Lifelong Learning Programme

START-UP COMMUNITIES

AN INTRODUCTION TO THE STUPCOM MODEL

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1. INTRODUCTION TO THE PARTNERSHIP

- What is it, why is it.

Our partnership, which consists of 12 partners from 10 countries within the EU, has been exploring some components of a Start-Up Community ecosystem to better understand how they operate in different countries and what best practice we can find from across the EU and make accessible to any community to support their own development work.

This paper contains the concentrated best practice we have found, focused on the topics we researched, presented in a simple and practical model. It is our hope that communities can use this model across the EU, of all types – small/large, online/physical, entrepreneurially developed or otherwise, to give ideas, inspire change and promote wider collaboration.

During our partnership we have visited communities at vastly different stages of development in terms of their start-up ecosystem and believe that for any organisation, individual or group committed to developing their ecosystem, can find excellent examples across the EU, fantastic partners to work with and now a useful resource to act as a starting point and guidance.

- Audience

Any ecosystem survives and indeed thrives due to its members and how they interact. A start-up community is not different. The development of this model has involved research into or collaboration with a wide range of organisations representing nearly all members of the entrepreneurial ecosystem - this has included business angel networks, national government departments, early stage entrepreneurs and multinational organizations.

The model that follows is appropriate for all members of this ecosystem. Different components will prove interesting for different audiences, and how the model is used will differ greatly too. Nonetheless, it is a simple, clear and interesting snapshot of a few elements that can start, grow and sustain a successful Start-Up Community.

- Outcomes

Our process in creating this model has been an educational and interesting one. All partners have derived great value from the trans-European learning and the breadth of those involved. Within our partnership we have a range of very different organisations with very different expertise and experience. Beyond this, the organisations we have visited, spoken with, interviewed, hosted at our events, and researched are a further diversification of the partnership that has contributed to the creation of this model. Importantly, we have all had the opportunity to learn from others and use what we have learnt in our own organisations, communities and countries. The development of a network of organisations

across Europe interested in the same ideas, applying them in different ways and at different stages is a fantastic result and a progressive step towards connecting the entrepreneurial ecosystems within countries and across national borders.

- **Components**

The topics that we have researched are not a definitive nor complete list but are the areas we highlighted through our own experience, expertise and interest. The components contributing to our model include:

1. Entrepreneurial Ecosystems
2. Encouraging and Supporting Youth Entrepreneurship
3. Innovative Methods of Training
4. Start-Up Networks
5. Incubators and Seed Finance
6. Co-Working
7. SMEs and Start-Up Collaboration

- **Summary**

An exceptional and unique collaboration of 12 organisations coming from 10 European countries has allowed the creation of the present Model that can be used by individual entrepreneurs and start-up communities of all types – small/large, online/physical, entrepreneurially developed or otherwise. The Model reflects, in a condensed way, the best practices in different areas such as co-working spaces, seed finance and incubation, entrepreneurship education and academic entrepreneurship, the use of networks and the policies to support entrepreneurs and start-ups, across the different participating countries. Further dissemination work is being operated by all partners at their national level so that the Model can reach out a wider audience such as Entrepreneur/Start-Up support organisations, Incubators, Co-working supporters, Business Accelerators, individual Entrepreneurs and Entrepreneurs networks, Start-Ups and Start-Ups networks, Angel Investors, Community managers, Sponsor organisations, Governments and Councils, Entrepreneurship Training Providers, etc. The Model is available to all.

Business networks, representatives of start-up communities and authorities to encourage, inspire, support and enable successful start-ups and foster an optimal start-up environment, should use the Model. It allows funders or individual entrepreneurs to find best practices and new opportunities from different European countries. It provides training providers and actors of entrepreneurship education with useful innovative learning elements.

The analysis of the value of Co-working spaces has showed us that they provide a brand and credibility to start-ups or entrepreneurs, usually too small to have their own office but wanting to progress beyond their garage. Moreover, Co-working spaces give them immediate access to a wider community which they can be part of. They provide entrepreneurs with direction and inspiration at a very low resource cost.

Best practices on seed finance and incubation across countries demonstrated to us the importance of incubators and accelerator programs. Incubator programs on the one hand are important for companies that are not ready to fully go live. The focus of incubator programs should be the development of a business plan. On the other hand, accelerator programs are useful for companies in very specific and high tech areas. This is due to the speed in which ideas are turned into commercial offerings, this being useful in the notoriously fast moving high tech sector where the first mover advantage is important.

