

# Entrepreneurship – Session 12 (November 19)

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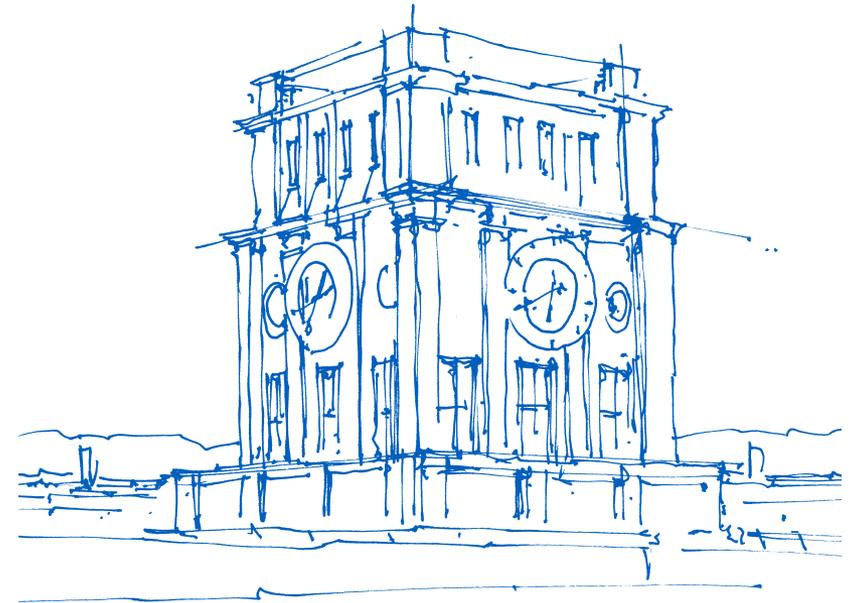
Professorship of Entrepreneurial Behavior

Munich, Winter Semester 2025/2026

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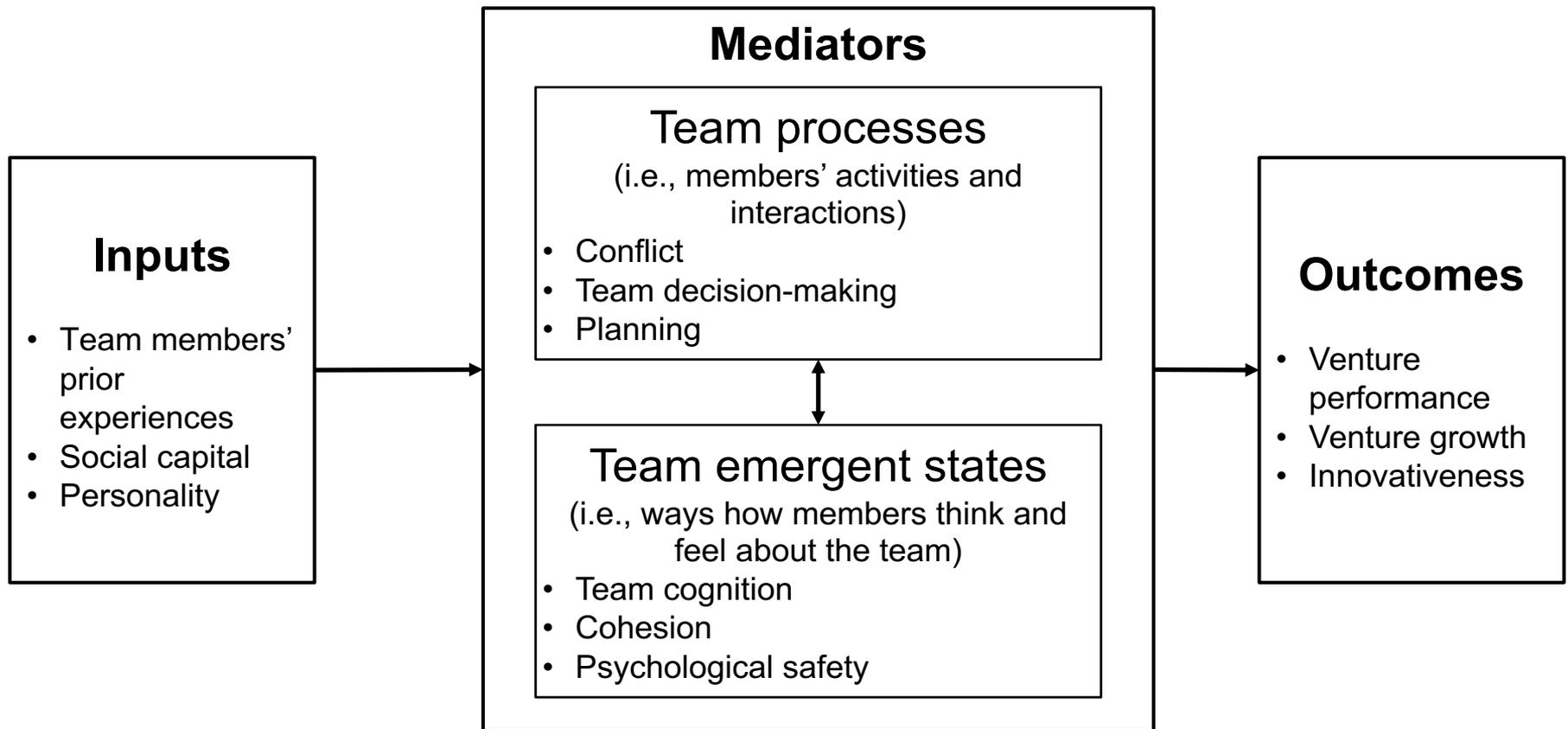
# Reminder: Exam Registration

