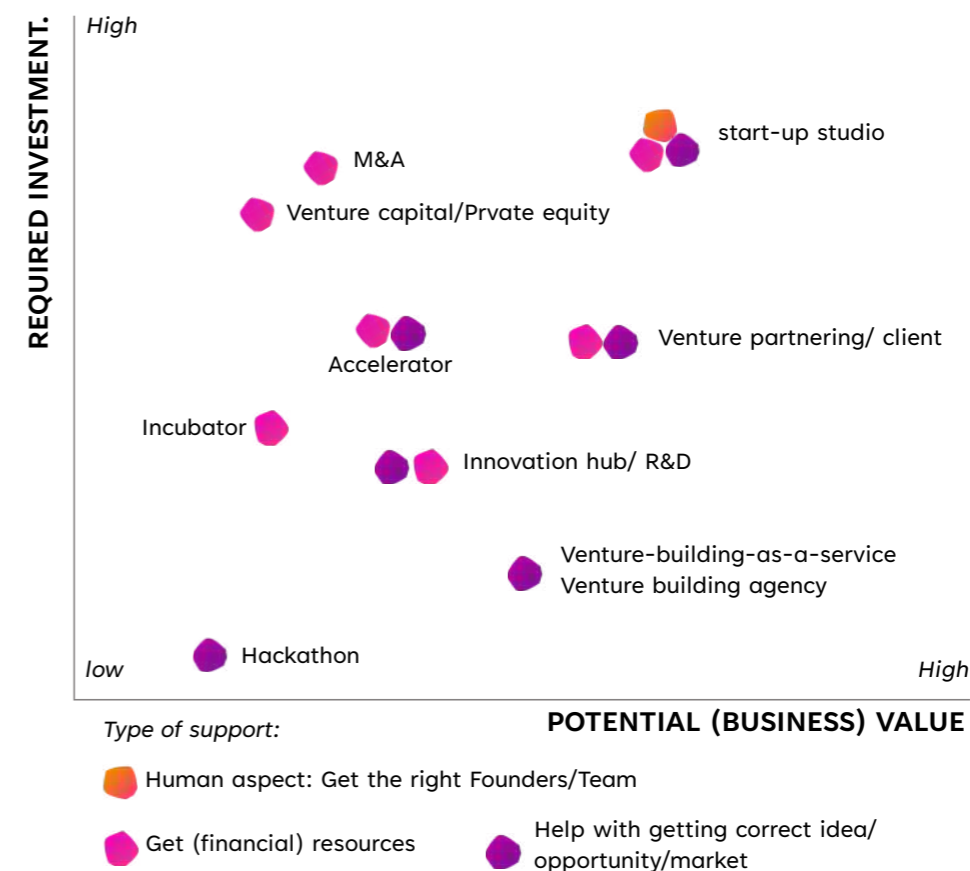


Figure 3.1: Potential business value vs. investment graph

needed investment involved, but still allow for a relative high potential business value, are the venture clienting model and the VBaaS.

This part can be found in the confidential appendix.

Within this so-called “Innovation theater” coined by Blank (2019), a gradual shift is seen that aims to de-risk the start-up process along different paths. Since all these models essentially aim to do the same thing which is: de-risking the start-up process and making it easier to launch start-ups and make them more successful in the long run. Traditionally, these venture building models often had a singular focus on just one failure/ or success factor. An example of this is a venture capital fund tackling the risk of funding failure by providing financial resources to a new venture. Or an accelerator program helping a start-up in identifying the right opportunity or business model.

Three pillars of de-risking start-ups

By overlapping the 3 F’s framework by Pride (2018), which captures the reasons for start-ups failures in three areas, with the integrated framework of new entrepreneurial firm performance by Song et al. (2008), which also defines start-up success along three areas, Three core pillars emerge. To most optimally de-risk a start-up process within a future venture building model, it must address all three pillars of strong new ventures.

Human factor: Aiming to minimize the risk of start-up failure because of problems within the founding team by making sure to build the start-up with the right founding team. This includes a founding team with the right skillset, experience, knowledge, shared values and believes and personal connection.

Resource factor: Aiming to minimize the risk of start-up failure because of a lack of resources by (helping with) providing financial resources, having the correct IP, providing a strong network, operational support, etc.

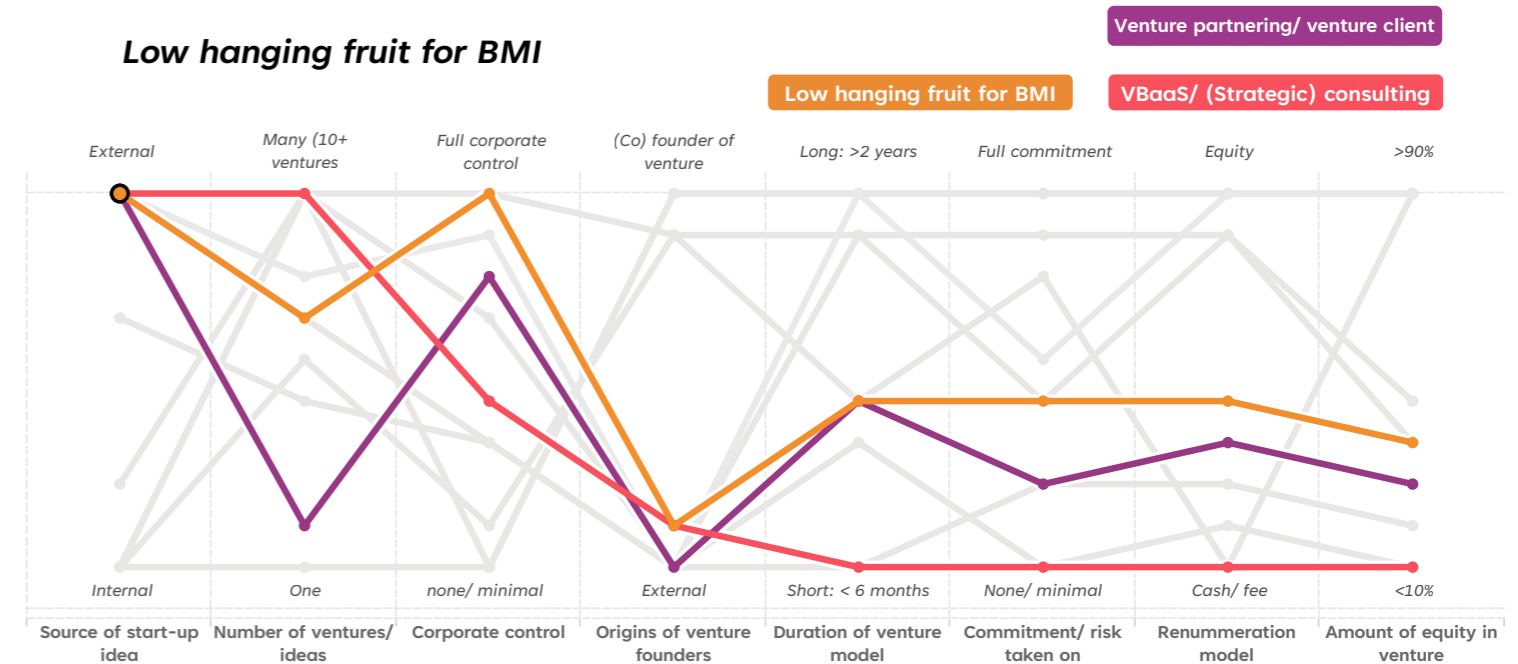


Figure 3.2: line graph low hanging fruit

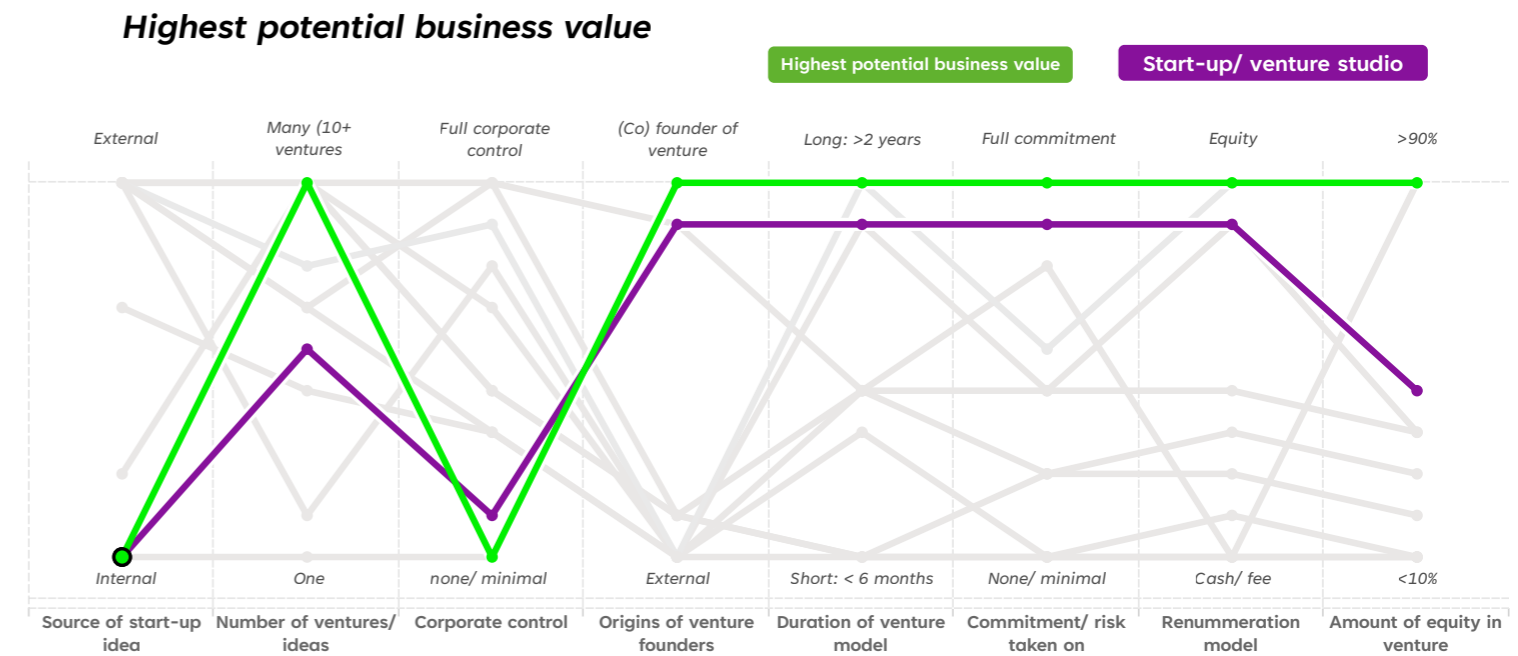


Figure 3.3: line graph highest potential business value

Opportunity factor: Aiming to minimize the risk of start-up failure because of a weak business model or market opportunity by offering support on Business design, strategy, market knowledge, understanding of client needs. Etc.

When looking at the different venture building models, the Start-up studio model is, in it's current form the only one that looks to de-risk their start-ups along all three pillars by, among other things:

offering financial resources, IP support etc., construction of the right founding team for each start-up and support in business design.

INTERVIEW INSIGHTS

After analysis of the interview insights from chapter 2, three different archetypes of stakeholders can be identified. The 12 interviewees that came from 6 different perspectives in relation to a potential

future BMI venture building value proposition, can be categorized into these three archetypes of stakeholders. These three archetypes include The investor, the driving force, and the supporter. These three archetype stakeholder can contain multiple different perspectives and personas. For instance, within the supporter archetype, both the personas of BMI leadership and BMI employees are included. However, within the context of different venture building models, all stakeholders involved can be divided into these three groups Although all three stakeholder archetypes generally have the same overarching goal of making start-up companies succeed, there is often a difference in needs, vision and motivations. It is important to understand those differences since these, often conflicting interests can lead to problems within the venture building model.

The investor: The investor is a stakeholder whose primary goal is to financially benefit from an investment made in a start-up company. This stakeholders takes a so-called, hands-off approach to the whole venture building process, and is just there to financially benefit of start-ups through an acquired equity share. An investor could have secondary reasons to invest but is mainly on board for financial purposes.

The driving force (Founder): This archetype is a founder/one of the founders of the start-up and is personally invested in driving the Start-up forward and making it succeed. This stakeholder serves as the heartbeat and visionary leader of the start-up. This stakeholder takes ownership over the venture, steering its course with strategic decisions, and overseeing day-to-day operations. Their commitment often goes beyond purely financial gains, as they are deeply invested in the vision and goals of the start-up as well as often shaping its identity and culture.

The supporter: This archetype is an engaged stakeholder who plays a crucial role in supporting the start-up's development. This archetype adopts a hands-on approach to support, offering

resources, mentorship, and guidance to help the start-up overcome challenges and achieve milestones. This archetype covers multiple non (financial) supporters of the start-up, like advisors, accelerator programs etc. Although often also having a (financially) driven motivation for supporting these start-ups, The supporting archetype is often more personally involved with the start-ups to help them succeed. Within this archetype, Both the perspectives of the BMI employee is covered, whose needs tend to more closely resemble the needs found in the driving force archetype, as well as the BMI leadership archetype, Both the perspectives of the BMI employee is covered, whose needs tend to more closely resemble the needs found in the driving force archetype, as well as the BMI leadership perspective, whose needs tend to more closely resemble the investor archetype.

The perspective of the corporate company, is a rather peculiar one. This perspective is one that can be aligned with all three stakeholder archetypes, depending on it's goals, vision and motivation for engaging in corporate venturing. For instance, if the corporate's main purpose for corporate venturing, is to invest in promising start-ups through a corporate venture capital fund, for potential future financial returns, it is mostly aligned with the investor archetype. When the corporate's main purpose for corporate venturing, is to promote internal innovation to eventually introduce new products/ services or whole new business units, it's needs are aligned with the driving force archetype. If the goal of the corporate is to support ventures that are aligned with the core business to promote and increase corporate-startup collaboration, like is seen with the venture clienting model, it's needs most closely resemble the supporter archetype.

The academic perspective is left out of these archetypes since it functions as an overarching explanatory and theoretical perspective on the whole venture building field, rather than offering a singular perspective on venture building.

Three pillars of strong new ventures

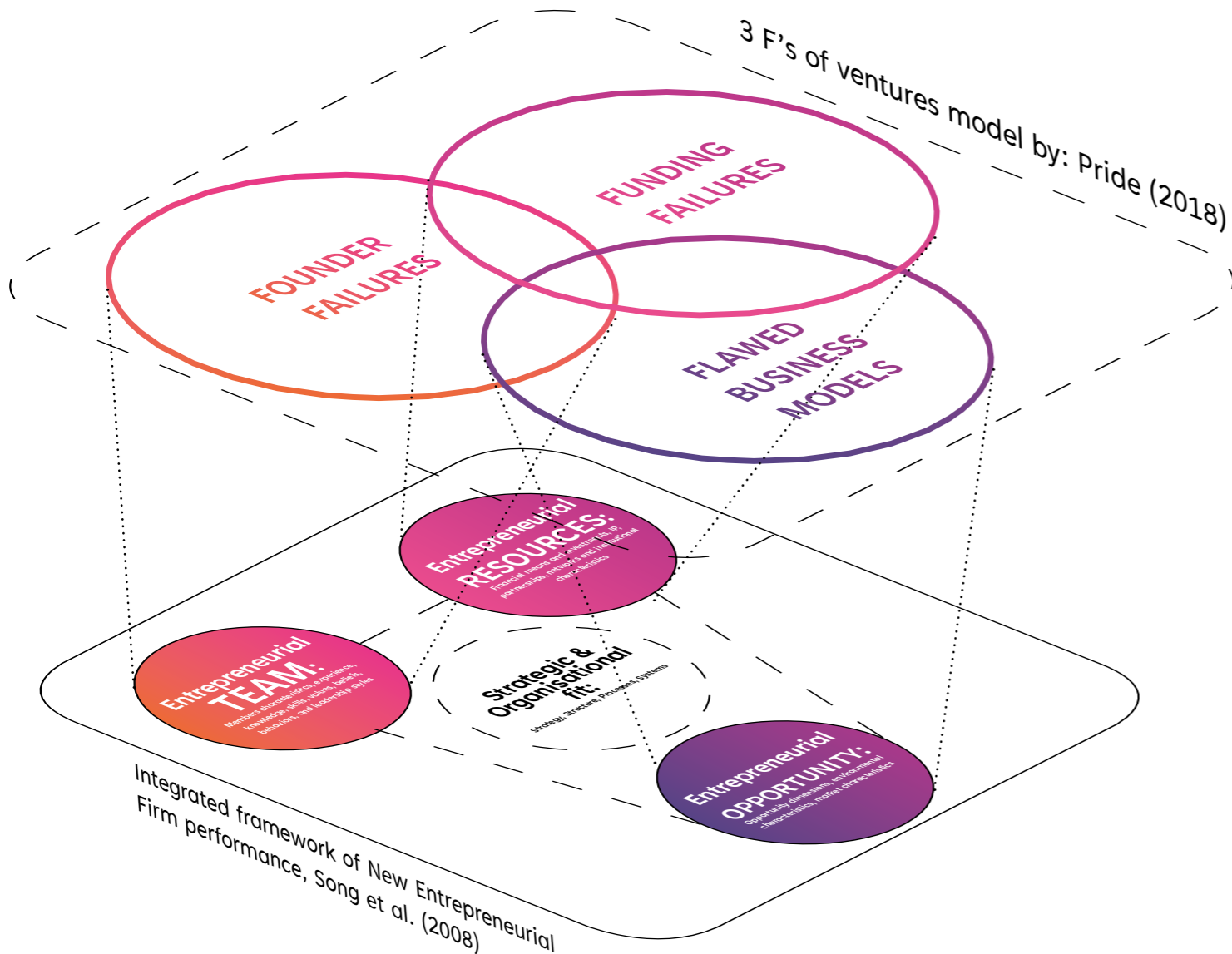


Figure 3.4: Three pillars of strong new ven-

Three stakeholder archetypes

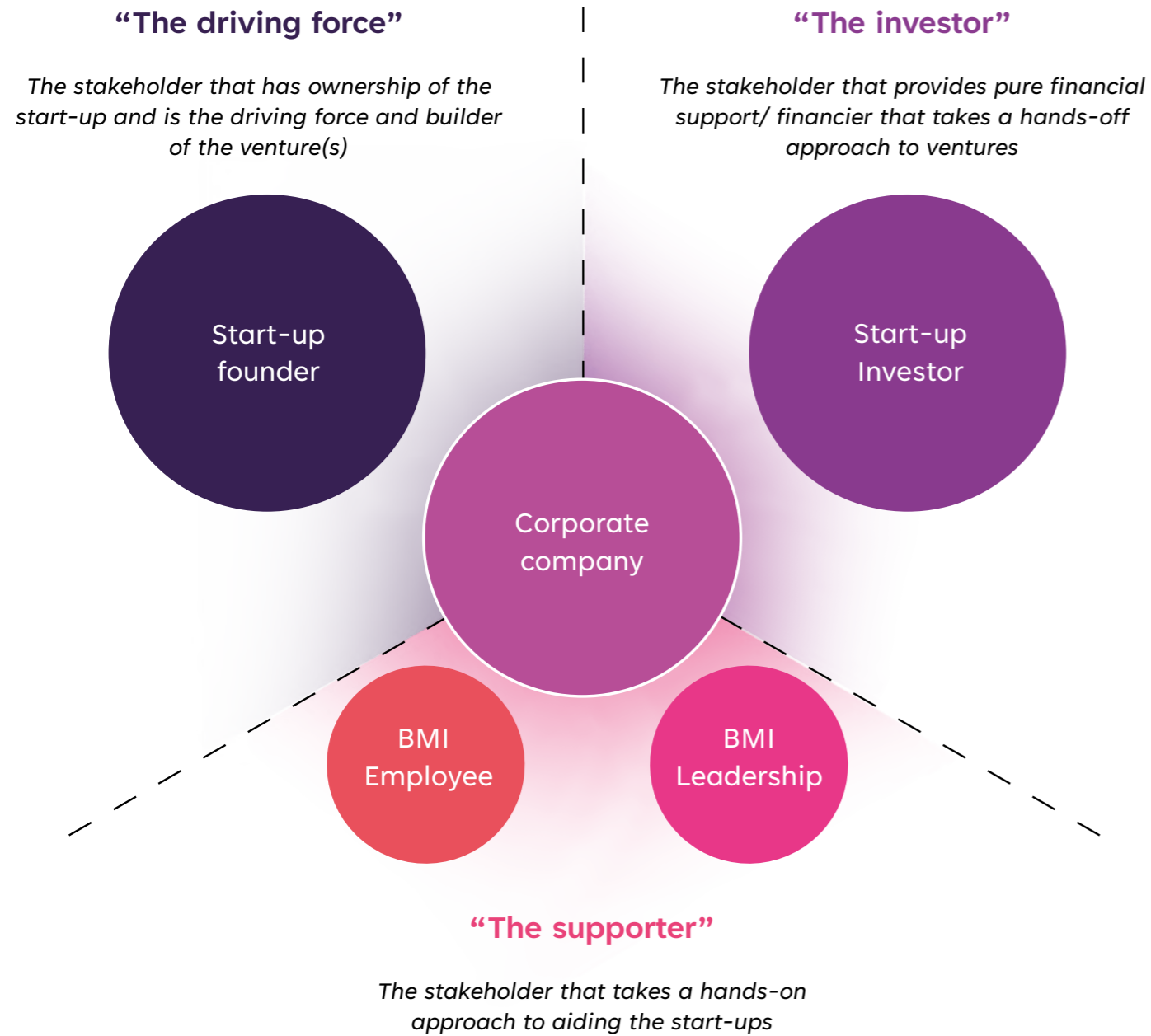


Figure 3.5: Three archetypes of stakeholders in venture building models

Chapter 3.2

ARCHETYPES.