Our research on Entrepreneurial ecosystem shows us that Education is paramount for an entrepreneurial culture. Although the shape and structure of education that is beneficial is not pre-determined and must vary for different countries and different communities, there are elements such as employer engagement, enterprise education, awareness of entrepreneurialism, core skills (e.g. creative problem solving) that should always be incorporated. Advanced enterprise education should foresee training for teachers, practical “learning by doing” projects, financial education, work experience in companies, simulations among other activities.

Finally, entrepreneurs should develop good “network management” for themselves. The use of functional networks can bring a wide-range of advantages for the entrepreneurs and the start-up community as a whole, either “softer” (problem-solving, credibility, reassurance) or “harder” (market knowledge information) benefits.

The Model should be used as practical flexible guidance, each of its components can be read separately depending of the area of interest, either by a young entrepreneur who needs tips at the early stage of his/her business creation or by education actors willing to develop entrepreneurship education in their country further. Moreover, the Model should be a roadmap for young people in Europe, who can learn new models of entrepreneurial ecosystems to develop their business ideas, get an overview of supporting offers, get linked to institutions/organizations that give support and get more knowledge about the start-up conditions in different countries.

2. OVERVIEW OF YOUTH ENTREPRENEURSHIP

With 5.6 million unemployed young people (under 25) in the EU – and this figure is likely to rise – the necessity for drastic labour market improvement is significant. One of the solutions to alleviate the dreadful situation of Europe's young is to promote youth entrepreneurship. Growth doesn't come from existing companies, so start-ups and small firms are essential to create jobs and avoid the looming lost generation. Entrepreneurship comes in many forms and different roles: it is a tool to develop talent and to stimulate innovation, but in the current context also a solution for unemployment.

Europe certainly lacks an entrepreneurial mind-set, at least compared to other continents. Europeans – old and young – prefer to work as an employee, often because of the job and income security. But the potential is high: nearly a quarter of EU respondents has started a business or is thinking about starting one (Eurobarometer 354).

If we focus on the young, it becomes clear that mind-sets are changing. 51 percent of young Europeans (aged 15-24) say that self-employment is desirable, against only 18 percent of the age group 55+. A quarter of young Europeans think about starting their own company; only 3 percent of the older Europeans consider this step. (ibid)

Recent research by the OECD confirms this trend and reveals a scope for more self-employment. The next generation of entrepreneurs has a lot of growth potential; their start-ups grow twice as fast as new companies set up by older peers. These digital natives understand much better the scope and opportunities of the digital economy. It is easy for them to become a 'micro-multinational' right from the start. The young's particular entrepreneurial potential and their contribution to social progress are underestimated.

It is now widely accepted that there are many good reasons to promote entrepreneurship among young people. While caution should be exercised so that entrepreneurship is not seen as a 'mass' or wide-ranging solution, which can cure all society's social illnesses, as many experts warn, it is true that entrepreneurship has a number of potential benefits. An obvious, and perhaps the most significant one, is that it creates employment for the young person who owns the business.

This is especially important in an economy subject to rationalization, change and restructuring. Many experts believe that entrepreneurship could bring back the alienated and marginalized youth into the economic mainstream. This may also have a direct effect on employment if new young entrepreneurs hire fellow youths from the 'dole' queues. In this way, entrepreneurship could help in confronting some of the socio-psychological problems and delinquency that arise from joblessness.

Youth-run enterprises (YREs) also provide valuable goods and services to society, especially to the local community. This results in the revitalization of the local community. It has also been observed that new small firms tend to raise the degree of competition in the product market, thereby bringing gains to consumers. In addition, the enterprises may create linkages between youth entrepreneurs and other economic actors, such as through sub-contracting, franchising, and so on.

Youth entrepreneurship also promotes innovation and resilience as it encourages young people to find new solutions, ideas and ways of doing things through experience-based learning. In certain circumstances, young entrepreneurs may be particularly receptive to new economic opportunities and trends. This is especially important nowadays given the on-going globalisation process. It is increasingly accepted that youth entrepreneurs can present alternatives to the organization of work, the transfer of technology, and a new perspective to the market.