Registration for the Exam is only possible **until December 1<sup>st</sup>, 2025!**

**Please register for the exam via your “Curriculum” (“Stundenplan”) in TUMonline to make sure you register for the right one.**

Teaching & Research	Studies	Resources	Services
<a href="#">Theses</a> <a href="#">Course bookmarks</a> <a href="#">LV-Bookmarks</a> <a href="#">Timetable</a>	<a href="#">Fees</a> <a href="#">Student Files</a> <a href="#">Applications</a> <a href="#">Print Documents</a> <a href="#">Course Registration</a> <a href="#">Exam Registration</a> <a href="#">Exam Results</a> <a href="#">Transcripts</a> <a href="#">Accreditation/Recognition</a> <a href="#">Study status/Curriculum</a> <a href="#">Current/Home Address</a>	<a href="#">People &amp; Responsibilities</a> <a href="#">Use Policies</a> <a href="#">Calendar</a> <a href="#">Personal Settings</a> <a href="#">Login Log</a> <a href="#">E-mail Addresses</a>	<a href="#">TUMcard passport photograph upload</a> <a href="#">Sync+Share</a> <a href="#">Software</a> <a href="#">Library</a> <a href="#">Change Password</a> <a href="#">TUM Mailbox (Exchange)</a> <a href="#">Webdisk (NAS)</a>

# Summary: Input-Mediator-Outcome frameworks to understand entrepreneurial teams



(based on Klotz et al., 2014)

# Example – Multiple Choice Question

Three entrepreneurs have just formed an entrepreneurial team, although they barely know each other. Based on the insights of the lecture, what would be your advice regarding the equity split of the new business in order to secure a harmonious business development protected against any eventualities?

- a) They should decide on their equity shares as soon as possible.
- b) They should split their equity to equal parts.
- c) They should let an investor decide on their shares.
- d) They should decide on a dynamic equity split.
- e) They should not work together.

# Course overview

#	DATE	TOPIC
1	Oct 14	Introduction
2	Oct 15	Who is the “entrepreneur”?
3	Oct 21	How do entrepreneurs recognize opportunities?
4	Oct 22	How do entrepreneurs develop opportunities?
5	Oct 28	Guest lecture by Csilla Spiller (Beautechful)
6	Oct 29	How do entrepreneurs structure business opportunities?
7	Nov 04	How do entrepreneurs gain and allocate resources?
8	Nov 05	How do entrepreneurs manage their teams?
9	Nov 11	Putting content into play: Interactive workshop.
10	Nov 12	Guest lecture by Leonhard Teichert (Circular Republic)
11	Nov 18	Guest lecture by Stefan Schenk (PeterPark)
12	Nov 19	How do entrepreneurs enter their markets and how do they grow their ventures?
13	Nov 25	Guest lecture by Inga vom Holtz (Unternehmer   UM Funding for Innovators)
14	Nov 26	Q & A Session <i>Time for course evaluation. Please bring a computer or mobile device.</i>
	Dec 12	Exam