This paragraph develops the identified 3 archetypes of stakeholders that are present in different venture building models, and formulates so-called “customer profiles”. This is a representation of intended users that offer insightful visualization of their behavior, values and needs. (Van Boeijen et al., 2014). These customer profiles of the archetypes are developed based on the literature review and interview data gathered in chapter 2. Within every stakeholder archetype, there is multiple different customer profiles that can be made. For the sake of balancing

comprehensiveness and time-management, one for each was chosen. The customer profiles are part of a very common tool used at BMI, namely a value proposition canvas. This canvas, developed by Alex Osterwalder in his book Value Proposition Design (Osterwalder et. al., 2015), chooses to focus on concrete, pains, gains and jobs-to-be-done’s of clients, instead of more trivial traits as age, gender or ethnicity, which are usually present in similar personas. These customer profiles help in designing concepts with precision and relevance, catering to the stakeholders unique characteristics and needs.

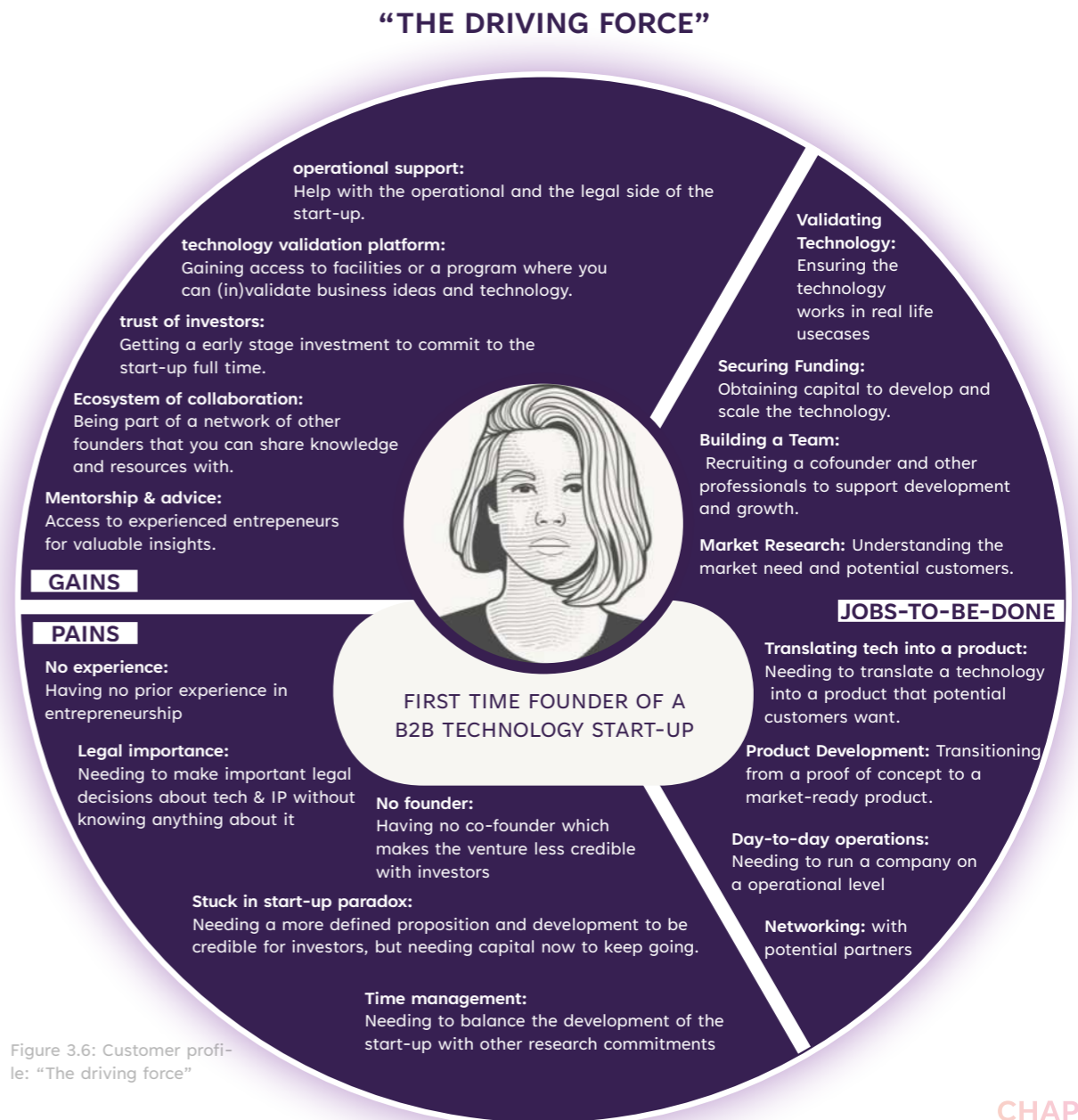


Figure 3.6: Customer profile: “The driving force”

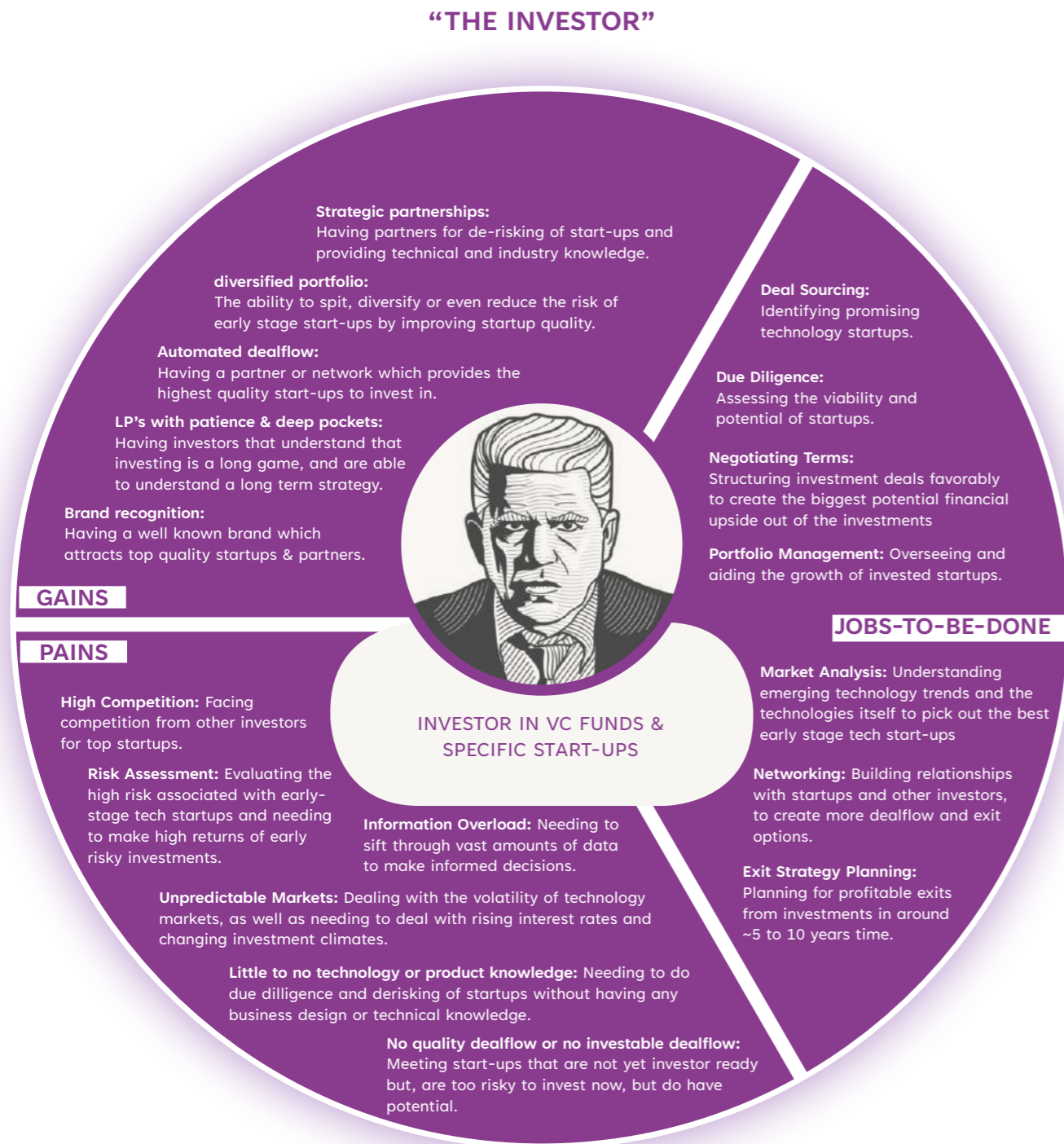


Figure 3.7: Customer profile: “The investor”

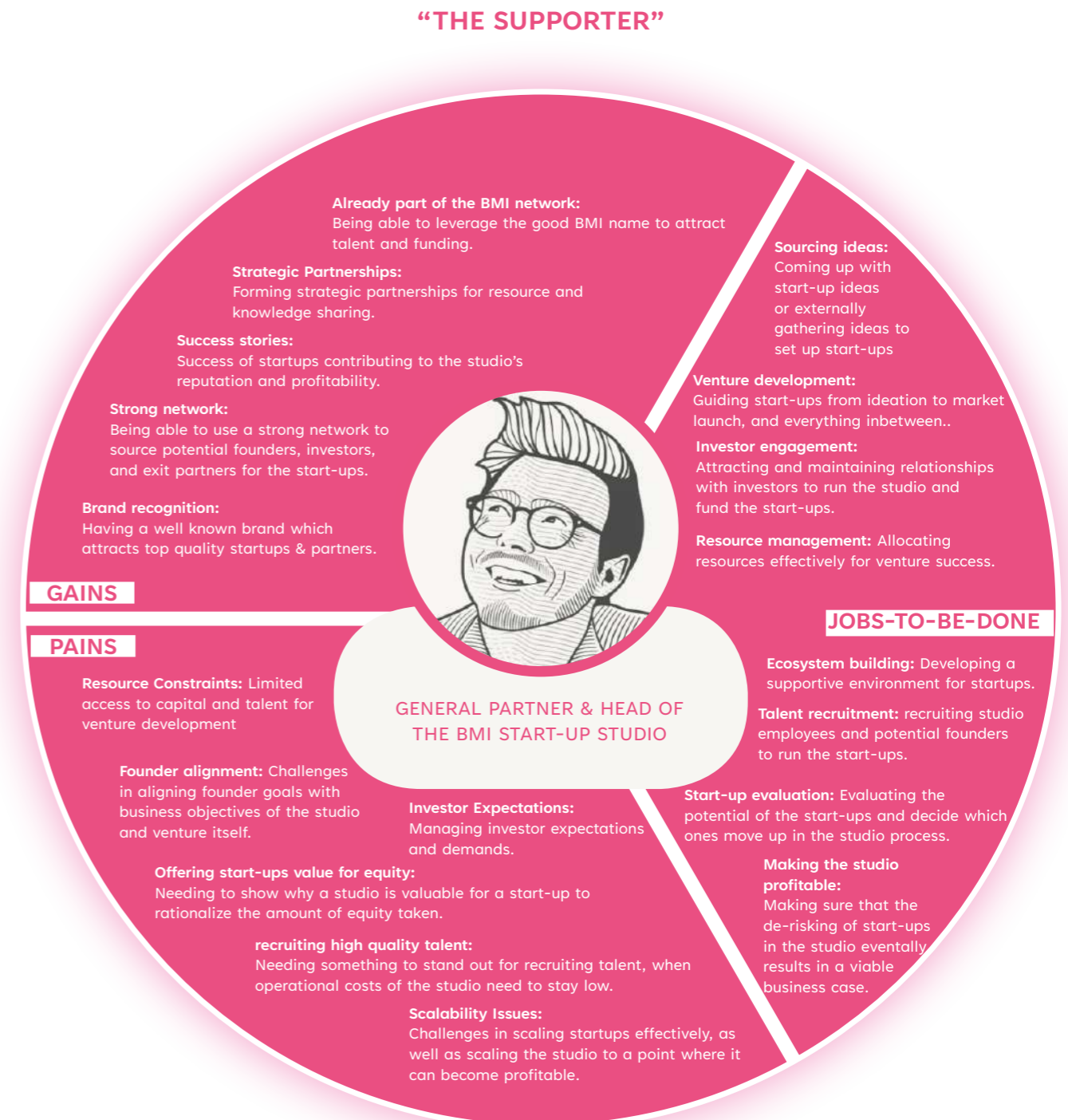


Figure 3.8: Customer profile: “The supporter”

Chapter 3.3

DESIGN REQUIREMENT SPECIFICATION.

This paragraph describes the design statement and requirements, and is meant to act as a bridge between the research chapters from the first “diamond”, to the second design “diamond”, found in the upcoming chapters. For this, a design requirement specification is specified, which forms a clear starting point and guide for the design process.

DESIGN STATEMENT

A design statement is a specific statement that, in once sentence, formulates what the design will entail. The design statement, following Van der Vorst’s (2018) framework, is formulated along five key aspects. These are: description of a product/service category (1), the target group (2), and the benefits of the aimed design on different levels: emotional (3), functional (4), and self-expressive (5).

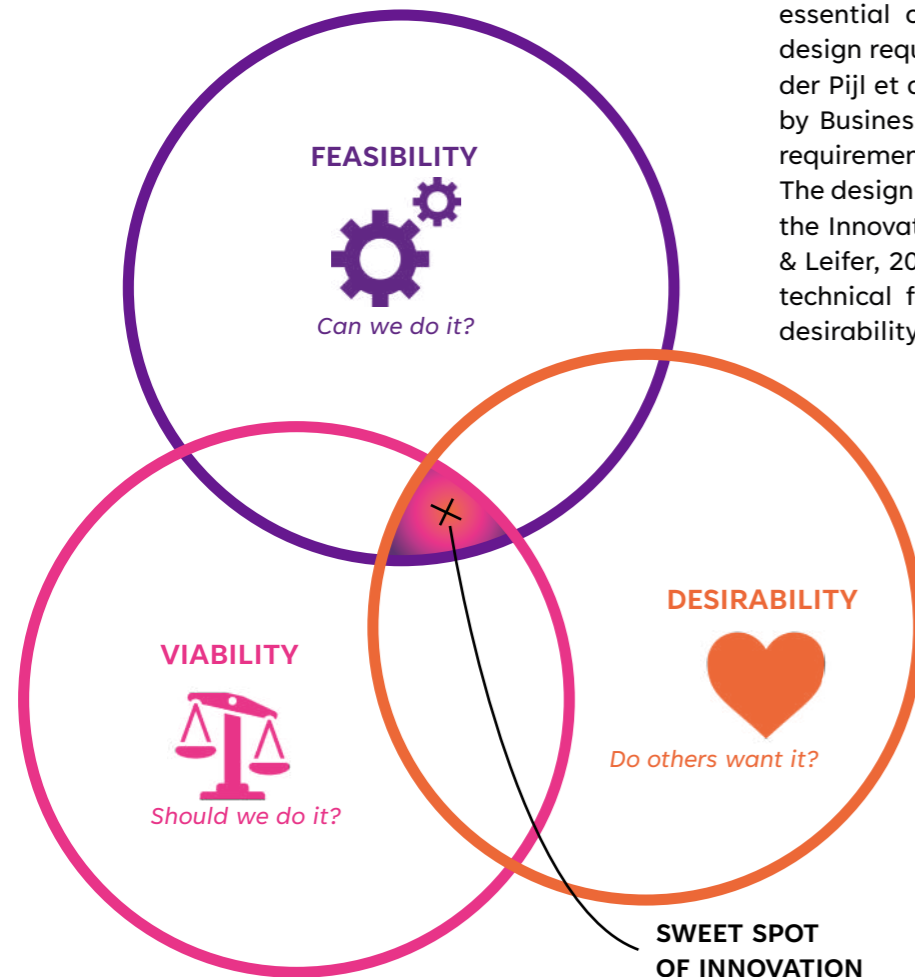


Figure 3.9: Sweet spot of innovation

- (1) Design a venture building model
- (2) For Business Models Inc.
- (3) That helps business models inc. to create new ventures that make a positive impact on people and planet
- (4) By creating a standardized method to de-risk the venture building process along all three pillars of strong new ventures while ensuring a new potentially exponential revenue model to empower mission driven founders to change the world.
- (5)

DESIGN REQUIREMENTS:

The design requirements are the basis for developing the new venture building model in chapters four and five. Van Boeijen et al. (2014) states that design requirements “define the essential characteristics of the design”. For the design requirements, a design criteria canvas (van der Pijl et al., 2016) is used. This is a canvas, used by Business Models Inc. which divides the design requirements into Must, Should, Could and Won’t. The design requirements are also formulated along the Innovation sweet spot model (Plattner, Meinel & Leifer, 2011) which involves the consideration of technical feasibility, economic viability and user desirability of a new proposition.

Design criteria canvas.

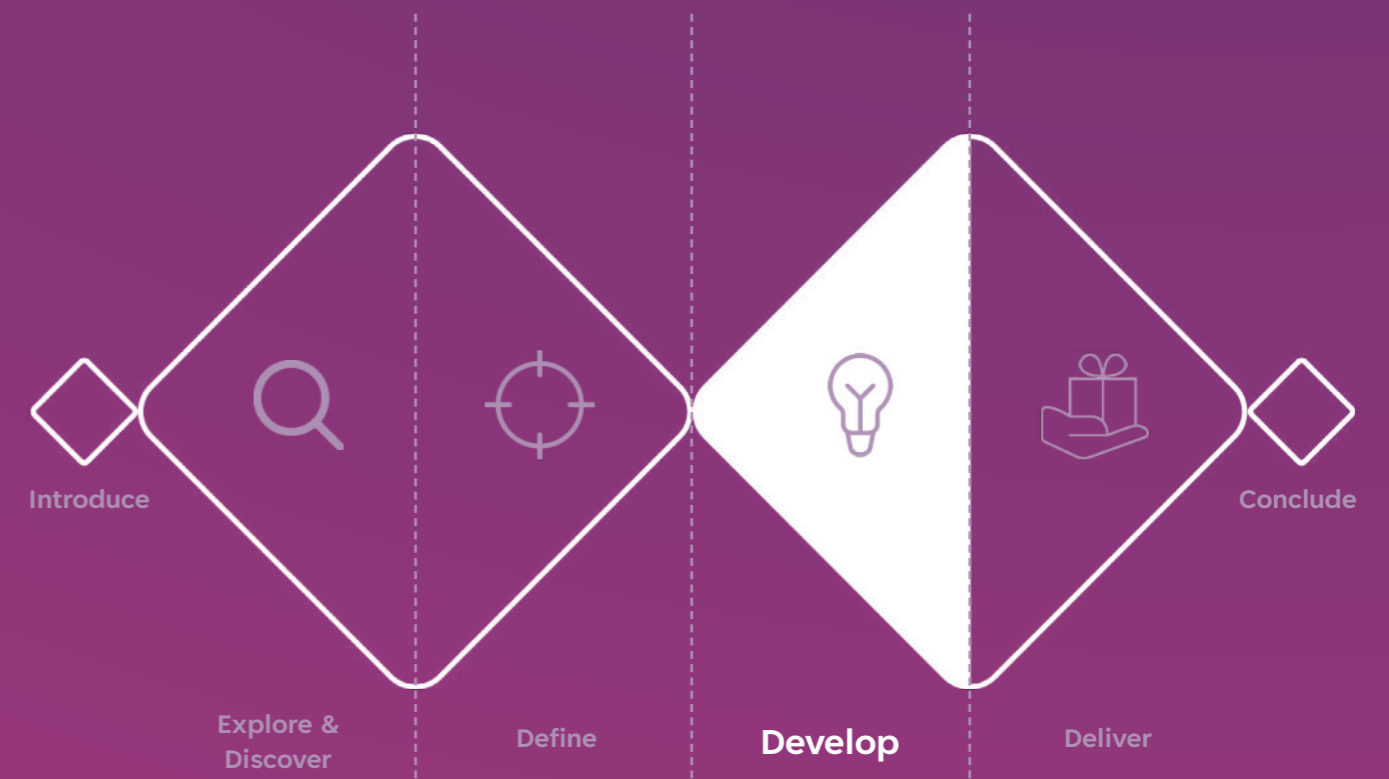


MUST	Result in a potential exponential revenue model for BMI (Equity share or Stock appr. Rights. Etc.)	The upfront investment to create or aid these ventures must come from external party/ parties.	Must add continuous value to venture up until exit etc. (no short hands-off programs)	The model must address/ aid on all three pillars of strong new ventures (Team, Resources and opportunity)
	Build a studio, that can operate individually and separately from the agency.	Be focused on, and fit within the broader BMI vision and mission.	Must include a separate fund which can independently operate from the studio.	
SHOULD	The idea for a start-up should be sourced before an external investor is attracted.	Result in the individual founders to have “skin in the game” in the form of equity or similar	Have one or multiple sector focus to optimize resources and knowledge	Tap into the current BMI leadership network and credibility to choose these sectors.
	Have a strong guild (resource and knowledge sharing) factor to lower operational costs	Use a poule of proven entrepreneurs as potential co-founders that can add credibility to a start-up		Aim at coming to a solid business idea for a start-up in under 3 months.
COULD	The source of the start-up ideas could be both internally sourced or externally attracted	Use different Founder models to set up the created ventures.	Involve corporates in the funding process of the operational costs or as exit route for start-up	The new model could be centered around scientific breakthroughs and not yet commercialized new technologies
WON'T	Take more than a 30% equity stake of the start-up for BMI as to stay interesting for follow-up investors	This design of the new model won't be focussed on the specific program content and/or methodology		

Figure 3.10: Design criteria canvas

DEVELOP.