In a broader sense, ‘entrepreneurship’, when treated as ‘enterprise’, helps young women and men to develop new skills and experiences that can be applied to many other challenges in life.

3. ENTREPRENEURIAL ECOSYSTEM

Entrepreneurial ecosystem indicators

Throughout Europe and within each individual country there are communities at very different stages along the journey to a well-developed entrepreneurial ecosystem. As an initial exercise in understanding how developed a country is, the following indicators can be useful. Here, we propose four indicators that we think answer the question from ecosystem leaders: what do we measure, and how do we measure it?

Density: At the core of any entrepreneurial ecosystem are the entrepreneurs themselves, so naturally we want to know how many entrepreneurs are in a given city or region. The most straightforward way to measure this is the number of new and young companies per 1,000 people in your city or metro area, where "young" can mean less than five or ten years old. This will tell you, in the most basic way, how the level of entrepreneurship changes over time relative to population. Another way of getting at density is by looking at the employment impact of new and young companies. The number of companies should not just measure entrepreneurial vibrancy—it also should include all the people involved in those companies. Thus, another data point to track is the share of employment accounted for by new and young companies.

Fluidity: The indicator of entrepreneurial vibrancy is fluidity. Entrepreneurial vibrancy means people both coming and going. One of the principal resources that entrepreneurs need is people, and population flux should provide a mixing and remixing of people, strengthening entrepreneurial bricolage. Population flux tells us about geographic mobility more broadly, but individuals also need to be able to find the right match with different jobs within a region. The pace at which they are able to move from job to job and between organizations also should be an important indicator of vibrancy. The third suggested measure of fluidity is the number (and density) of high-growth firms, which account for a small share of companies, but are responsible for a disproportionate share of job creation and innovation. A concentration of high growth firms will indicate whether or not entrepreneurs are able to allocate resources to more productive uses and rapidly capitalize on that process of bricolage.

Connectivity: A vibrant entrepreneurial ecosystem is not simply a collection of isolated elements—the connections between the elements matter just as much as the elements themselves. Recent years have seen a proliferation of entrepreneurship education and training programs around the world, but the mere existence of programmatic resources is not the same

thing as effectiveness, let alone vibrancy. Connections matter, and a dense network of connections, among a small number of programs, is arguably more important than a sparse network among a larger number.

Diversity: What we have in mind here is not diversity instead of specialization, but a diversity of specializations. Cities and regions that specialize in multiple economic areas should enjoy greater entrepreneurial outcomes than those that only specialize in one or two industries. Additionally, we would like to see how well your entrepreneurial ecosystem successfully diversifies opportunity. The purpose is to improve the quality of life for citizens, to expand opportunity, and to create a virtuous circle of opportunity, growth, and prosperity.

These indicators are a starting point and can guide initial stages in exploring how developed an entrepreneurial ecosystem is in a community or a country. Analysis beyond these is vital, looking at factors specific to each case and deeper research where appropriate. Of note is the purpose of this process, which can be to identify areas for improvement, to understand how to build a new ecosystem and to bring together stakeholders in the design of a future ecosystem appropriate for each community.

- ### Building blocks-the model to an Entrepreneurial Ecosystem

An entrepreneurial culture will not appear instantly, but develop over time at different speeds within different demographics/communities and with differing levels of success and impact dependent on multiple complex variables. What follows are some of the core factors worth researching, exploring in your community and using as guidance in developing a strategy or planning practical steps in building your entrepreneurial ecosystem:

1. **Education** – is paramount for an entrepreneurial culture. There are many skills, abilities and qualities, which are very important, which can be gained through education and delivered to almost everyone during compulsory education – there is no other opportunity to 'catch all' and no better time to do so than when people are young. The shape and structure of education that is beneficial is not pre-determined and must vary for different countries and different communities within each country, this said there are elements which can always be incorporated:
    a. **Employer engagement** – students having access to and the opportunity to work with businesses.
    b. **Enterprise education** – working on real life projects and managing them from inception to delivery to raise capacity and confidence.

c. **Awareness** – of entrepreneurialism as a career path, what it involves and the likely challenges that will be faced throughout.

d. **Core skills –** such as creative problem solving, effective professional communication, sales techniques.