# Understanding growth

 Preconditions of market entry and growth

 Market entry

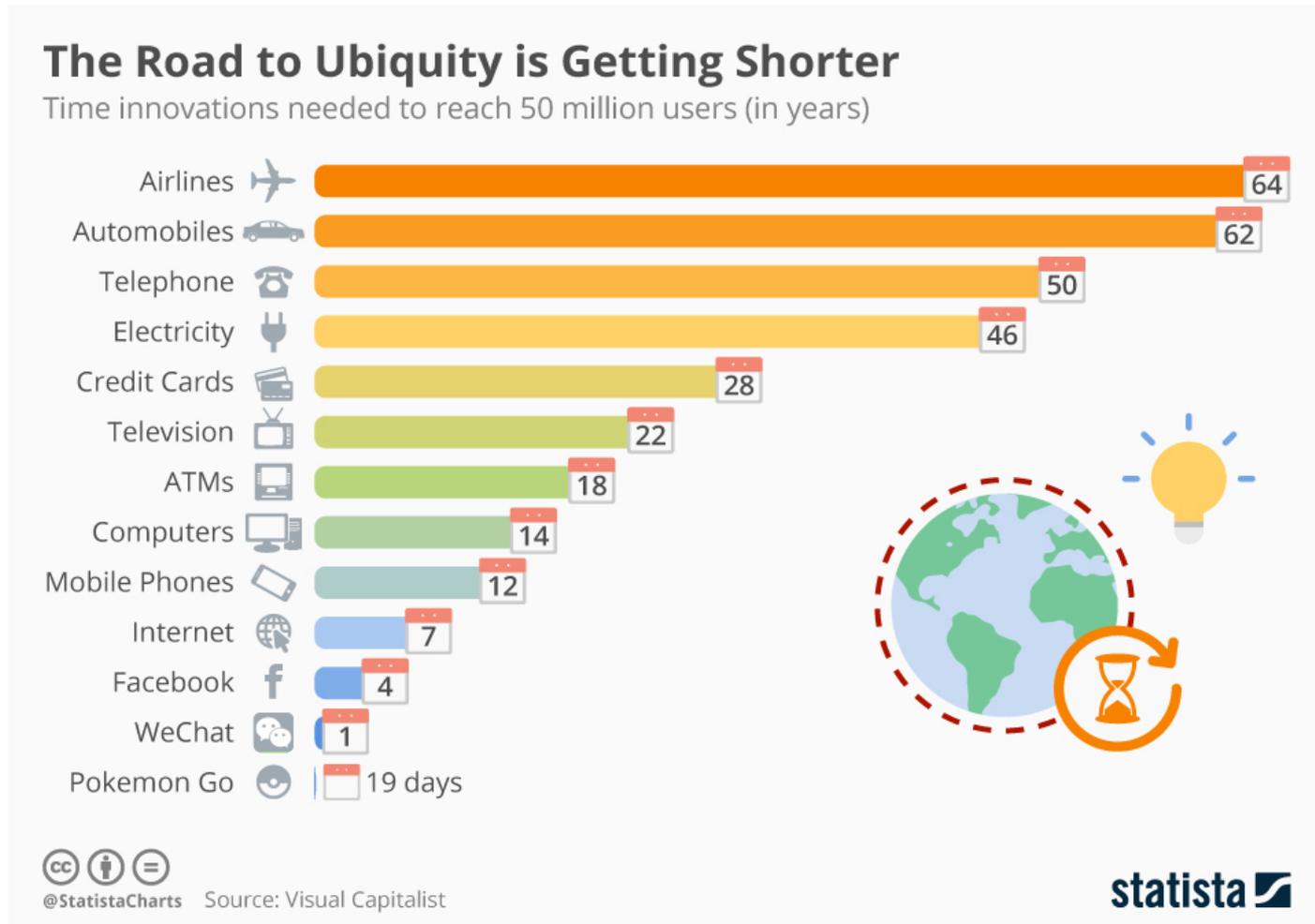
Changes in the entrepreneurial role

How can firms grow?

 Growing vs. scaling

 Growth at all costs?