In this chapter the design requirement specification is translated into design concepts. The chapter starts with the design approach an explanation of the BMI strategy refresh. It then states the new vision expression for the final concept. Finally, concepts are co-designed and validated with experts in three generative sessions.



Chapter 4.1

DESIGN APPROACH.

The design of the venture building model follows an iterative and collaborative design approach to come up with the best solution. This collaborative approach, also known as co-design, seeks to gain an in-depth understanding of stakeholder needs in the fuzzy front end phase of innovation projects. Sanders & Stappers (2013), suggest that using generative design techniques helps to gain a deeper understanding of stakeholder needs. The underlying principle of generative design rests on the recognition that there is often a disconnect between what people express and what they actually do, and more significantly, how they truly feel. Using a combination of techniques helps in reaching this deeper tacit knowledge.

The design process consist of three generative sessions with, in order: the BMI head of Strategy, an Investment manager of a fund and a technology

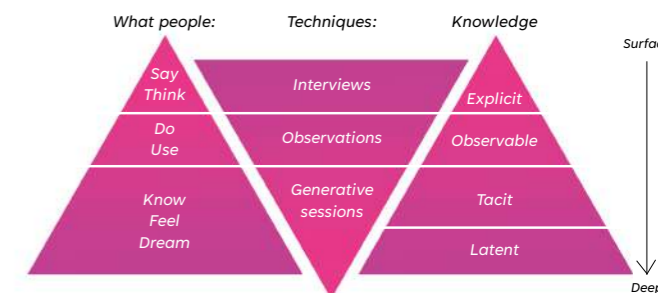


Figure 4.1: Generative design principle (Sanders & Stappers, 2013)

driven start-up founder. This follows the identified three archetypes of stakeholders that were identified in the last chapter. Each session was followed up with a individual design sprint which resulted in a rough concept. These rough concepts were then used as a starting point for the generative sessions, where the attendees could react and give feedback. This eventually led to the development of the final concept.

“If I have a thousand ideas and only one turns out to be good, I am satisfied”

Alfred Nobel

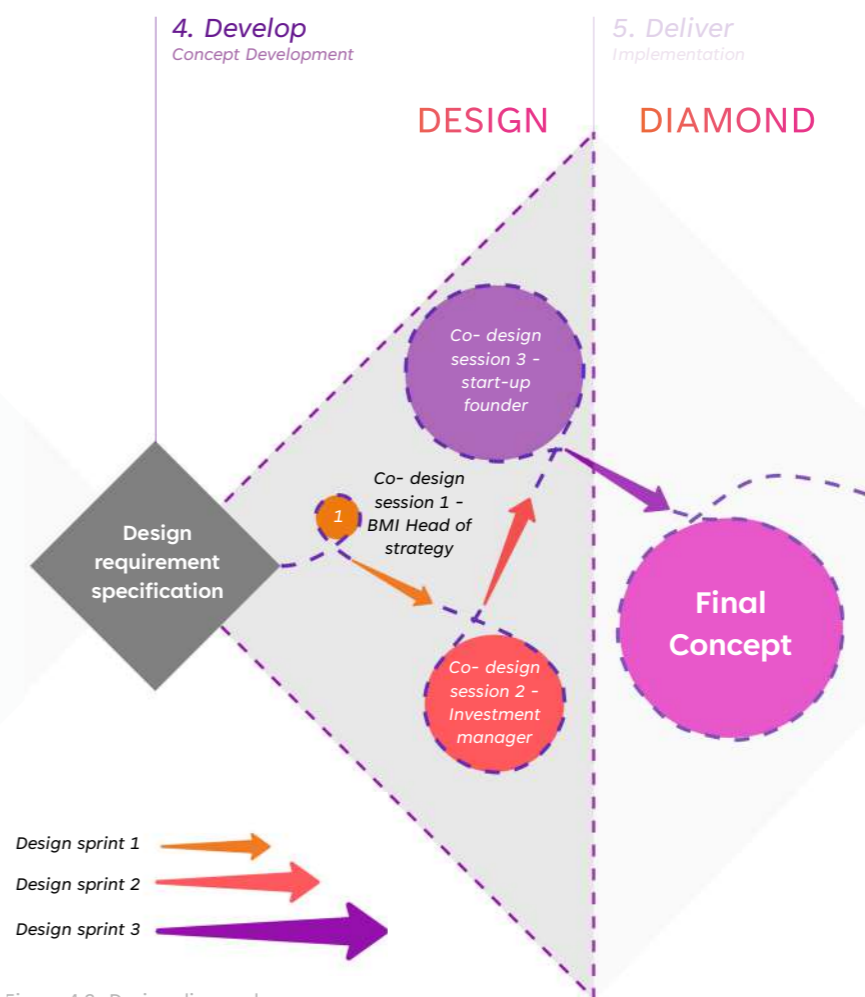


Figure 4.2: Design diamond

VISION ON DESIGN

The BMI strategy on venture building along with a refocused scope for this graduation thesis form the basis for the ideation phase of this project. This first design sprint opens with a clearly defined future vision for the value proposition. This vision is founded in the conducted research & analyses from previous chapters, and is furthermore strengthened my personal outlook and preference for the new proposition.

For the development of this future vision, the framework of Simonse (2018), was used to formulate the vision expression, which serves as the “one strategic point of reference” for an organization. According to Simonse, a strong vision expression is build up out of four distinguished properties, namely: Clarity, value drivers, artifact and magnetism. This vision expression takes the form of a written narrative with a focus on being clear, describing values and magnetic, with the artefact being developed as vision concept in the final design of the proposition.

A personal belief is coupling a technological expert with a creative driver and entrepreneurial leader as part of a start-up founding team forms a very strong foundation for success.

Tech-centric ventures: Based on personal experience, as well as insights gathered from the interviews in chapter 2, there is believed to be no shortage of great technological inventions or breakthroughs that are just waiting to be commercially developed and realized. Taking this technology push approach ensures that start-ups are created with inherent value in the form of the technology behind it. This helps in creating start-ups with some form of scientific rigor behind it, instead of trying to come up with start-up ideas for the sake of just wanting to create new start-ups.

Dismantle barriers for inventors: Like mentioned above, there is no shortage of novel inventions waiting to developed. This collection of untapped entrepreneurial potential often finds it fate not being realized and brought to market. A personal belief is that this studio needs to focus on taking

VISION EXPRESSION:

“The BMI start-up studio: bringing together technology, creativity, and entrepreneurial spirit to drive forward tech-centric ventures, dismantle barriers for inventors, and use the disruptive power of start-ups to enable radical innovation.”

Technology, creativity and entrepreneurial spirit:

A strong personal belief is held that diversity within the co-founding team is paramount for the success of the start-up. This diversity in the founder’s personality and backgrounds brings in different perspectives which results in longevity of the start-up. According to McCarthy et al. (2023), start-ups with “three or more founders are more than twice as likely to succeed than solo founder start-ups”, with start-ups that have “diverse combinations of types of founders have eight to 10 times more chance of success than others”.

away all entrepreneurial barriers that exist for these inventors to make it easier for these, often entrepreneurial rookies, to realize the business value of their inventions.

Disruptive power of start-ups to enable radical innovation: Is was Klaus Schwab that said that: *In the new world it’s not the big fish which eats the small fish, it’s the fast fish which eats the slow fish.* The nimbleness and innovative nature of start-ups can serve as the perfect agent to tackle global wicked problems and force corporates and governments to enact real change.

DESIGN SPRINT 1

The new vision on design provide a starting point for the first design sprint of the BMI start-up studio. This first iterative sprint started with following a framework developed by Yoskovitz (2023), which lays out 60 questions in 4 different areas to help better understand and design a start-up studio model. From these, 7 key elements emerge which were used to come up with the design sprint 1 value proposition. These key elements are: Idea Sourcing, focus area, Support Resources, Investment Capital, Equity Share, Revenue Model and Post-Studio Support. To follow an iterative process, a high level model is presented in design sprint 1, which is further sharpened and defined in the later generative sessions.

The value proposition

The value proposition of design sprint 1 closely follows the earlier stated vision expression, and aims to: help inventors bring their ideas and technologies to market, by lowering the barriers to engage in entrepreneurship and increasing the impact that these novel technologies can have on society.

This model is build up out of 5 stages which are aimed at: scouting and finding these highly motivated inventors which are sitting on valuable novel technologies, bringing them together with BMI business designers that can translate a technology proof of concept, into commercially viable business ideas. The studio then helps in creating the actual entities, bringing together the right group of founders to drive this business idea forward. The newly formed “NewCo” then get a starting ticket as investment, as well as full studio services to build towards a product-market fit and actually going to market with their newly developed proposition. The studio helps these NewCo’s in getting the legal entity sorted, making sure the technology transfer and intellectual property is transferred to the newCo, as well as helping with other operational hassle that keep the newly formed founding group from doing what they know and love: building strong products and getting them to market. Because multiple different NewCo’s are set up per technology, operational efficiency can be reached by co-developing technology and sharing knowledge and resources. The model finally aims to build out these ventures to stable, standalone companies that can thrive on their own after they graduate and exit from the studio.

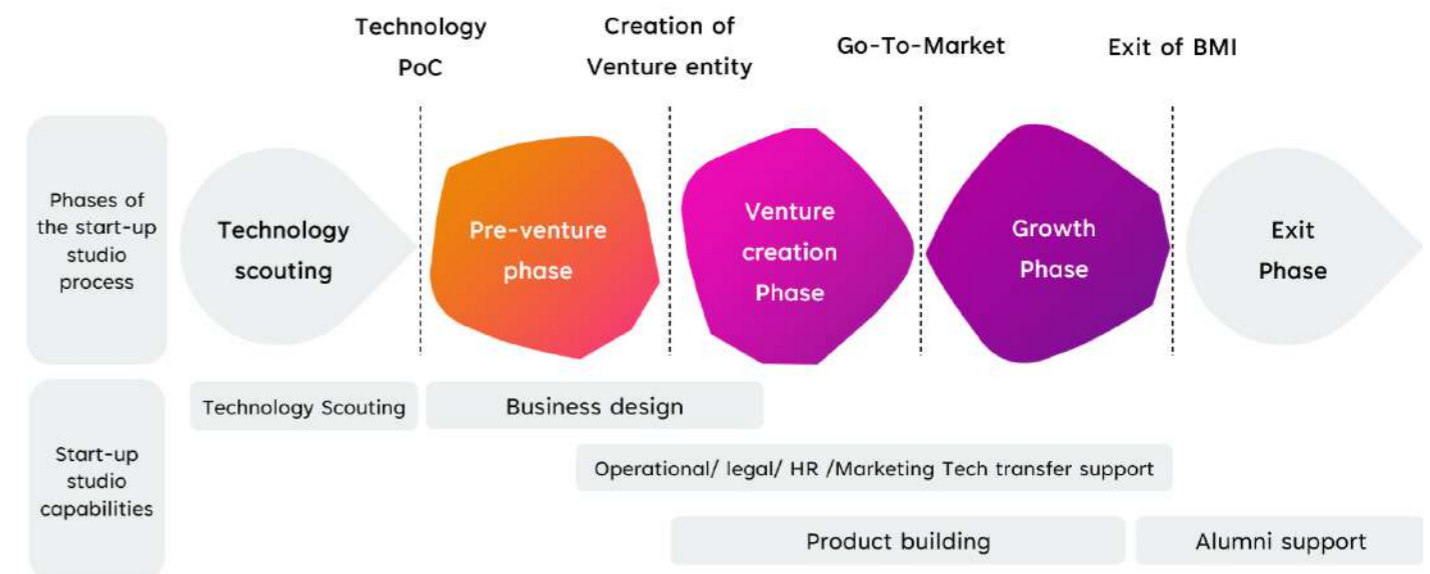


Figure 4.5: design sprint 1 process diagram of the value proposition

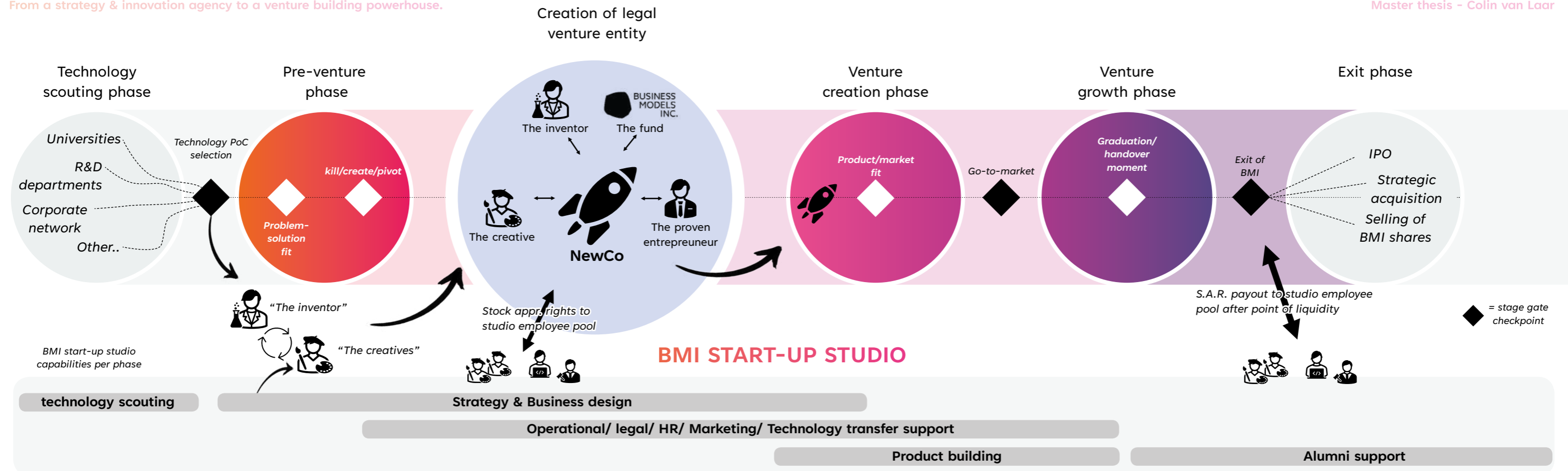


Figure 4.6: Detailed process diagram of the value proposition

Technology scouting phase

This phase involves BMI technology scouts that will go out to universities, R&D departments, corporates, or other places to find novel technologies or inventions that can be commercialized into viable new businesses. The Scouts are looking for technologies that have already reached a proof of concept, hold, or are able to hold, intellectual property, but are not yet developed into ventures yet. If the technology is developed enough, the inventor is excited and motivated, and the studio sees possibilities for commercialization, the inventor/technology combination is recruited to the pre-venture phase. The idea is that multiple different technologies are recruited for which also multiple business ideas can be developed into actual ventures.

Pre-venture phase

This phase will take in the inventor for an intensive ~three month program, and have them iterate and co-create with business designers from the start-up studio, also called: the creatives. The idea for this phase is to come up with, design, validate and develop start-up ideas around the recruited technology. Once multiple high potential ideas

and business cases are developed per technology, a final check, which is called: kill/create/pivot, is done before a green light is given to actually start setting up the NewCo's. When the green light is given, different Studio employees join the process to make sure that the legal and operational side of setting up the venture are taken care of. Think of, technology transfer and other legal documents that are required.

Creation of legal venture entity

Between the pre-venture phase and the venture creation phase, the actual legal entity for the NewCo's are created. Here, the inventor steps in as one of the cofounders of the NewCo, together with a recruited proven external entrepreneur, that has extensive experience with the early stage start-up process. Then, one of "the creatives", that has been closely and personally involved within the pre-venture phase, leaves the start-up studio to join as the third cofounder of the venture. A fourth part of equity is created for the BMI studio fund which in return, offers a starting investment ticket for the NewCo, as well as provide the studio services to the venture. Employees of the start-up studio are represented in a so-called employee pool. To keep the cap table of the NewCo tidy

and interesting for later investment rounds, as well as keep the initial investment for the studio's operational costs low, the studio employee pool is given stock appreciation rights by every NewCo, which are paid out once the the NewCo raises additional investments or is acquired later on in the start-up studio process.

Venture creation phase

In this phase, the NewCo's are created and they can begin to work towards a product-market fit and bringing their ideas to market. Next to services like marketing, the studio offers product building services which allows the NewCo access to cheap production and development. Because the R&D and technology development costs can be shared among multiple different NewCo's in the process, the price and duration to get a product or service to market is drastically reduced, in comparison to organically grown ventures.

Venture growth phase

In this phase, the NewCo's will mature into more established companies with the end goal to become standalone and partially detached from the start-up studio. In this phase, when a

clearly defined graduation or handover moment is reached, the NewCo's will stop receiving regular studio services and become studio alumni. At this point, alumni services from the studio will be provided, which focus on helping the NewCo with its exit strategy.

Exit phase

In this phase, the BMI studio and fund aim to exit the NewCo's. This can either be done through an IPO, strategic acquisition, liquidation of BMI share or through other means. Once a NewCo has exited, the fund receives its equity share, with the studio employee pool being paid out the stock appreciation rights.

Financial model

The Start-up studio financial model is based the frequently used "dual entity model", referred to in chapter 2. This model makes use of two separate entities in the form of the studio and the fund. Here, the fund is managed by the studio as general partners (GP), and allows for separate and individual control by the limited partners (LP) to access, and invest in the individual NewCo's. The limited partners are made up out of the investors

of the fund. These investors could be corporates, other VC funds, the BMI agency self (a preferred option once the model becomes self-sustaining) or other investors. LPs do not own equity in the fund in the traditional sense. Their 'ownership' is more accurately described as a share in the profits and losses of the fund's investments. The fund itself owns the assets or investments, and the LPs have a contractual right to a portion of the returns generated from these investments.

The studio fund is tasked with two types of investments: investing initial starting tickets into the NewCo's once the entities have been created, as well as fund the operational costs of the start-up studio. The studio in return, provides its services to the NewCo's.

Because the employee pool of the studio receives stock appreciation rights with every created NewCo, a lower salary/fee can be offered to the studio employees which lower the operational costs of the studio.

Next to investing in the studio fund, limited partners like a corporate, can choose to additionally invest in specific NewCo's they are interested in, or invest in a specific cohort around a technology they are interested in. The studio could also be able to gain funds through subsidies or other investments that are geared towards promoting general entrepreneurship, and less towards purely realizing financial returns on the investments made.

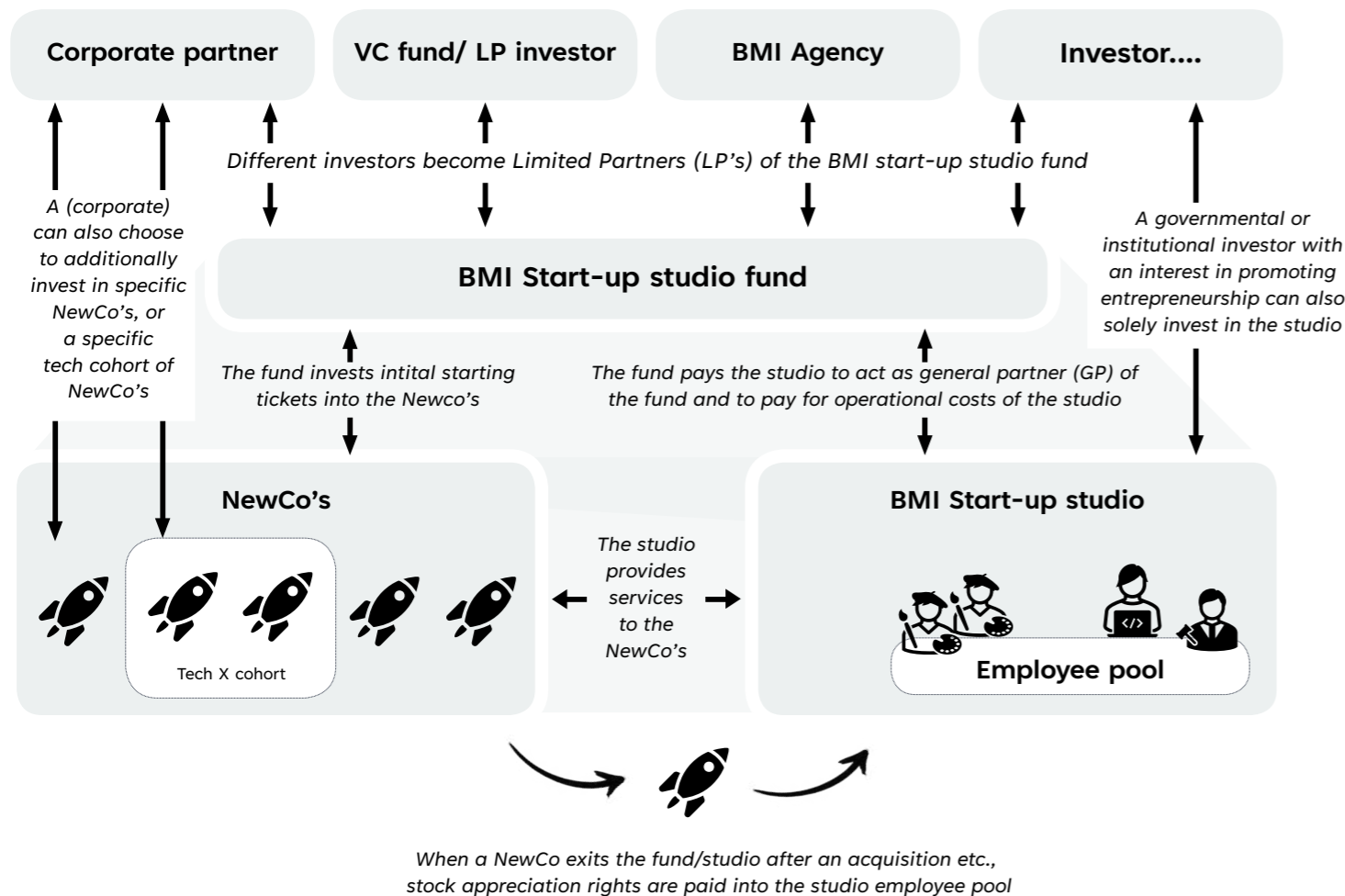


Figure 4.7: Financial overview of the design sprint 1 value proposition

Value maps

The left part of the value proposition canvas is used to indicate the gains that are had by the different stakeholders in this model. The left part of the canvas is called the value map and in order to create a proposition that aligns with the needs of the personas, a so-called "fit" needs to be found between the earlier mentioned customer profiles and the value maps. These value maps focus on gain creators, pain relievers and specific products/services and support the further development of the value proposition in the upcoming generative sessions and design sprints.

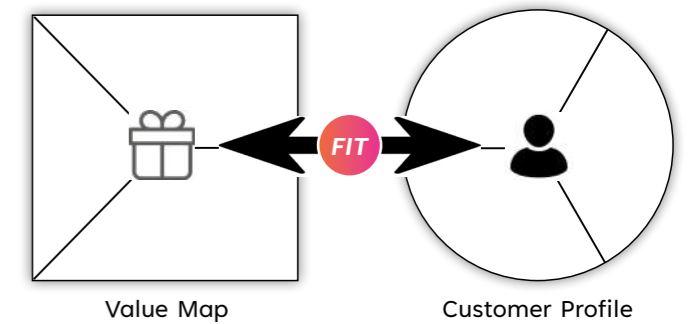


Figure 4.8: Value proposition canvas



Figure 4.9: Value map for the "driving force"

“THE INVESTOR”



Figure 4.10: Value map for the “investor”



Figure 4.11: Value map for the “supporter”

“THE SUPPORTER”

GENERATIVE SESSION 2

The value proposition from the first design sprint was further developed during the second design sprint and used as artifact and starting point for the second generative session. This session was conducted with an **investment specialist and fund manager of a University technology transfer office and investment fund**. Considering that the proposed value proposition involved technology driven start-ups which are often IP heavy, as well as having a specialist in making early stage start-ups investable by external investors, made this session incredibly useful for validation and co-creation. Within the session, the value proposition was shown and elaborated on, with the participant being able to ask questions and give feedback on the model. This resulted in the following insights:

Market competitive compensation for IP: Within the model, there is no equity stake being given to the holder of the intellectual property. When developed through a university or corporate, the inventor is not the holder of the intellectual property but the university or corporate is. This needs to be presented within the model and could have serious implications on the cap table. To get this IP into the NewCo, the IP holder needs to be compensated according to market conditions. The IP can be transferred to the NewCo by purchase or an equity stake, but often licensing or royalty deals are also used. The attendee advised to keep all these options open within the model to offer flexibility.

Look for investors over VC funds: In the model, a VC fund is shown as possible investor into the studio Fund. This studio fund however is, in some ways, the VC itself. Since the business model of a VC fund is to ask a management fee for investing capital from other investors, it is more advisable to directly target these “LP” investors that are investing into the VC funds. Another option is to partner up with a venture capital company and let them set up and manage the BMI studio fund. This is however likely more expensive due to the high management fees that are generally being asked by these VC's.

Shortening runtime and amount of pivots is a key value proposition: Especially in technology based start-ups, there is a lack of capable entrepreneurs within the founding teams. This makes this studio proposition very interesting. Especially if you can clearly communicate to investors that you can drastically shorten the time-to-market and amount of pivots needed for these start-ups to reach value.

Recruiting experienced founders is hard: According to the attendee, finding capable, but more importantly willing external and proven entrepreneurs is absolutely the hardest thing about this model. It is also the most important thing to make the start-ups within this model succeed. Therefore, a suggestion is to work with, or hire experienced recruiters to create a strong pool of potential entrepreneurs.

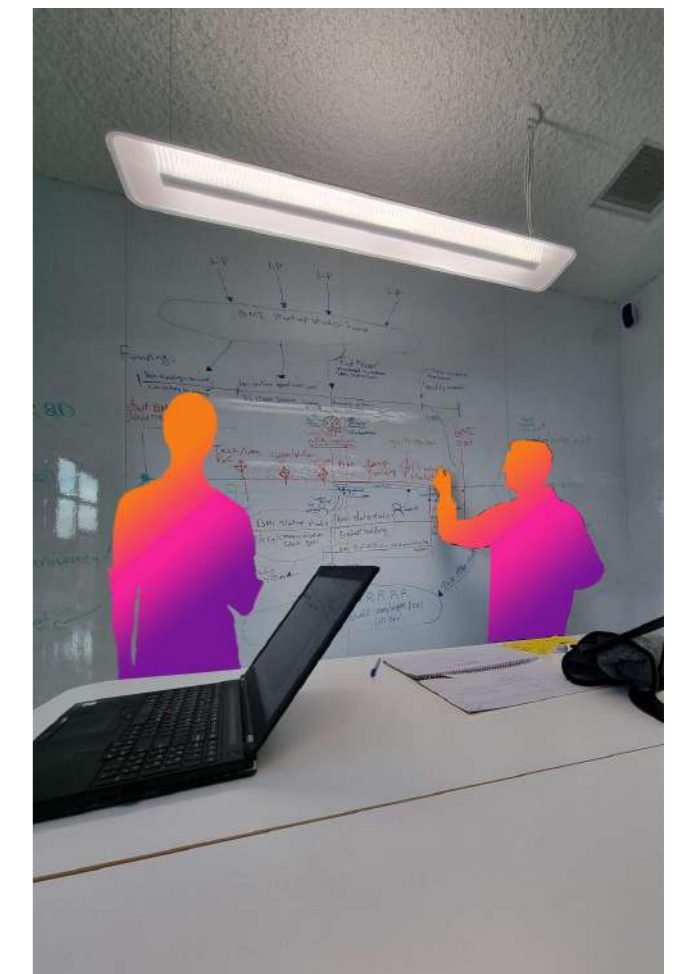


Figure 4.12: Picture of second generative session

Technology development needs to stay in-house:

The idea of getting operational efficiency by jointly and collaboratively developing technologies within the studio for multiple start-ups, drastically lowers the value of the individual start-ups. The IP, but more importantly, the control over the development of technology needs to be at the individual start-ups to make sure that they hold on to that value when new investors want to step in. The so-called “guild factor” or operational efficiency by sharing resources, therefore needs to be focused around non-valuable or non-competitive resources like legal, marketing, HR, or operational services.

Do a rough financial forecast to estimate business case desirability:

Because operational/management costs for venture capital funds, let alone a start-up studio (which offers way more services), can quickly become incredibly steep, it is important to make a quick financial forecast to see how the desirability of the model holds up. Similar models are known to take exorbitantly high amounts of equity (up to 80%). A key for this model to work, is to keep looking at how the operational cost can be curbed as much as possible, like is done with giving stock appreciation rights for the employee pool.

GENERATIVE SESSION 3

The final generative session was held with a **first-time founder of a technology based artificial intelligence hardware start-up**. This generative session was geared towards validating and cocreating the BMI studio model through a founder/inventor lens. Because this model is focused on scouting technologies and their inventors at universities and R&D departments, it was interesting to collaboratively look at this model with someone that spun out her idea from a university. Within the session, the value proposition was, again shown and elaborated on, with the goal to extract interesting insight from the attendee of the session. That resulted in the following key insights:

“Where was this 2 years ago?!”: According to the attendee, this model would have been perfect for her when she began with her start-up. Especially a model which is geared towards lowering any barrier to entrepreneurship by taking away all the hard or messy parts like legal and finance would make it a lot easier for scientifically driven people to engage in entrepreneurship.

Start with technology scouting early: For scouting technology that is optimal for taking into the studio model, the perfect timing is everything. When a certain technology is taken into the studio too early, a lot of time and money is wasted on doing R&D to get the technology to the right level. When you engage too late with a certain technology and inventor, the market might be too saturated and less commercially interested. For this, make sure to engage with inventors early to create trust and familiarity, but have clearly defined requirements for actually recruiting a technology for the start-up studio.

Take legal into account early in the pre-venture phase: It is important to involve legal and IP capabilities early in the ideation phase of a venture. Especially in deeptech ventures, intellectual property and technology transfer are the biggest hurdles and determinants for the value of the future venture. When these legal capabilities are involved in the early ideation phase, they can help shape the most perfect business case and value proposition to capture the full potential and value of a technology.

Look for a co-founder with specific industry experience: Like the investor specialist from the second generative session, this attendee also acknowledges the importance for a strong pool of potential entrepreneurs to co-found these NewCo’s. Specific requirements are mainly dependent on what the other co-founder would bring to the table, but the one must for these entrepreneurs is bringing in very specific industry knowledge. This is especially important when dealing with deeptech ventures.

Create a strong proposition to convince inventors:

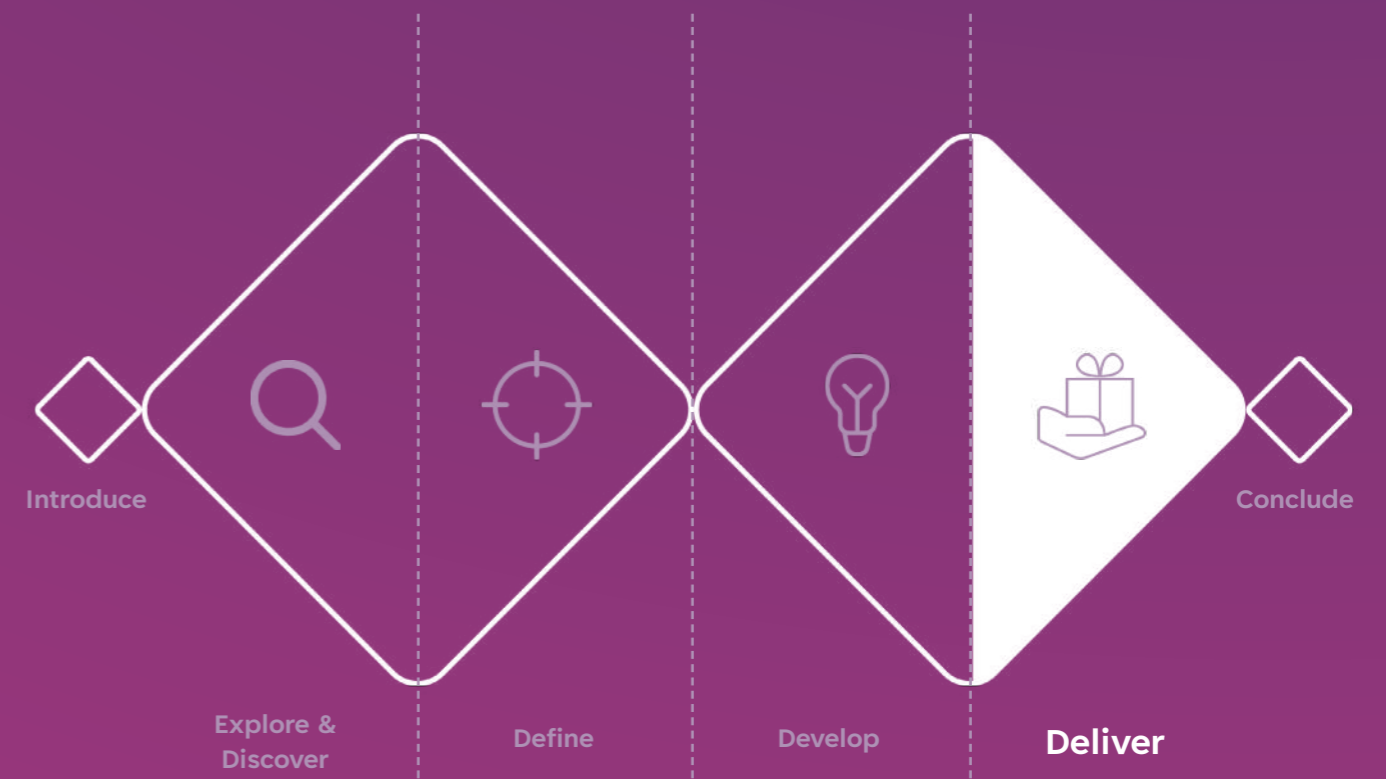
Inventors that come from university are very rarely money or business driven. It is therefore very important in communication and goals to show how building businesses through the BMI studio can create a social impact and be a force of good. This makes it easier to get these inventors on board. For instance, make it easy for inventors to ease into the entrepreneurial process and also offer a solution where an inventor can become just an advisor instead of solely co-founder. This flexibility can also help with motivating inventors to actually start their own entrepreneurial journey, rather than forcing them to completely give up their scientific career. Offering this flexibility allows the studio to tap into these highly valuable technologies, even when the inventors do not necessarily want to start their own ventures.

The personal connection: The attendee states that a strong founding team is paramount to the success of the venture. This also often comes down to personal preferences and feelings. It is important to engage in personality testing and matching to make sure that there is an actual founder fit between founders. It is often not the most capable or knowledgeable person that is the perfect fit for an inventor, but rather a perfect match of multiple different factors. This match includes personalities, but also vision, goals and motivation. This new proposition needs to build in checks and balances for these founder relationships and consider using multiple different founders per phase of the venture to ensure always having the right founding team at the right time. This adapting of leadership strategy is very common in the start-up scene because different phases of a start-up require different skillsets, personalities and networks (Emily, 2023). It is important allow for the possibility of founder change in the future BMI start-up studio program to account for this.



DELIVER.

This chapter provides the final design for the value proposition of the start-up studio. This final design is presented in the form of a pitch deck, an organizational chart, capability overview, a financial forecast, and a roadmap.



Chapter 5.1

FINAL DESIGN.



Figure 5.1: "The Studio" logo

"I like the dreams of the future better than the history of the past."

Thomas Jefferson

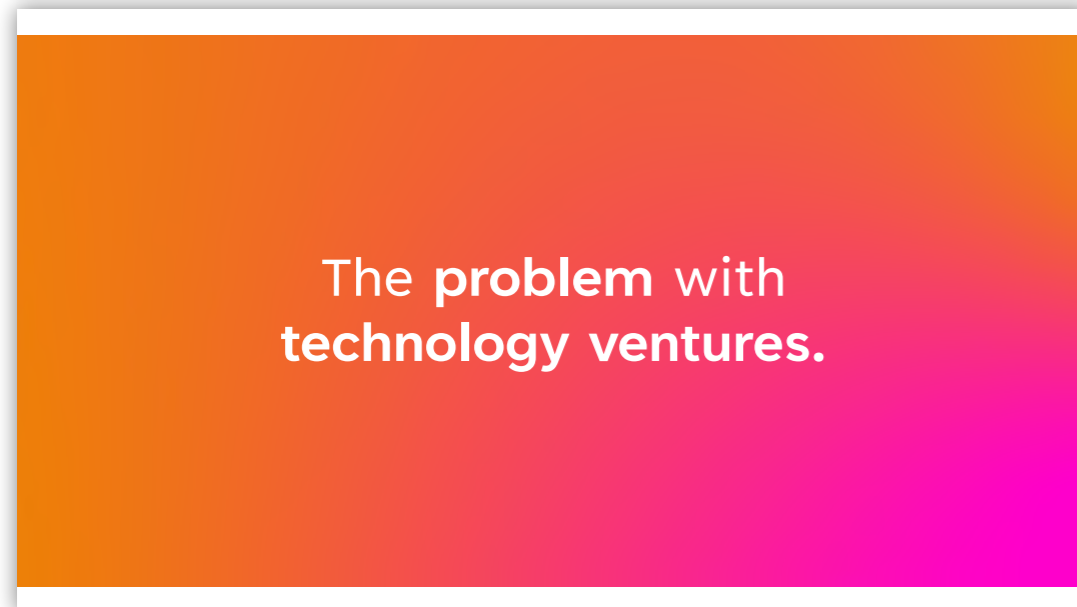
This chapter will provide and elaborate on the designed new value proposition: "The Studio" by Business Models Inc.

In this thesis, the deck is also used to present the studio value proposition, together with some additional notes for further clarification.

The Studio proposition consists of several different elements. The first part includes a pitch deck style presentation that explains in detail the problem with current models, the solution, process and added value for different stakeholders that are present in the model. The deck that is presented in this thesis is sometimes also referred to as an investor deck. The difference between a pitch deck and an investor deck is that an investor deck should be used as a standalone tool that provides detailed information to an investor (Stoiber, 2022). A pitch deck is often less word-heavy and is used as an assistance tool for someone that is additionally giving a pitch. The deck presented in this thesis (appendix) is also to be seen as a standalone tool to mainly inform and explain to investors, inventors and entrepreneurs what the precise proposition is for the studio.

The second element of the proposition is a description of a minimum viable organization, or MVO. A minimum viable organization follows the MVP, or minimum viable product within the minimum viable philosophy and is defined as: "just enough people and process to support the Minimum Viable Service and provide feedback for future organizational development" (Minimum Viable Philosophy | LinkedIn, 2019). The MVO is designed to explain what capabilities and human resources are, at minimum, needed to introduce the studio value proposition as standalone entity for BMI.

As a third element, a rough financial overview and roadmap are presented to show how the proposition can be implemented as a separate BMI entity. The roadmap follows a clear three horizon structure to show what operational steps are needed before the studio proposition can be launched, and how the proposition will then develop over time.



PITCH DECK

“The Studio” follows a simple theme of launching new technology ventures. This is also reflected in the logo, with a rocket representing the i in studio and the “BMI Morphing purple blob” as the dot on the i representing the nimble, flexible and ever-changing nature of early stage ventures. The Studio is a separate business entity that will be part of the BMI network.