# 🌐 Speed of firm (and industry) growth



<https://www.statista.com/chart/14395/time-innovations-needed-for-50-million-users/>



# Market entry

## First-mover strategy




- Less competitive rivalry
- Opportunity to secure supplier and distributor channels
- A better position to satisfy customers
- Gaining expertise through participation

- Technological uncertainty
- Market uncertainty
- Uncertainty in value creation for customers

## Late-mover strategy




- Refining is easier than inventing
- Reduced R&D costs.
- More organizational legitimacy as type for business is known
- Lower levels of uncertainty

- Customers/ users might be loyal to first mover
- Access to resources more expensive
- Need to catch up with first movers

# □ Changes in the entrepreneurial role

## Key activities of start-up entrepreneurs

- Entrepreneur as a spider in its web
- Broad overlapping roles
- Focus on internal activities:
  - Resource and team acquisition
  - (Informal) communication
  - Product development /prototyping
  - Purchasing major equipment
  - Analytical / conceptual work
- Obtaining and dealing with first customers



## Key activities of growth stage entrepreneurs

- Entrepreneur as a music conductor
- Supervisory and/or specialized roles
- Recruiting skilled professionals
- Focus on external and internal activities:
  - Strategic management
  - Strategic alliances & personal networking
  - Supplier relationships
  - Management of culture and vision
  - Business and organizational development

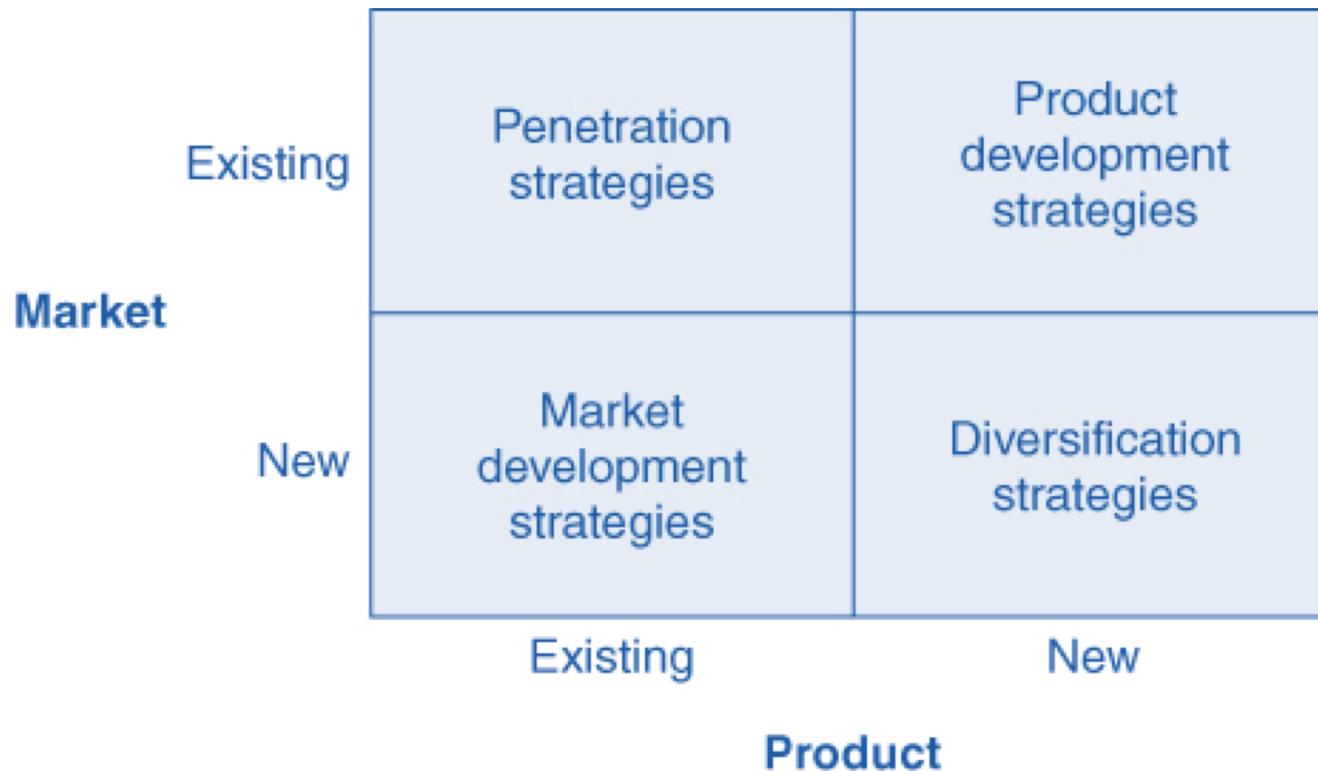


(Van Lancker, Knockaert, Collewaert, & Breugst, 2023; Wasserman, 2012)