The mission statement of the studio incorporates the four values expressed in the vision expression of chapter 4.

The last value emphasizes the focus on radical innovation. This results from the technology push, design driven approach that the studio follows, which is explained later in the deck.

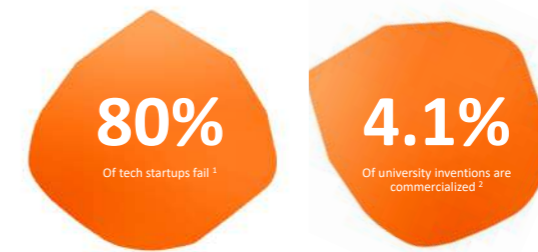
The deck follows a problem-solution structure, as is common practice in pitch decks for early stage ventures.

The orange bar on the bottom of the slide, indicates the problem slides, which later changes to a purple bar with the solution slides.

A lot of business potential is left on the table.

The flexibility and nimble nature of start-ups hold a lot of potential for creating exponential value out of innovative technologies. However, **start-ups are very risky, with over 80% of technology start-ups failing.**

That is, if the technology is even commercialized. Over 95% of university inventions will never even make it to market.



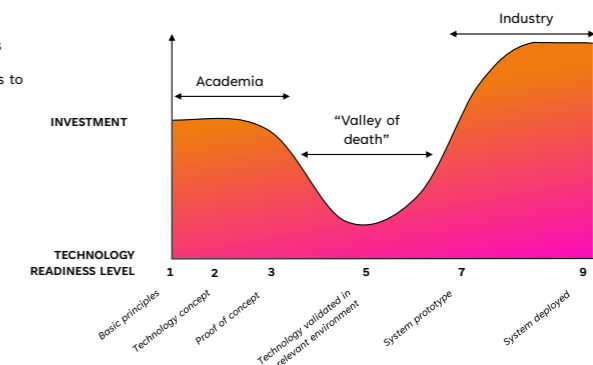
The problem with technology ventures

1. Shupe, R. (2013, February 4). why startups fail. CB Insights Research.
2. Hill, S. (2021, December 3). From Concept to Commercialization: The Importance of Supporting IP in our Universities - The Big Idea.

This slide emphasizes the high risk associated with technology ventures, but also shows the untapped potential of technology inventions that are not yet utilized for commercialization. This is one of the arguments to explain the design choice that was made to focus on technology driven ventures.

Crossing the valley of death.

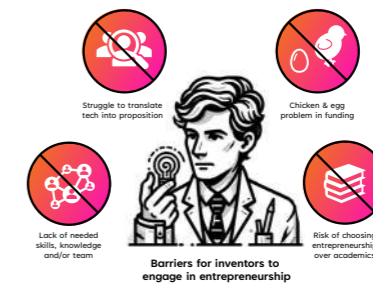
A lot of high potential technologies and inventions strand in the so-called “valley of death”. A **gap in available funding** that prevents these technologies to become start-ups and move out of this risky early start-up stage to commercialize their invention.



The problem with technology ventures

What limits these technologies in becoming successful ventures?

- Technology “inventors” often **lack the entrepreneurial skills and knowledge (Network, Legal, finance, etc)** to successfully spin out these technologies. Or **do not have the right founding team** to do so.
- Technology inventors often struggle to **translate a technological solution into a commercially viable business case** that services a clear customer need.
- They often run into the “**chicken and egg problem**” in terms of funding: Their proposition is not developed enough to raise capital, but because there is no funding yet, they have no resources to develop their proposition.
- Inventors are not sure if they want to make the **risky move of fully committing to entrepreneurship** and leave their **academic career** behind.



The problem with technology ventures

Since the key to commercializing these technologies often lies with the inventor, it is important to focus on the current barriers that withhold these inventors to go for the route of entrepreneurship.

Problem with existing models of de-risking technology ventures.

Current models that exist around de-risking the start-up process of technology ventures, and making it easier for inventors to engage in entrepreneurship often have a **singular focus, take a hands-off approach, or are purely financially driven.**

The reasons that start-ups fail or succeed can be characterized into three different areas, namely the **human factor, the resource factor and opportunity factor.**

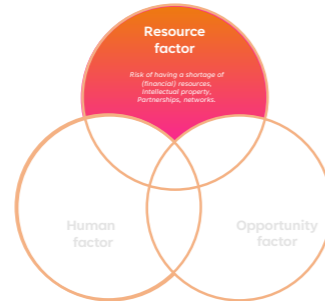


The problem with technology ventures

Problem with existing models of de-risking technology ventures.

A **Venture Capital fund** has a singular focus on de-risking technology start-ups by purely providing financial resources. A VC fund often does a little bit of due diligence, but generally take a very hands-off approach to venture building, not involved with the founding of the start-up, the forming of the perfect founding team, or help with designing the perfect value proposition that focusses on specific customer needs.

An **Incubator** also take a limited hands-off approach to venture building and only provide resources like office space and simple support, but is often not involved from the start of the venture creation.



The problem with technology ventures

Problem with existing models of de-risking technology ventures.

An **accelerator** does provide business design support, and other hands-on support to help create a feasible, viable and desirable business case. Some accelerators also provide a small initial investment ticket to the start-ups that enter.

However, an accelerator also only engages with existing ventures with already established founders. It also acts as a **limited short-time program of around 3-6 months**, but often does take equity for this, resulting in **dead equity** that does not provide continuous value to the ventures.



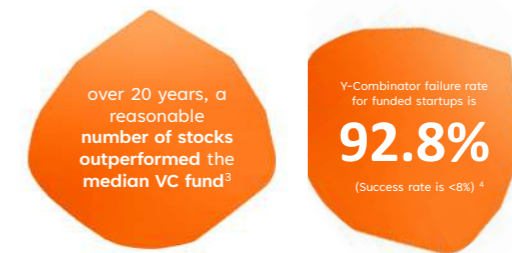
The problem with technology ventures

The problem with other models that would help inventors in commercializing their technology, often lack the overall, full package support and strategy on de-risking the start-ups on all fronts. Something that is present within a studio model.

This singular de-risking approach is reflected in the numbers.

When looking at the **average return** of a median **Venture Capital fund**, it doesn't even seem to reliably **outperform** the **stock market** in terms of returns.

When looking at **Y-Combinator**, the most well-known and leading **global accelerator program**, the **success rate** doesn't seem to even reach the **10% mark**.



3. Elder, B. (2023, August 17). Venture capital funds are mostly just wasting their time and your money. Financial Times.
4. Startup Growth and Venture Returns, AngelList, Dec 2019. Dear Entrepreneurs, Here's How Bad Your Odds Of Success Are, Business Insider reports 92% failure rate at VC, based on 87 of 913 (7.2%) companies over past 5 years have been acquired or worth more than \$400M. Assuming 50 application to accept ratio, the failure rate for applying to VC is 92.8%.



The problem with technology ventures

The solution.





A Start-up studio that scouts high potential technologies, designs, validates & creates radical venture ideas, finds, launches and invests in the perfect founding teams, and continuously supports these ventures to grow.

What is a start-up studio?

A start-up studio is defined as:
 "an Organization that use their internal resources and ideas to produce companies in a factorylike manner, with a focus on speed, efficiency, and scale, and using standardized processes and shared resources".⁵

The studio model follows the push of de-risking the start-up process even more, as studios are meant to own a significant portion of execution from day one. Next to this, studios are involved from the beginning, remain involved for a large percentage of the ventures journey to maturity, and repeatedly engage in the venture building process, which improves and standardizes the venture building process along the way.

In contrast to other models, the Studio acts as real co-founder to the ventures, are involved from the start, and take on a pro-active approach in building and growing the ventures.

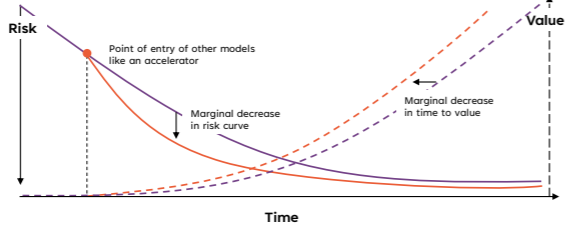
Model	Resources	Business ideas	Builds team	Provides & finds capital	Acts as co-founder	Support services	Use of venture building methodologies
Start-up	Capital	Support	●	●	●	●	●
Studio	Capital	Support	●	●	●	●	●
Accelerator	Capital	Support	○	○	○	○	○
Incubator	Capital	Support	○	○	○	○	○
Venture	Capital	Support	○	○	○	○	○

Model comparison⁶

5. Muñoz Alvarez, N. D. (2021). Venture Studios: Analyzing a New Asset in the Venture Ecosystem
 6. The Venture Studio business model explained. (n.d.). Next Big Thing AG

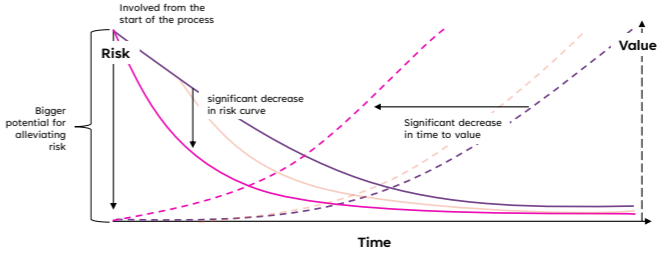
“The Studio” gets involved early in the process.

We engage in a very early stage of the venture process. Even before a venture is created, a business plan is written or a team is found. This allows us to be involved from ideation until exit, ensuring the most potential for alleviating risk on all fronts. This allows Business Models Inc. to capture and create more value, earlier and faster than other venture building models.



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One of the main unique selling points that comes with a studio model, is that it significantly decreases the time it takes a venture to create value. The so-called time-to-value is decreased because of the standardized processes which make it incredibly easy to launch ventures compared to traditional ventures.

“The Studio” proposition.

In contrast to organic start-ups or other venture building models: “The Studio” by BMI positions itself as a venture building model that aims to de-risk the process of building technology ventures along all three important factors of successful start-ups:

The Studio scouts innovative and high potential technologies and their inventors and translates them into viable and commercially interesting business cases.

It then finds and recruits the right founding team for the job, launches the venture entities and invests a starting investment ticket to kick-start the venture.

Offering continuous support to the ventures with studio services like, legal, finance, marketing, technology transfer, value proposition development, follow-on investments etc. with the aim to further develop and grow the venture along its journey. All the way towards an exit.



The deck circles back to the problem of the singular approach that was explained in the problem slides, by showing how the proposition targets all three factors of creating successful ventures in its process.

STUDIO proposition.

What we do: De-risking the process of building technology ventures along all three important factors of successful start-ups:

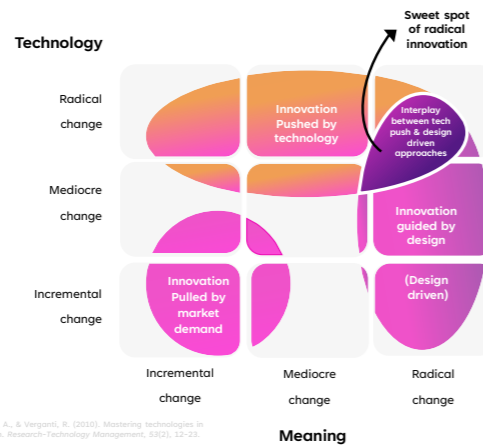
- Opportunity factor:** We scout technologies & inventors to ideate and design venture ideas with.
- Human factor:** We create the perfect founding team to lead these venture by recruiting a diverse mix of people, needed for launching a successful start-up.
- Resource factor:** We help the founders launch the ventures, providing an initial starting investment and continuously supporting them with studio services.

Why a technology push/ design driven approach?

Today's world is faced with radical problems, which require new radical solutions.

At the studio, the hybrid approach of technology push and design-driven innovation forms the cornerstone of our strategy. This balanced approach ensures that our ventures are pioneers in driving the most innovative technologies, which are guided and formed by Business Models Inc's, award winning business design approach.

Launching ventures which use the newest innovative technologies to enable human-centric radical innovation perfectly aligns with the BMI mission of creating businesses that move people and planet forward through entrepreneurial talent and big ideas.



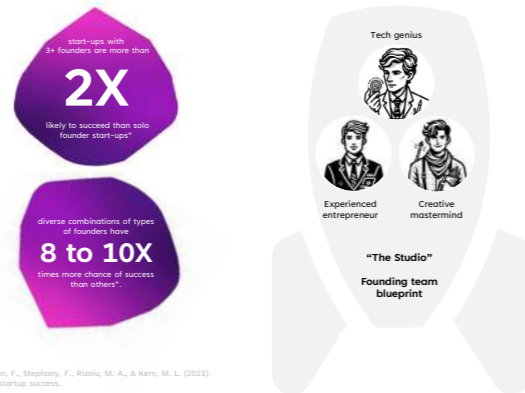
Solution: The Studio by: Business Models Inc.

The perfect founding team for launching technology ventures.

At "The Studio", we believe that diversity within the co-founding team is paramount for the success of the start-up.

start-ups with "three or more founders are more than twice as likely to succeed than solo founder start-ups", with start-ups that have "diverse combinations of types of founders have eight to 10 times more chance of success than others".⁸

At "The Studio" we believe that the perfect founding team is formed by a **technological genius, a creative mastermind and an experienced entrepreneur**. A team that reflects the common challenges faced by new ventures, as well as a team that can perfectly drive forward these radical innovations.

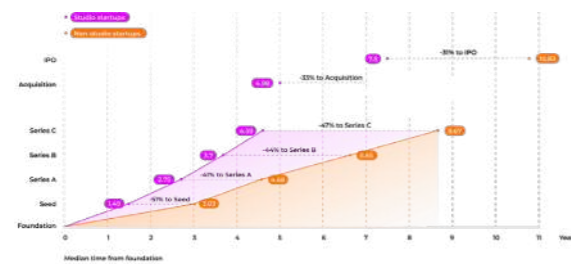


8. McCarthy, P. X., Gong, X., Braessmann, F., Stephany, F., Riisak, M. A., & Kern, M. L. (2023). The impact of founder personalities on startup success.

The success of the studio model.

The success of the start-up studio is reflected in the numbers. Although a relatively new phenomenon, the initial success coming out of the start-up studio model is noteworthy. With a **53% IRR for studio start-ups**, in comparison to 21.3% with traditional start-ups.

Studio start-ups also reach **follow-on investment twice as quickly and exit about 30% quicker** than traditional start-ups.⁹



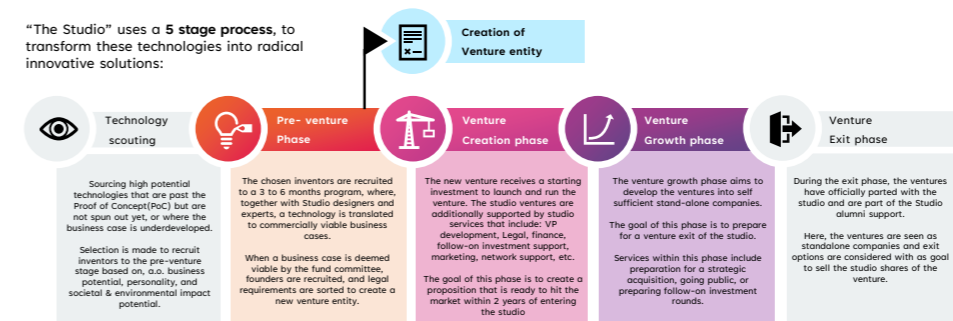
Solution: The Studio by: Business Models Inc.

In order to actually create ventures that provide radical innovation, innovation management literature teaches us that a combination of a technology push approach, and a design driven approach to innovation can create both, new functions for technology and new meanings for users.

Our unique process for launching studio ventures.

STUDIO Process.

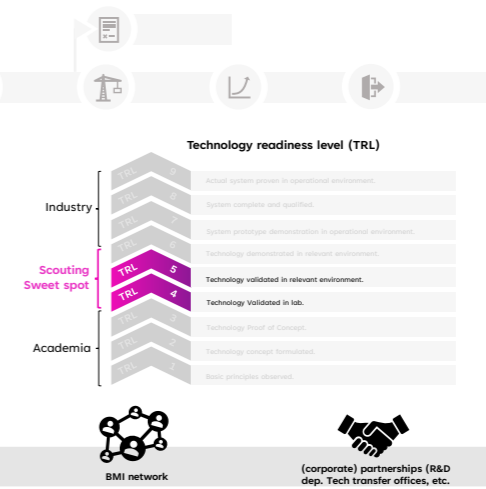
"The Studio" uses a 5 stage process, to transform these technologies into radical innovative solutions:



Solution: The Studio by: Business Models Inc.

Technology scouting.

The studio looks for the most promising and high potential technologies that have past **technology readiness level 3** (Proof of concept). This is done through either technology scouts from the Studio, sourced internally through the BMI network, or through partnerships with corporate R&D departments, technology transfer offices of universities or governmental research institutions.



Solution: The Studio by: Business Models Inc.

Although the studio concept is relatively new, early data is shown in the pitch deck to:

A: show that model works

B: show that the model can have a significant improvement in the return on investment for investors.

Because having the correct timing when scouting suitable technologies is extremely important in this model, the deck shows that the studio makes use of different capabilities to do this, such as strategic partnerships to increase the potential flow of suitable technologies.

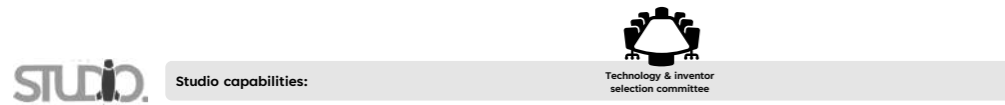
Technology scouting.



The selection criteria for the technologies and their inventors include:

- Technology needs to be past Technology Readiness Level 3/4, but not yet incorporated into a legal entity like a venture or R&D department
- The technology must provide clear, inherent value, in line with the BMI mission
- The technology must be in line with one of the decided focus groups (TBD)
- The intellectual property (if applicable) must be able to be acquired/fused in the future venture
- There must be a clear connection between the technology inventor and the studio. The inventors must be willing to participate in commercializing his/her technology together with BMI

When a high potential technology/inventor are identified, a proposal is sent to the selection committee which assesses the technology. If selected, the inventor is invited to the 3-to-6 month program of the pre-venture phase.



Solution: The Studio by: Business Models Inc.

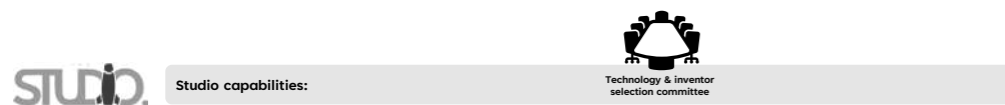
Technology scouting.



Example technology focus groups could include:

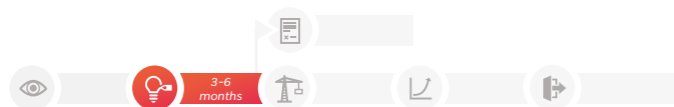
Climate technology: With technology examples like Carbon air capture, Perovskite tandem solar cells, wave energy generation, silicon anode batteries, etc.

Enabling technologies: With technology examples like AI in predictive maintenance & manufacturing, conversational AI, Blockchain, Edge computing, Parametric & Generative design, etc.



Solution: The Studio by: Business Models Inc.

Pre-venture phase.



When a technology is chosen, the inventor joins the 3 to 6 month ideation program, in which multiple ideas are created, validated, tested, cancelled, perfected and designed. A monthly fee is paid to the inventor to incentivize the inventor to participate in the program. This fee is paid for by the studio when no ventures are eventually created, and is subtracted from the initial investment ticket when one is created. For this, a group of business designers and experts take the inventor through an extensive program that results in either: none, one, or multiple concrete business cases for the venture.

The types of experts, amount of business designers and type of program are dependent on the type of technology. After the ideation program, the business cases are presented to the studio investment committee which chooses which, if any, business cases get the green light to be developed into actual ventures.



Solution: The Studio by: Business Models Inc.

Pre-venture phase.



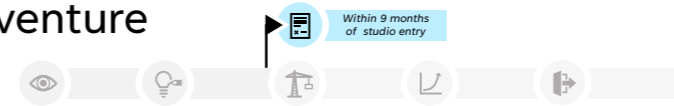
The investment committee, which oversees the studio fund, reviews and assesses the business cases on: value proposition, market potential, intellectual property, competitive landscape, alignment with studio mission & vision, etc. The committee is independent from the studio employees and assesses the business cases like any other pre-seed investor would.

When a business case gets the green light from the committee, sourcing and recruitment of a capable and correct founding team commences. Next to this, the venture entity formation team starts with getting the legal paperwork in order, to create and launch the new legal entity.



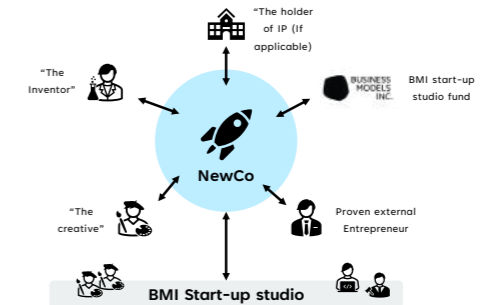
Solution: The Studio by: Business Models Inc.

Creation of venture entity.



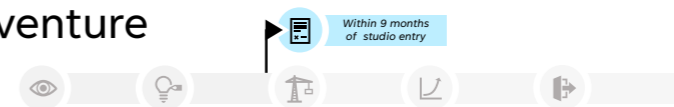
When the correct founding team is recruited, and the paperwork is in order, the legal entity, or NewCo, is created.

- The inventor, or the "technological genius", steps into the new company as co-founder and fulfills an active role in the company, in return for equity.
- The BMI start-up fund, invests a starting ticket into the NewCo in return for an equity share.
- The creative, or a business designer from the pre-venture phase, enters the company as a co-founder and leaves the studio in return for an equity share.
- A proven external entrepreneur is recruited by the studio to step in as co-founder of the NewCo in exchange for equity.
- The BMI start-up studio supports the NewCo with all its different capabilities and services. The Studio employees pool receive stock appreciation rights which are paid out when the company exits the studio.
- The IP holder: is either bought out, licensed, or receives equity based on insights from the venture entity formation team, as well as preferences from the IP holder.



Solution: The Studio by: Business Models Inc.

Creation of venture entity.



The founding team of the studio ventures follow the before mentioned: diverse founder, 3 background approach, with an "experienced entrepreneur", a "technological genius" and a "creative mastermind". Ideally this approach uses the inventor as the technological founder, and one of the involved business designers from the studio as the creative founder. However, the founder team is carefully put together and recruited by an HR specialist who closely looks at personality traits and founder characteristics to form the perfect founding team.

Although studio employees and inventors are encouraged to become founders, this role also depends on the match and personal preferences. When an inventor does not join the venture as one of the co-founders, an appropriate role is found to accommodate for the personal needs of the inventor as well as the needs of the venture.

The experienced entrepreneurs is the most crucial but hardest co-founder to find. For this, the studio relies on its strong network, as well as work with an experienced recruiter team to find the right person for the job.



Solution: The Studio by: Business Models Inc.

The use of focus groups for technologies helps the studio in focussing its employee base and group of external experts, which optimizes the venture building process. The technologies that are given, help in visualizing the types of technologies that the technology scouts could look for. These technologies adhere to the selection criteria and have seen attempts of commercialization in the last couple of years.

The recruitment of the founding team and the formation of the new legal entity are unique with every new venture. However, to focus on efficiency and speed, standardized term sheets and other paperwork are used to streamline the process.

It is also important for the studio to have a continuous and strong pool of potential founders in it's network to speed of the formation of the founding team. This means that the recruitment of potential founders is also continuous and not necessarily time or stage bound. This results in a constant pool of potential founders that can be contacted when a new founding team is actually forming.

The aim is to form a new venture entity within nine months of the inventor or technology joining the studio.

Venture creation phase.



At the start of the venture creation phase, the new ventures each receive a **starting investment ticket** to launch their venture. Next to this starting investment, the studio ventures can rely on three types of services from the studio to support them in developing a product/service to bring to market. The aim for this phase is to bring their product/service to market in under 2 years from the point of venture creation.

Operational studio services: This includes operational services like legal support, accounting, payroll & HR, office space, tax support, banking, software, etc.

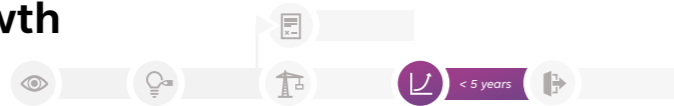
Value proposition development services: This includes services for developing the specific value proposition(s) like business design, R&D, software development, design services, testing and validation, etc.

Venture development services: This includes services to specifically develop and grow the venture and mature as a company. Services like mentorship and guidance, (partner) network support, growth strategy, fundraising support, subsidies, marketing & communications, etc.



Solution: The Studio by: Business Models Inc.

Venture growth phase.



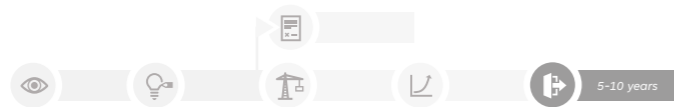
When a venture has successfully **entered the market**, the venture growth phase begins. This phase aims to **slowly scale down the studio services towards the venture** to make them become **independent and standalone** ventures. The venture development services will still be provided throughout the whole venture growth phase to help the ventures transform into these more standalone scale-ups.

Also, services from financial/ investment specialists are offered to the venture when needed, to aid in raising follow-on capital to ensure a healthy growth path.



Solution: The Studio by: Business Models Inc.

Venture exit phase.



After a certain point of **venture maturity, between the 5- and 10-year mark**, the venture will **graduate and leave the studio**. When a venture has graduated from the studio, only **studio alumni support services are offered** which are aimed at supporting the venture in realizing a (financial) exit. This will result in a return on investment for the studio fund, as well as a payout of the outstanding stock appreciation rights towards the studio employee pool.

The studio alumni support services are also aimed at maximizing knowledge sharing between an alumni venture and the studio to optimize studio efficiency and efficacy. For instance, to recruit potential future founders for new studio ventures.

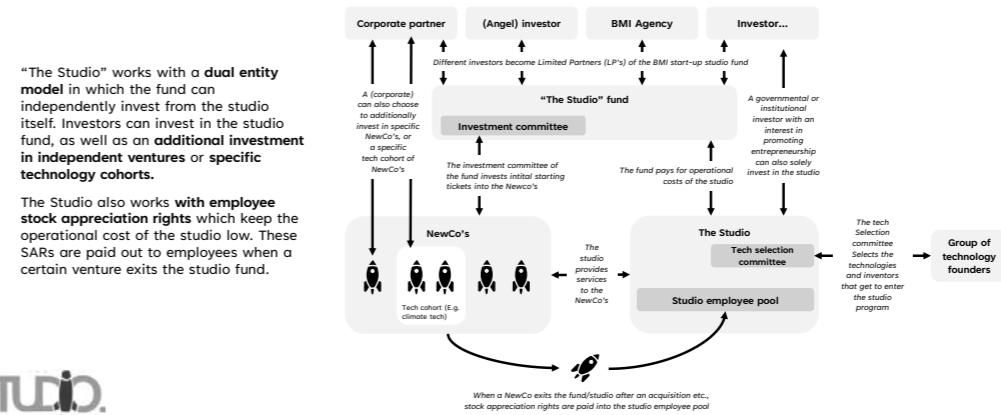


Solution: The Studio by: Business Models Inc.

When a venture is created, the investment into the venture from the studio is twofold:

The venture first gets a financial investment in the form of a starting investment ticket. The second investment comes in the form of studio services and is called "sweat equity". This is a non monetary contribution to the venture in the form of physical labor, mental effort and time. Although there is no hard limit of amount of studio services per venture, the aim is to help the venture go-to-market in under two years after the venture creation. After this point, certain services are scaled down to make the ventures become self-sufficient.

"The studio" fund structure.



Solution: The Studio by: Business Models Inc.

A model which adds value for all stakeholders.

INVESTORS:	INVENTORS:	ENTREPRENEURS:
<ul style="list-style-type: none"> Diversification of investment opportunities. Access to a wide range of high potential, early-stage technologies. Lowering of risk for early-stage high potential ventures, not only by simple due diligence but by value creation from the beginning of the ventures. Invest in start-ups that need less pivots and less time to create value, when compared to traditional start-ups and other models. 	<ul style="list-style-type: none"> Allowing inventors to bring their inventions to market and thereby enhancing its impact. Taking away all barriers for inventors to engage in entrepreneurship and choosing their own path and level of involvement. Joining a highly engaged, hands-on support system that cares about more than just a return on investment but want to see your technology succeed in the market. Access to a large network of market and industry experts. 	<ul style="list-style-type: none"> Being able to focus on driving innovation and building a venture without having to deal with the operational hassle or financial risk and uncertainty that comes with traditional start-ups. Easy access to expertise, network and high potential venture opportunities. Direct access to capital, entrepreneurial talent and operational support.

Solution: The Studio by: Business Models Inc.

Why you're in good hands with Business Models Inc.

As a global strategy and design firm, Business Models Inc. has extensive experience in venture building and strategy formulation. BMI builds both its own ventures and has supported numerous ventures across all stages through strategy, product- and operating model design, and scaling. We also bring together a team full of entrepreneurial spirits, an award winning business design approach, together with a strong network in the venture ecosystem that makes us the perfect fit to design and launch new ventures with.

Our cases:	peaks
<p>RTI Blockchain Dashboard for logistics organizations</p> <p>Results: Crystal-clear strategy for long-term leading to rapid growth to 14 customers and € 1.2 mio. revenue in 6 months</p>	<p>Glassnode Insights platform for cryptocurrency transactions</p> <p>Results: Integrated the existing business portfolio to achieve synergies and deliver an end-to-end solution to identified focus customers. This unleashed rapid growth enabling the team to currently raise their next round in Silicon Valley.</p>
<p>peaks Consumer investing platform for wealth building</p> <p>Results: Stronger market positioning covering portfolio investing, pension, and savings accounts attracting new customer segments. Asset under management grew by 100% within a year time</p>	

Solution: The Studio by: Business Models Inc.

Because this pitch deck serves as general explanation for all three relevant stakeholders of the model, an overview is created which shows the added value the studio brings for all three groups.

Although not studio ventures, showing Business Models Inc's past work with ventures builds credibility and shows BMI's familiarity in the venture building space.

This part can be found in the confidential appendix.



MINIMUM VIABLE ORGANIZATION

The studio value proposition will be introduced as a standalone entity within the broader Business Models Inc. network. This was established in the companywide strategy refresh and allowed this thesis the creative freedom in designing a completely new organization. Because the studio will be a new standalone entity, a design for the organizational structure and key processes needs to be established. For this, the previously mentioned concept of the minimum viable organization, or MVO is used. This is part of the “Minimum viable philosophy” that finds its origins in the lean startup methodology (Ries,2011),

and focuses on developing an organization that includes just enough people and processes to support the developed proposition. This allows you to start early and “learn while doing” and is focused on “collecting the maximum amount of validated learning, with the least effort” (Ries, 2009). For the proposition of the Studio, an MVO is designed as starting point for the organization. This allows for some very early high-level financial estimations to be done in the financial forecast of the proposition. The organizational structure will consist of two parts: The minimum viable organization chart which describes roles and responsibilities, and a capability overview which describes the needed capabilities to run the value proposition of “the Studio”.

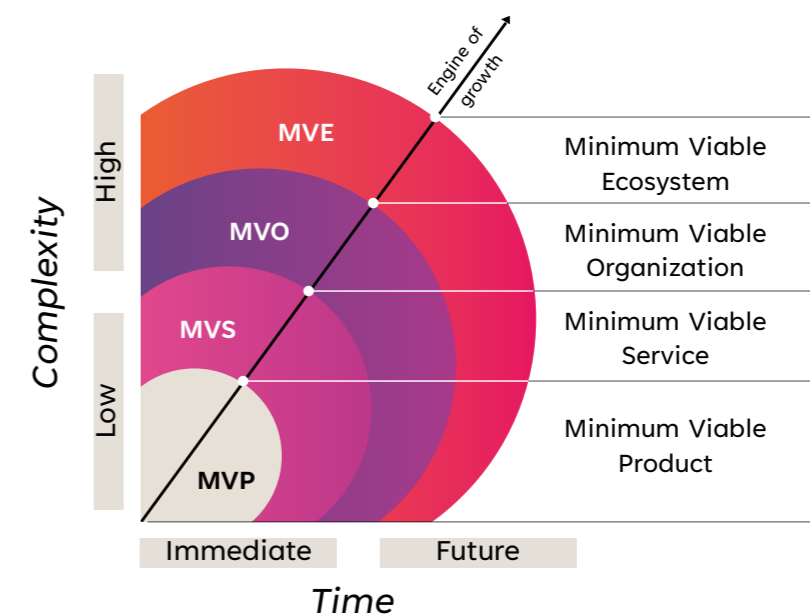


Figure 5.2: Four layers of Minimum Viable Philosophy

Minimum Viable Organization chart

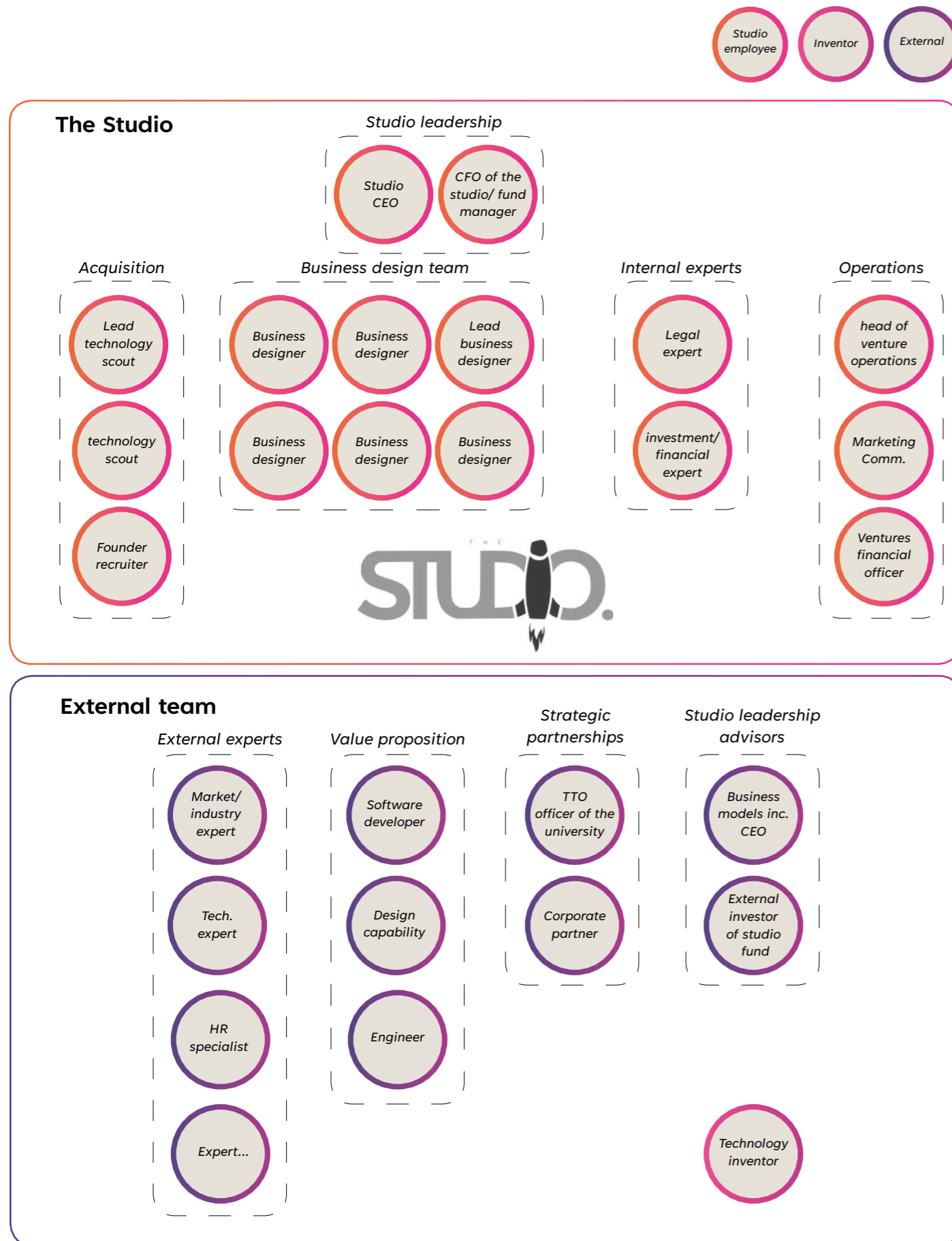


Figure 5.3: Minimum Viable Organization chart

The MVO for the studio consists of two teams: an internal team called the studio, which houses full-time employees which are part of the company and on the payroll of the studio. The second team consists of an external team used as advisors or temporary staff to aid studio employees.

The Studio: Within the studio itself, there are five types of roles: Studio leadership roles, Acquisition roles, Business design roles, Internal experts, and Operations.

Studio leadership: The studio leadership team consists of the CEO of the studio and the CFO of the studio/ Fund manager. Studio leadership is tasked with leading the studio, overseeing day-to-day operations and managing external stakeholders. Here, the CEO is the main contact point for the studio and tasked with alignment between the studio and BMI, studio strategy and attracting investors. The CFO oversees the financials of the studio and manages the studio fund.

Acquisition: Acquisition consists of a lead technology scout, a technology scout and a recruiter for founders. Here, the technology scouts are tasked with finding potentially interesting technologies and contacting and recruiting the subsequent inventors. The lead scout is tasked with managing the deal flow of technologies and inventors, as well as being the main point of contact for the stakeholders of strategic partnerships. The recruiter is tasked with finding potential future founders for the ventures and maintaining a network, or pool of these potential potential founders.

Business design team. The business design team consists of six business designers that are tasked with ideating and designing venture ideas, as well as creating business cases to pitch to the investment committee. They do this together with the technology inventors and other specific experts. The lead business designer is tasked with managing the different venture teams within the ideation program and is responsible for delivering quality business cases to the investment committee.

Internal experts: This includes a legal expert and an investment expert. The experts act as strategic advisors to the venture teams during and after the ideation program, on topics like technology transfer, intellectual property, subsidies and

investment possibilities, etc. Because especially in technology heavy start-ups, it is important to have this expertise in-house. That is why these experts are part of the studio itself.

Operations: The operations team consists of a head of venture operations, Marketing & communications and a financial officer for ventures (or fractional CFO). The head of operations oversees all operational tasks of the ventures, marketing & communications does the marketing & PR for both the studio itself and helps the ventures with their marketing and communications. Finally, the financial officer of ventures steps in as the CFO of all ventures to oversee and run the financials. He acts as the main point of contact towards the fund manager/ CFO of the studio.

External Team: consists of 5 different types of roles: external experts, value proposition, strategic partnerships, advisory and finally the technology inventors.

External experts: These roles also additionally aid the studio venture teams as external consultants both during and after the ideation program. These experts are on an on-call basis and are sourced from within the network of Business Models Inc. This could include experts like a market expert, industry expert, HR specialist, etc.

Value proposition: This includes roles specifically for the development of the value propositions of the studio ventures. Like the experts, these roles are on an on-call basis and could come from within the Business Models Inc. agency, its network, or completely external. Roles could include software developers, designers, engineers, etc.

Strategic partnerships: These roles include strategic partnerships that the studio uses to either scout potential technologies, scout potential talents for founders, or for identifying interesting exit opportunities for the studio ventures. This could be partnerships with, for instance, a technology transfer office of a university, or a corporate partner.

Advisors: These roles include advisory functions that help the studio leadership with strategic questions, advice or recommendations to develop the studio further. This includes the BMI CEO and an external investor of the studio fund.

Capabilities

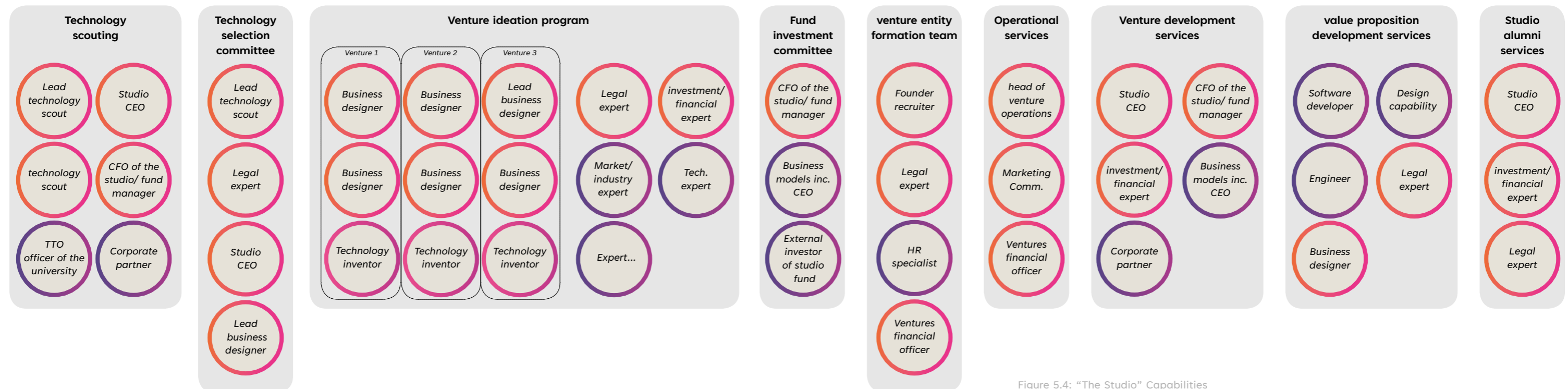


Figure 5.4: "The Studio" Capabilities

To be able to successfully run the studio value proposition, there needs to be a clear definition of capabilities, or Processes. The capabilities presented in the pitch deck are also shown above, in chronological order of appearance. These capabilities include: technology scouting, technology selection committee, the venture ideation program, the fund investment committee, the venture entity formation team, operational services, venture development services, value proposition development services, and finally the studio alumni services.