# □ Mini case: Founder or Engineer-in-Chief?

<p><b>History</b></p>	<p>Jessie, a graduate in mechanical engineering, founded FlowSense, a start-up developing smart sensors for monitoring vibrations in industrial machines. <b>In the early phase, Jessie built almost everything:</b> sensor prototypes, firmware, data pipelines, machine-learning models, and early customer demos.</p>
<p><b>Current situation</b></p>	<p>Two years later, FlowSense has <b>22 employees</b> and several pilot projects. Teams (engineering, data-science, business) ask for clearer priorities, and <b>important decisions pile up on Jessie's desk.</b></p>
<p><b>Tensions</b></p>	<ul style="list-style-type: none"> <li>• Jessie still edits core systems alone, often bypassing team processes.</li> <li>• Teams wait for approval because “Jessie understands the whole system”.</li> <li>• Investor suggests hiring a VP Engineering to free Jessie for leadership role</li> <li>• Jessie hesitates because of quality concerns, and his identity is tied to building products</li> </ul>
<p><b>Issues</b></p>	<ul style="list-style-type: none"> <li>• Jessie becomes a technical and strategic bottleneck</li> <li>• FlowSense's decisions slow down and the architecture drifts</li> <li>• Partnerships and integrations are delayed at FlowSense</li> </ul>
<p><b>Jessie's question</b></p>	<ul style="list-style-type: none"> <li>• If I am no longer the main engineer, what exactly becomes my role in this company?</li> <li>• What should my (new) priorities be as FlowSense grows?</li> <li>• What happens if I realize that this new role does not feel natural or enjoyable to me?</li> </ul>

# □ How can firms grow?



## □ Penetration strategy

- A strategy to grow by encouraging existing customers to buy more of the firm's current products.
  - Marketing can be effective in encouraging frequent repeat purchases.
  - Does not involve anything new for the firm.
  - Relies on taking market share from competitors and/or expanding the size of the existing market.



Ansoff (1957)

## □ Market development strategies

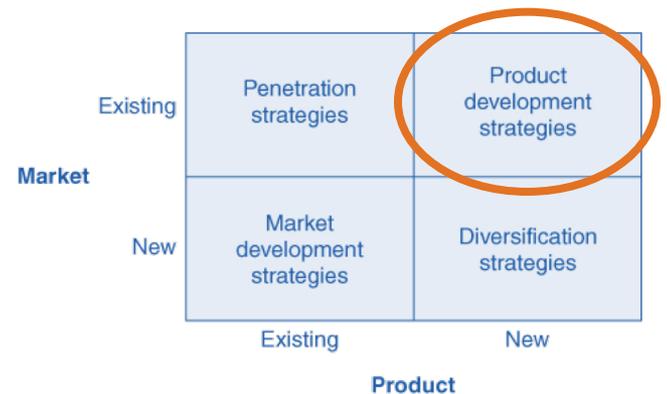
- Strategy to grow by selling the firm's existing products to new groups of customers.
  - New geographical market: selling existing product in new locations.
  - New demographic market: selling to a different demographic group.
  - New product use: selling an existing product, which may have a new use, to new groups of buyers.



Ansoff (1957)

# □ Product development strategies

- A strategy to grow by developing and selling new products to people who are already purchasing the firm's existing products.
- Advantages:
  - Chance to capitalize on existing distribution systems.
  - Capitalizing on the corporate reputation firm has with these customers.



Ansoff (1957)

# □ Diversification strategies

- A strategy to grow by selling a new product to a new market.
  - Backward integration: a step back (up) in the value-added chain toward the raw materials.
  - Forwards integration: a step forward (down) on the value-added chain toward the customers.
  - Horizontal integration: occurs at the same level of the value-added chain but simply involves a different, but complementary, value-added chain.