Technology scouting: This capability is the main responsibility of the technology scouts. These scouts are technically educated, understand the potential technologies and are tasked with scouting and recruiting these high potential technologies and their inventors. For the scouting of the technologies, the scouts are supported by Studio leadership, which can apply their networks, as well as strategic partnerships with, i.e. a technology transfer office of a university.

Technology selection committee: This capability forms a formal checkpoint for the technologies and their inventions which test and assesses if the technology and inventors are suitable for the studio program. The committee is made up out

of the lead technology scout, which brings in the personal experience he/she has with the inventor, the legal experts, which assesses the technology on legal viability, the lead business designer, which assesses the technology on commercial and business potential, and finally the studio CEO which has the final say on the approved technologies and inventors that make it to the studio.

Venture ideation program: This 3-to-6-month program is part of the pre-venture phase and forms one venture team per technology. For the minimum viable organization, three venture teams are created which include the technology inventor and two business designers per team. Additionally, the venture teams are aided and advised on by both internal and external advisors to create the best business cases around the venture ideas. In 3 to 6 months, venture ideas are created, validated, tested, cancelled and finally designed, to form final business cases which can be presented to the fund investment committee. The lead business designer is the head of the program and oversees quality, budget and planning.

Fund investment committee: This committee forms an independent entity that decides which business cases are cancelled, which need to

be adjusted, and which are green lit to start a venture entity for. This committee is formed out of the CFO/ Fund manager, the Business Models Inc. CEO and other external investors of the studio. This committee assesses the business cases like any other pre-seed investor.

Venture entity formation team: This team will oversee the formation of the actual venture entities after they have received the green light from the investment committee. This team is comprised of the founder recruiter which sets out to find the right founding team. The recruiter is supported by an external HR specialist which helps in assessing candidates and forming the right team. The legal expert, together with the ventures financial officer, which will become the CFO of the ventures, prepares all legal paperwork with all involved parties to ensure the correct formation of the venture entities.

Operational services: This is the first part of studio services that the ventures will receive. This includes, among other things, financial management, Payroll, office space, marketing communications etc. The operational team is formed by the head of venture operations, marketing officer and the ventures financial officer.

Venture development services: This capability includes the development of the ventures themselves. Here, the ventures receive services in networking, client development, fundraising etc. This capability is focused on making sure that the studio ventures get to the right people quicker. This capability includes roles of the studio leadership, investment expert, the BMI CEO and corporate partner(s).

Value proposition development services: This capability is focused on helping studio start-ups in developing their value proposition, better, faster and quicker than the competition. These services either come from on-call external roles like a software developer, or internal roles like the business designers or experts.

Studio alumni services: This capability is mainly focused on helping studio ventures with making a (financially) interesting exit. For this, the studio CEO helps with providing his network, with the investment expert and legal expert providing their expertise. The studio CEO is also tasked with making sure that a mutually beneficial relationship is fostered between the exited start-up and the studio.

FINANCIAL FORECAST.

To better estimate the financial viability of the studio value proposition, a financial forecast was made. This forecast used the minimum viable organization as starting point, continued with estimations and educated guesses to round off the financial forecast. Although a very rough sketch, within an especially hard to predict sector of early-stage start-ups, it does offer some indications into how to structure and implement the studio value proposition going forward.

Timeline: For the timeline of the financial forecast, a window of 8 years was used. According to a whitepaper by Mohammadi, Vinci, & di Palo (2021), which analyzed over 186 start-ups that came from studios, suggests that the median studio start-up reaches an exit in four years. With our model, it would take around a year for the studio to find a technology and bring it to the formation of the entity. This creates a window of 3 years (year 5 to year 8) which can be used in the financial forecast to calculate returns.

Growth: For the growth factor, 65 ventures would be created in 8 years. Although quite steep and ambitious, the number is in line with other start-up studios, with the Dutch studio NLC creating 100+ ventures in 9 years after founding, and the American Betaworks launching 90+ ventures in just over 10 years. To reach this goal, probably the biggest limiting factor would be the amount of venture worthy ideas and business cases, together with the amount of founder talent it would take to fill the 65 ventures. However, for the sake of forecasting, this number is taken to account for a healthy growth.

For the growth of employees, the MVO count of 16 employees was used as a starting point, with a growth up to 77 employees after 8 years. This was based on estimation of needed employees and capabilities per new venture.

Cost estimation:

The Studio Salary: The estimation of salary cost is based on the BMI agency salary range. However, for this, a factor of 1.22 was used to simulate the total payroll cost that a company would pay. The total payroll cost for employees was then again multiplied by a factor of 0.7. This is because a lower salary can be paid to studio employees, since the total employee pool has an additional compensation package in the form of Stock Appreciation rights. For this, a SAR value of 5% per start-up was taken.

External team costs: To simulate the cost for external human resources, 20% of the total annual payroll costs were reserved in the financial forecast. This means that about 1/5th of needed employees at the studio is externally sourced.

Venture operational costs: To allocate additional operational costs for every venture, a budget of 20k per year, per venture was reserved.

Studio operational costs: For the studio itself, an additional 100k per year is reserved for operational costs, excluding the payroll cost of the studio employees.

Inflation factor: For the annual total costs, a factor of 3.5% per year was taken to account for the inflation rate.

Investment tickets: For the starting investment tickets that are invested in each new venture, an amount of €250.000 is taken for the first four years, and €350.000 is taken for the last four years. This investment ticket is similar to other pre-seed venture investors and other start-up studios.

The financial forecast model and excel file can be found in the appendix.

The screenshot shows a detailed financial forecast model spreadsheet. It includes columns for Year 1, Year 2, Year 3, Year 4, Year 5, Year 6, Year 7, and Year 8. Key sections include:

- Studio Financial model:** A summary table with rows for Studio Salary, Studio Operational Costs, Venture Operational Costs, and Total Annual Costs, showing values increasing over time.
- Cost Breakdown:** Detailed rows for Studio Salary (including SAR), Studio Operational Costs, Venture Operational Costs, and Total Annual Costs.
- Investment Tickets:** Rows showing the amount invested in each year, with a total of €250,000 for years 1-4 and €350,000 for years 5-8.
- Annual cost per active venture:** A row showing the cost per venture, starting at 0 in Year 0 and rising to 218k by Year 8.

Figure 5.5: Screenshot of financial forecast model.

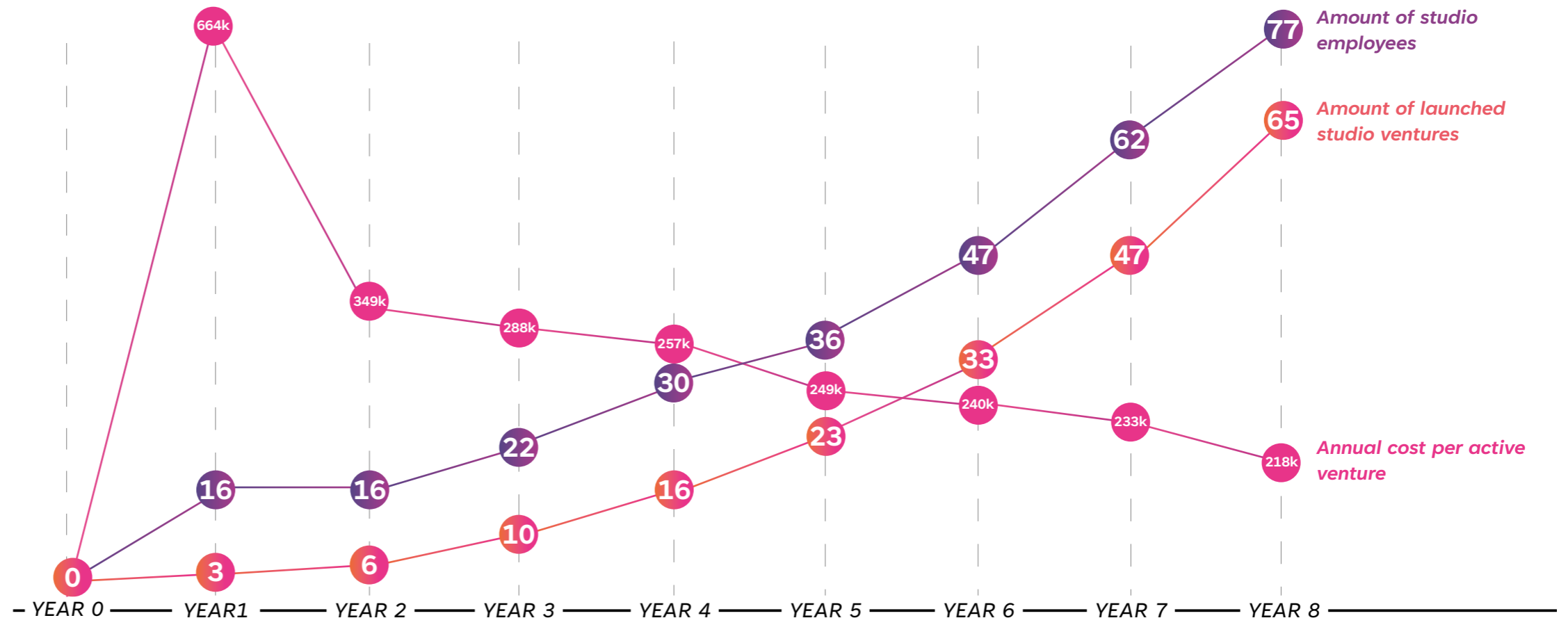


Figure 5.6: Graph of growth path

Total operating costs: The total operating cost with these estimations is:

- € 49.936.191,21, for the total 8 years.
- of which
- € 21.150.000,00 is financial investment and
- € 28.786.191,21 sweat equity.

(sweat equity refers to a person or company's contribution toward a business venture or other project. Sweat equity is generally not monetary and, in most cases, comes in the form of physical labor, mental effort, and time. (Kenton, 2022)).

Total operating costs for 8 years	€ 49.936.191,21
Total financial investments made	€ 21.150.000,00
Total sweat investments	€ 28.786.191,21
Total cost per venture	
Amount of total ventures	65
Average annual total costs	€ 6.242.023,90
Average annual cost, excluding investments	€ 3.598.273,90
Annual costs year one	
Total ventures	3
Annual cost per active venture	€ 664.062,93
Annual costs year 8	
Total ventures	65
Annual cost per active venture	€ 218.203,79

Breakeven:

Now, with these cost estimations, it is important to calculate what the needed total valuation of the ventures needs to be, to at least breakeven on cost. For this, three different percentages of equity are taken, namely 25%, 30% and 40%. These are average percentages of equity taken by start-up studios. For simplicity, it is assumed that the equity stake in the ventures will not be diluted in the timeline of 8 years. (Dilution is the decrease in existing shareholders' ownership percentage of

a company because of the company issuing new equity (What Is Equity Dilution? A Guide | Morgan Stanley at Work, n.d.).

This gives the following needed venture valuations to at least break even:

	Needed total valuation of all ventures combined, in order to breakeven after 8 years	Average valuation per venture, in order to breakeven after 8 years
25%	€ 199.744.764,83	€ 3.072.996,38
30%	€ 166.453.970,69	€ 2.560.830,32
40%	€ 124.840.478,02	€ 1.920.622,74

Of course, these valuations are quite low. To estimate the potential financial upside of the studio model, we again look at the white paper by Mohammadi, Vinci, & di Palo (2021). Their analysis of 186 studio start-ups gave a median exit rate of 16%, with a median exit time of 4 years after formation, and a median exit value of €74 million. When applying these numbers, the following exit values appear:

exits	Total exit value	exit value for the studio at 25% non-diluted equity	exit value for the studio at 30% non-diluted equity	exit value for the studio at 40% non-diluted equity
Total:	6 € 444.000.000,00	€ 185.000.000,00	€ 222.000.000,00	€ 296.000.000,00
Profit:		€ 135.063.306,86	€ 172.063.306,86	€ 246.063.306,86
ROI:		270%	345%	493%
Profit per venture:		€ 2.077.897,03	€ 2.647.127,80	€ 3.785.589,34
SAR payout:	€ 22.200.000,00			
average SAR per employee:	€ 288.311,69			

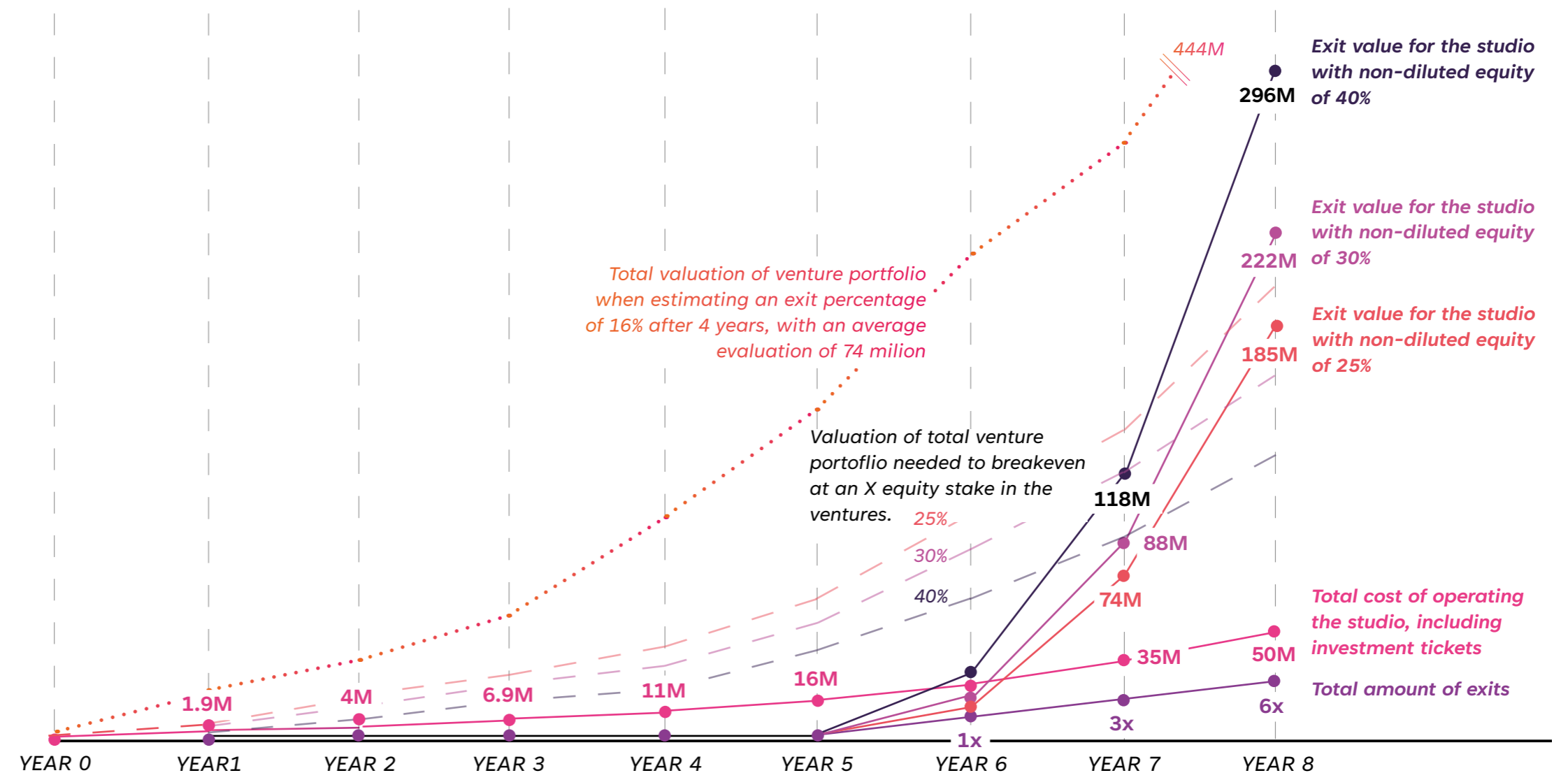


Figure 5.7: Graph of costs and potential financial returns.

Two funds: What is common with investment funds like a venture capital fund, but also with funds of start-up studios, is to split a funds timeline up into two parts. The first part is an initial investment period, where the actual investments are made. The second part consists of a portfolio development (or holding) period, where the fund is focused on portfolio development and sometimes makes follow-on investments (Slush, 2023). On average, the first phase of active investing takes about 3 to 5 years.

When reflected on the financials of “the Studio” value proposition, this means, that two separate funds are set up in the given 8-year timespan. The first fund, which gives out starting investment tickets of €250,000, has an active investment period of 4 years and will be raised before the official start of the start-up studio. The second fund, which gives out starting investment tickets of €350,000, also has an active investment period of four years, but starts at the beginning of year 5. This fund is raised during the active investment period of the first fund, ensuring that there is always an investment fund active to fund new studio ventures.

When looking at the estimated growth path and cost, estimated in the financial forecast, this is what the two funds would look like:

	Fund 1 (active investment period: Year 1 - Year 4)	Fund 2 (active investment period: Year 5- Year 8)
total cost of investment tickets	€ 4.000.000,00	€ 17.150.000,00
Total cost of sweat equity	€ 7.098.891,20	€ 21.687.300,01
total cost:	€ 11.098.891,20	€ 38.837.300,01
Amount of ventures:	16	49
Total fund size (rounded off)	€ 12.000.000	€ 40.000.000

Financial forecast conclusion

This financial forecast gives a rough estimate of costs and potential exit values, based on estimations, industry averages and medians. Since financial returns for early-stage start-ups are especially hard to predict and model, it is hard to give a very clear estimate on potential financial returns. Especially given that the industry of risk investing predominantly works with select deals bringing in extreme outlier returns, instead of a lot of deals making a little bit of money (Slush, 2023). The financial forecast can however serve as a concrete dot on the horizon in terms of fundraising, with an estimated cost for the first fund being around €12 million. This number seems reasonable when compared with the average Dutch early-stage VC fund size, which is about €30 million (Kvk, 2023). When specifically looking at beginning start-up studio funds, the average annual budget is about \$2.49 million. This is similar to the figures from the financial forecast which predict an annual budget of €2.77 million for a total of 16 ventures launched in the first four years.

Raising an early-stage technology venture fund often also comes with potential governmental benefits which can lower the initial fundraising goal even further. For instance, the Dutch government offers the SEED capital arrangement (Seed Capital, 2024). This government arrangement matches a privately raised early-stage technology fund, with an interest free government loan of the same amount. This would lower the initial needed fundraising target of the first studio fund to about €6 million. Certainly not a bad figure for potentially launching 16 ventures.

When considering the given median exit value of studio start-ups of €74 million in four years, it would take the BMI studio about six years to become self-sufficient. This is also considering that liquidity for the studio would only come from successful venture exits.

ROADMAP.

This part can be found in the confidential appendix.

This implementation therefore requires meticulous planning and a phased approach to successfully launch this new entity. To offer a first rough, high-level plan for launching the studio, this roadmap was created. This roadmap is split into three horizons that each serve a unique purpose in the road towards reaching the stated future vision.