Ansoff (1957)

## □ Example of growth strategies

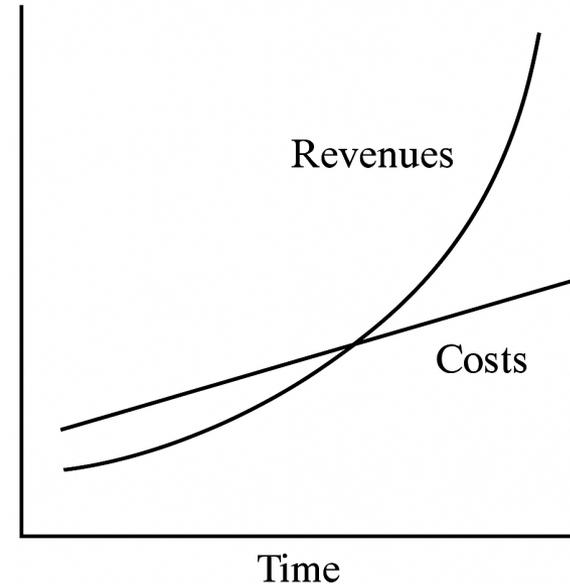
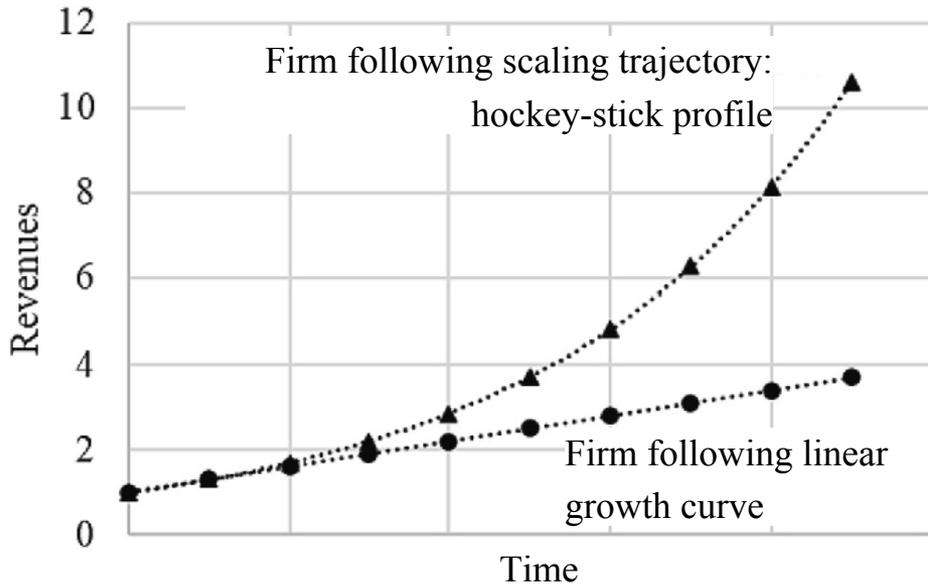
- Case: Early days of the Head Ski Company; only produced and sold high-tech skis in the U.S. market.
- **Penetration strategy:**
- **Market development strategy:**
- **Product development strategy:**
- **Diversification strategies:**



# Growing vs. scaling a firm

Comparison of scaling firm vs. firm following a steady growth trajectory

More efficient input-output relationship *within* a scaling firm



(based on Bohan et al., 2023)

Scale-ups “have a high-growth strategy aimed at attaining economies of scale” (Piaskowska et al., 2021)

⇒ Serving each additional customer should cost less

⇒ Internal organizing (through automation and standardization) needs to keep pace with growth



# Growth ambitions: Growing at all cost?

## Unicorn



- Startup company valued at over 1 billion USD
- (Extremely) rare
- High-tech background typical
- Must demonstrate fast-growth and scalability
- Decacorns as even more extreme cases: Valuation of more than \$10 billion

## Zebra



- Prioritize both profitability and (societal) impact
- Emphasize mutualistic relationships and communities
- Are seen as resilient and adaptive
- Focus on steady growth, societal benefits, and sustainability

(Cristofaro, Kask, & Muldoon, 2023; Lee, 2013)

# References from the class

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