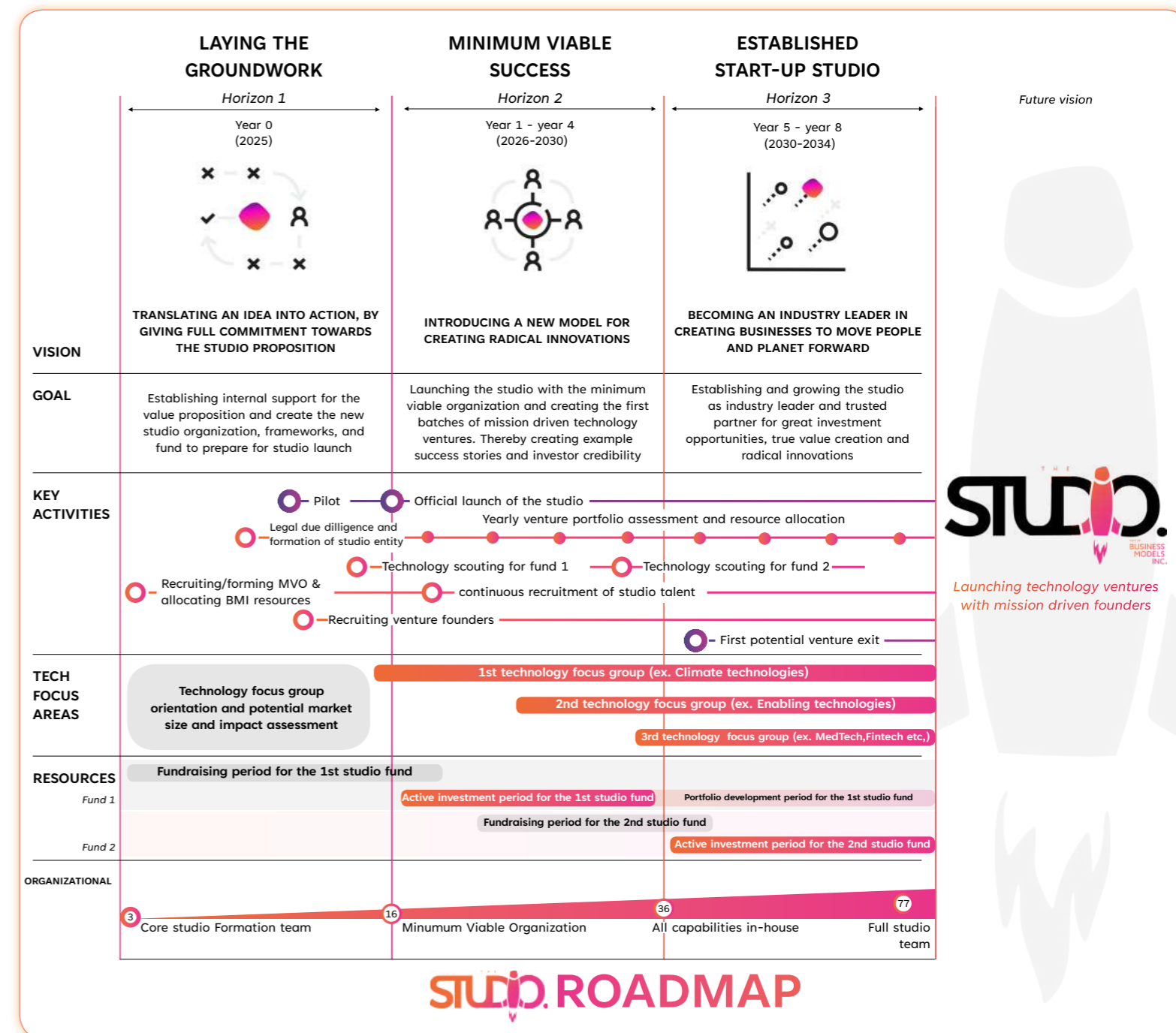


Figure 5.8: Roadmap

Horizon 1: Horizon 1 will take approximately one year and will be focused on preparing Business Models inc. Internally to support the introduction of an additional separate business entity. This will be led by a small core studio team that will be tasked with undertaking employee recruitment and all the required legal due diligence for starting a new entity. Next to this, the organizational structure, processes, frameworks and fund need to be established. For the fund, the initial stated fund figure needs to be raised with investors to be able to launch the studio. When the entity is established, a pilot test is done to streamline the process and set the team up for success. After this, the technology scouting can commence, and the studio and first fund can be officially launched.

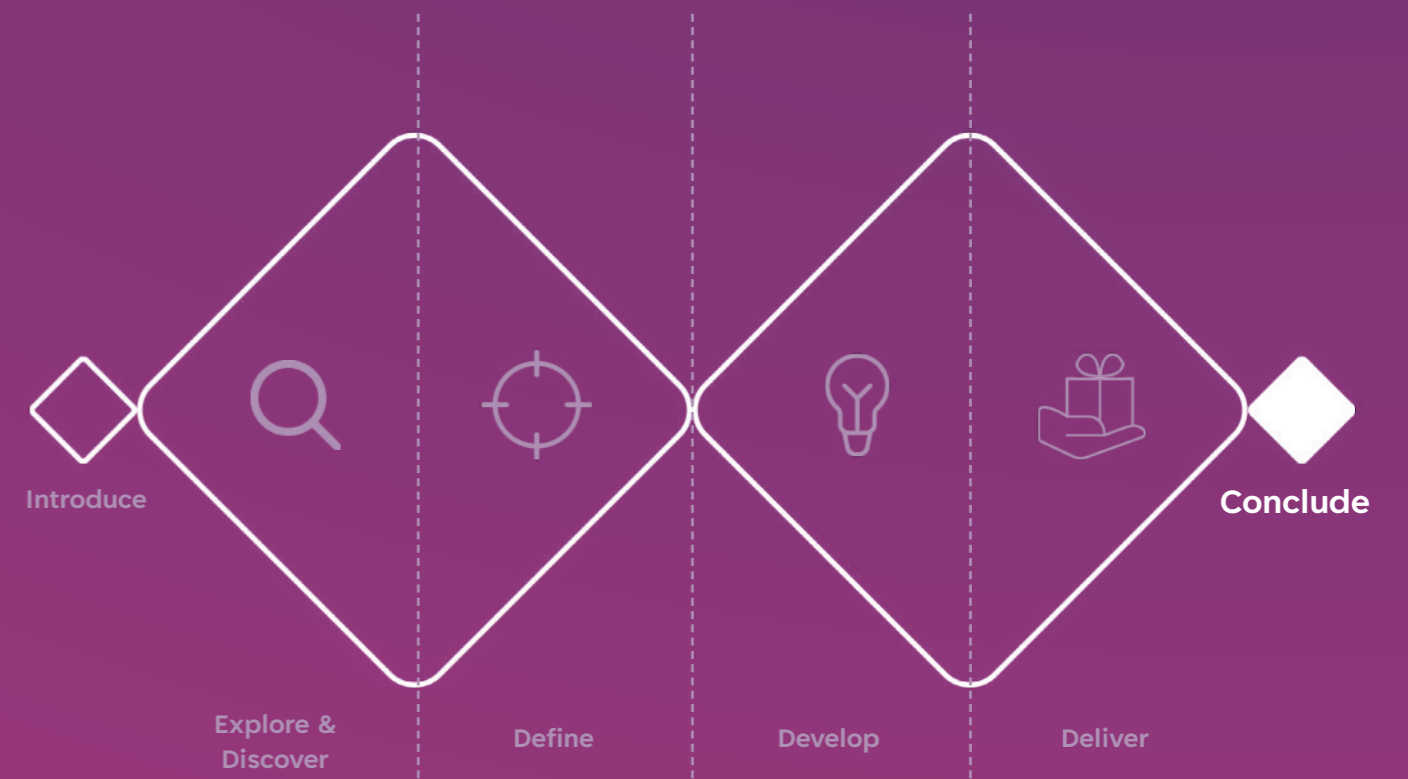
Horizon 2: the second horizon will start once the studio and fund are launched. This horizon will be focused on managing the initial hurdles that will come up when starting a new studio. The studio will be launched with the before mentioned Minimum Viable Organization, which will organically grow once ventures are launched and added to the portfolio of the studio. This horizon will last the full length of the first fund. The aim for these four years is to launch about 16 ventures in total and grow the internal studio team to around 36 employees. After the second active year of the studio, an additional fundraising campaign will start that is focused on raising capital for the second fund, which will start in the fifth operating year of the studio. The technology focus of this horizon will be focused around one or two technology groups to focus and optimize studio resources as much as possible.

Horizon 3: Horizon three will start with the launch of the second studio fund. After the first four years, the studio has gained credibility with investors, and might even have had a potential venture exit, that can serve as an example success story for the studio. The goal for the third horizon is to grow the studio further and establish itself as one of the leading European start-up studios. During the third horizon, the first fund will have entered its portfolio development period in which some additional follow-on investments can be made in successful ventures that were launched with the first studio fund.



CONCLUDE.

This chapter discusses the overall process of the project and its outcomes. Both the contribution to the context and design discipline are explained and reflected on. Next, the implications and limitations of the project are discussed. Lastly, I give my personal reflection on the project, journey and results.



Chapter 6.1

CONCLUSION.

This graduation project was initiated by BMI to explore the possibilities for engaging in venture building and define what would be the most optimal value proposition for venture building for BMI to develop and introduce into their portfolio of service offerings. For this, the following research question was formulated: How can Business Models Inc. most optimally introduce the value proposition of venture building into its portfolio of service offerings? To answer the main research question, the approach of the Double Diamond methodology (Design Council, 2005) was used which split the project up into two phases: A research phase, and a design phase. The research phase consisted of a literature review into venture building, corporate venturing and start-up success and failure factors. This literature review was subsequently followed up with expert interviews from different perspectives on venture building. This first phase was concluded with a synthesis of research insights which summarized and interpreted the research findings.

The results from the literature review highlighted the start-up studio model as the model which could have the highest potential business value for Business Models Inc. This is because the start-up studio model allows Business Models Inc. to systematically build multiple start-ups from scratch. This allows BMI to have an equity stake in the start-ups which results in the highest potential financial value for BMI. Since the studio models also allows BMI to be involved in building these ventures from the start, it has the most control over the strategy, mission, vision and values of the start-ups, which helps BMI best in fulfilling its own mission of creating businesses that move people and planet forward.

The literature review findings also formed the basis for the newly created model of the three pillars of strong new ventures. This model combined the model of the 3F's of ventures model (pride, 2018), which identified the three areas of venture failure, with the integrated framework of new entrepreneurial firm performance (Song et al., 2008), which identified the three common areas that lead to venture success.

This led to the identification of the three pillars of strong new ventures, a model that identified three focus areas for venture building models to de-risk the process of building new ventures along all three important pillars. These pillars are the human factor, the resource factor, and the opportunity factor.

The interviews from different perspectives on venture building identified three main stakeholder archetypes which are present in venture building models. These archetypes are the driving force, the Investor and the supporter.

The insights from the literature review and the interviews formed the design requirement specification. This is a design statement and a list of requirements which formed the starting point and guideline for the design of the value proposition in the project's second phase.

The project's second phase is the design phase which focused on translating the research insights into a new value proposition for BMI. This was done through generative sessions with experts to form and define initial concepts. These initial concepts were subsequently translated into the final design for the value proposition.

The final design is called "the Studio". A design of a start-up studio for BMI that scouts high potential technologies, designs, validates & creates radical venture ideas, finds, launches and invests in the perfect founding teams, and continuously supports these ventures to grow. This start-up studio aims to de-risks the process of building ventures along all three identified pillars of strong new ventures by: scouting technologies & inventors to ideate and design venture ideas with, then creating the perfect founding team to lead these ventures by recruiting a diverse mix of people, needed for launching a successful start-up. And finally, helping the founders launch the ventures, providing an initial starting investment and continuously supporting them with studio services.

“You can’t connect the dots looking forward; you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something--your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life”

Steve Jobs

This final design is presented in a pitch deck which is meant as a tool to inform investors, inventors and entrepreneurs on how the BMI studio model works. Next to the pitch deck, a minimum viable organization is designed which highlights the needed 16 internal employees and 9 capabilities to launch the studio model. This is supported by a financial forecast which estimates the model's potential costs and financial returns. Finally, a roadmap is designed to serve as guideline for implementation of the new studio value proposition by BMI.

Chapter 6.2

DISCUSSION.

This project set out to answer the main research question for Business Models Inc. This was: "How can Business Models Inc. most optimally introduce the value proposition of venture building into its portfolio of service offerings? This research question was formulated at the beginning of the project when the context for Business Models Inc. was more focused on optimizing BMI's existing proposition for developing ventures, and exploring the space of possibilities around that. This context therefore also formed the basis for the used project approach which was centered around the double diamond methodology, with the phases of Explore & Discover, Define, Develop and Deliver. This approach was however largely formed around the notion of developing or optimizing a venture building proposition for the existing BMI agency. During the process, the overall BMI strategy was revised which shifted the focus for this thesis towards developing a new proposition for a future start-up studio model. Would this have been clear from the start of the project, the approach could have been scoped more specifically to account for this. This would have resulted in a more specific literature review with likely different interview perspectives to account for this. Working with everchanging processes and scopes is however part of the design process: *"when designers enter such terrains a constant state of designing and redesigning is needed since the system is simply*

not fixed" (i.e. Norman & Stappers, 2015) . This initial broader scope did give me an opportunity to personally explore the broader start-up ecosystem which resulted in a lot of personal growth and enhanced interest in the topic of venture building.

Relevance for the context of venture building

This thesis contributes to the field of venture building by providing an elaborate summary of all different venture building models that exist, and defining how they operate, which stakeholders are involved, and what their pros and cons are. Because the field of entrepreneurship is one that moves and evolves quickly, this thesis can serve as a nice tool to summarize what the core goal is for each model, why they are used and in which phase of the venture building process. All venture building models essentially aim to do the same exact thing: make the process of creating ventures less risky. This thesis can serve as an overview that explains where these different risks come from, and how different venture building models help in alleviating these different risks. Especially with the emerging model of a start-up studio, there is not much actual research done into how and why the model works. The deck presented in the final design of this thesis can help in explaining what the current problem is within the venture building field, and how this new studio model can fill in these gaps.

Relevance for the design discipline.

One could say that the creation of novel ventures almost identically mirrors the discipline of strategic design. They both use iterative processes with a user-centric approach, with a focus on value creation through innovation and creativity. The relevance of this thesis to the design discipline is reflected in how a user-centric approach was applied to identify the different stakeholder needs in a complex system such as a venture building model. This resulted in the design of a start-up studio models which tries to create value for all involved stakeholders by fulfilling their needs and wishes.

Chapter 6.3

LIMITATIONS.

This thesis and its final design have some limitations that need to be discussed in order to correctly value the final proposition. The limitations are split up into general limitations of the research and project, and limitations of the final design.

Limitations of research & project

Lack of research and data: The field of entrepreneurship and venture building is a fast moving, evolving field and definitely not a hard science. This thesis does include some non-academic sources which can not always be entirely judged on their merit. For instance, data on success factors that come from for-profit venture building agencies would have a motivation to inflate numbers or tell a one-sided narrative. The data about relatively newer venture building models also have not been around long enough to effectively interpret data on, for instance, success rate or exit numbers. This needs to be taken into account when assessing this thesis.

Limited group of experts: The group of experts that were used as interviewees or attendees of

Relevance for Business model inc.

This thesis should be used by Business Models Inc. as a starting point from which to design the new studio proposition from. It gives a rough estimate of costs and needed capabilities which can be used as a guiding line for the coming years. The deck presented in this thesis can directly be used by Business Models inc. as a validation tool to identify traction and interest with the different identified stakeholders. This thesis should not be used by BMI as a definitive design which can be directly implemented, but rather serve as a reference point to show what the implementation of a new separate studio entity could mean for Business Models Inc.

the generative sessions, are not entirely diverse enough to make definitive generalized statements about the whole venture building field. They rather serve as initial input, which should later be validated further for more complete and credible results.

Time limitation: This thesis was conducted in a relatively short time frame of 5 months, in which the scope was also sharpened only in a later stage of the project. This resulted in a last validation round of the final design that was skipped due to a lack of time. This skipped validation round would have been especially helpful and interesting for making the final design more credible.

Limitations of final design

Dealing with venture resource allocation: The designed studio model does not take into account how to deal with further resource allocation between the launched studio start-ups in later phases of the project. This could become a problem once it becomes apparent in later stages of the studio, which ventures show signs of being successful and which show signs of weakness.

Certain dilemmas could occur like: do you give more resources to successful ventures to make them even grow faster, or do you put more resources into slower developing ventures to help them become successful?. There needs to be clear guidelines for this to avoid possible animosity between different studio ventures.

Launching start-ups for the sake of launching start-ups: Because a start-up studio model is focused around creating operational efficiency by applying economies of scale to its processes and resources, it might be tempting to scale up the amount of launched ventures as much and quick as possible. Especially when considering that investing in early stage ventures is still a risky “numbers game”, with select deals bringing in extreme outlier returns, instead of a lot of deals making a little bit of money. However, there should always be a strong focus on creating ventures that

match the vision and values of the studio that actually create added value to people and planet. To prevent the studio from building “the next uber for cats” or building any other worthless venture for the sake of scaling its venture portfolio, There needs to be a clear quality control in place which ensures a mantra of quality over quantity for the studio.

A complex model: the proposed final design is a very complex model that requires a lot of difficult processes, moving parts and different stakeholders to come together and collaborate. Every new part introduces a new layer of complexity. It is therefore important to identify and validate which processes and stakeholders of the model are essential, and which are nice to have. This ensures that no precious resources of the studio are wasted on something that has a very low impact value on the quality of the ventures.

Chapter 6.4

RECOMMENDATIONS.

In order to most optimally use the results of this thesis for the benefit of Business Models Inc. a few recommendations are summarized that will ensure the best implementation of this thesis.

Start fast and small: Because the studio proposition is part of the furthest horizon for the Business Models Inc. strategy, it might be tempting to shift the focus, preparations and decisions to a later stage. However, due to the volatility and fast moving nature of the start-up industry, it might be wise to “ride the wave” of the studio model and act while you still have a early mover advantage. For this, I would used this thesis as a clear starting point, and embrace the “minimum viable philosophy” by already starting with the studio proposition early with a small team. To follow the wise words of LinkedIn co-founder Reid Hoffman: *“I believe starting a company is like jumping off a cliff and assembling a plane on the way down, your willingness to jump is your most valuable asset as an entrepreneur”.*

Hire an entrepreneur as expert: Since the business of launching ventures is so much different than the current core business of BMI, it might be wise to hire an experienced entrepreneur with

preferably experience in exiting one, or multiple ventures. Placing this expertise in the core team of the studio helps to alleviate certain risks with starting a studio early on in the process.

Be on the lookout for technologies and founders: Since the success of the studio value proposition hinges strongly on having high quality technologies and potential founders, it might be wise to already keep eyes and ears open for this. Even if the studio proposition won't be officially introduced for another couple of years, it is good to already start with creating these networks to hit the ground running once the studio proposition is officially launched.

Synergy between the BMI entities: A strong competitive advantage that BMI could have when launching a start-up studio, is that it already has an agency with experienced employees. A recommendations would be to research how the BMI agency could be leveraged so that the studio proposition is able to be launched as early as possible.

Chapter 6.5

PERSONAL REFLECTION.

Standing on the doorstep of my graduation, made me look back and reflect on not only this graduation thesis, but my whole student life. I started my Bachelors degree of Industrial Design Engineering all the way back in 2016, in Twente. Since that time, I have seen the pitching mount in Barranquilla, Columbia as a pitcher of the Dutch national baseball team, as well as the Saharan dessert as team manager of Solar Team Twente. A lot of meaningful and crazy adventures that did result in a total delay of 2 and a half years before I was able to attain my master's degree. This delay did initially made me doubt to even go back to university for a one year degree, let alone two. Looking back on this, I can say that I'm very glad and grateful that I eventually did make the decision to pursue this degree. Thinking strategically and focusing on creating real value is something that I'm happy to have learned during my time at the TU Delft. To be truthfully honest, I am completely done with still being a student for a while now, but I am very delighted with this graduation project and really see it as the proverbial icing on my student life cake :).

The concept of venture building and specifically *“really working hard with a young, fresh and motivated team to accomplish things that people thought couldn't be done”* has really motivated throughout the project. I have learned a lot about the process of venture building, the financial side of venturing, and the different ways to approach it. Really seeing and understanding how the world of ventures works has definitely motivated me during this project and I plan to one day walk the entrepreneurial path myself.

During this project I learned about myself that I definitely do not like to work completely on my own. As an extroverted person who gets his motivation and energy from working with others, I was sometimes short on motivation and drive. Maybe it's because I'm part of the Instagram generation (too old for TikTok), but during the project I tended to be easily bored by parts of the project that did not have anything to do with brainstorming, creative thinking, or creating new things in general. These types of non-creative

operational tasks really took me a long time and kept draining my energy. The biggest lesson that I learned from this project was to really mix in, and split up the boring work as to not let it pile up in the last couple of weeks.

Overall, I'm really pleased with the results of my thesis. It is definitely not the most academic or scientifically grounded work, but I really liked the applicable nature of it. Hopefully it is something that we can work with to establish the new future of BMI. I say we, because I decided to also continue my professional career at Business Models Inc. to hopefully really implement the art of ventures as more of a core part of the company.

Cheers!

Colin

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