2. **Entrepreneurial spirit** – though difficult to define and actively increase, this can be broken down to provide a starting point for generating activity and momentum promoting entrepreneurialism, and making it a more natural part of any community. Our starting point components are:

   a. **Prominence of entrepreneur role models** – give them some publicity and support.

   b. **High profile organizations offering competitions and publicity** – across enterprise and entrepreneurship sectors.

   c. **Support for socially focused community action projects** - that inspire and enable people to develop and deliver ideas.

   d. Increasing the **national reputation** of entrepreneurs and the positive impact they can have on society and the economy.

   e. **Nationally funded programmes** – that give people the chance to try their own small project or business.

This spirit should contribute heavily to raising aspirations to become an entrepreneur and belief in it as a viable career path. It also provides the vehicle for generating positive press around entrepreneurs and understanding the value they add to the community.

3. **Appropriate infrastructure -** this removes many barriers for entrepreneurs and is widely varied across the EU. Of particular note are; the process of starting a new business, an appropriate tax system for start-ups and an efficient administrative sector that promotes and supports young businesses. More specifically an entrepreneur's infrastructure program, like the Australian's Government one should be researched, which offers:

   a. **Business management:** Provide support for business improvement and growth through Business evaluations, Supply chain facilitation, Growth services and grants.

   b. **Research Connections:** Helping small and medium businesses collaborate with the research sector to develop new ideas with commercial potential. **Accelerating commercialization element:** expert guidance, connections and grants to accelerate the commercialization of novel intellectual property in the form of new products, processes and services.

4. **Opportunity for practical experience** – in education, employment and normal life. When people are given the chance to bring their own ideas to life there is a higher chance that

they will have the confidence and ability to start a business of their own. In many countries this opportunity is rare, but in some it is very accessible which leads to a comparatively high uptake and increased entrepreneurialism. It is also of note that this practical experience can create better employees and increase innovation.

5. **Support Infrastructure** – provides a far lower access point and a much more effective process for the development of sustainable start-ups. Though it is important to first research the need there is a range of components that can be successfully used to develop and support an entrepreneurial culture:
    a. **Co-working spaces** – provide early stage facilities for new ventures and access to a simple network of like-minded people, also very functional for self-employed people.
    b. **New business incubators** – give start-ups the wrap around support based on practical experience to enable them to focus on their core business and fulfil all other responsibilities.
    c. **Start-up Accelerators** – offer programmes for start-ups to drive their business forward in a short space of time with access to valuable mentors, investors, networks and professional services.
    d. **Networks** – will develop naturally over time but can offer people encouragement, experienced help and the chance to meet relevant people for future collaboration and sales.
6. **Finance** – is essential to build an entrepreneurial culture and give it real momentum. It is rare for a new venture not to require finance at some point in its early life, and often this finance enables it to take significant steps forward. The accessibility to different levels of money is vital so founders can target their strategy and plans around genuine prospects and focus on being sustainable and capable of growth.

4. ENCOURAGING AND SUPPORTING YOUTH ENTREPRENEURSHIP: INSIDE AND OUTSIDE EDUCATION

Promoting and developing entrepreneurship skills through education

There are many ways to help young people developing the necessary skills and knowledge to become good entrepreneurs, good employees and citizens. Any education system would benefit from giving attention to enterprise skills, business capabilities and professional attitudes from a young age. The specifics can vary but providing this structure throughout education, with the support of business and employers is considered to be a very good start.

Academic institutions have significant responsibilities in the delivery of such type of education but are not alone. However, there should be active engagement from all members of the community, including important stakeholders (governmental bodies and agencies, parents´ associations, business representatives), and guidance from employers and entrepreneurs so as to enable and empower teachers to bring learning to life and make it relevant for each student´s future. Due to the potential impact it can have on society and the wider economy, entrepreneurship education should be something that governments plan for and support financially.

Entrepreneurship is a skill that can be learnt. A person doesn't have to be born an entrepreneur to run a successful business. This person can become an entrepreneur by developing an entrepreneurial attitude and the right set of skills. Entrepreneurship education prepares people to be responsible and enterprising individuals. It helps people develop the skills, knowledge, and attitudes necessary to achieve the goals they set out for themselves. Evidence also shows that people with entrepreneurial education are more employable and as Europe needs more jobs and therefore more entrepreneurs, it is (more than ever!) necessary to support this type of education across European Member states.

For promoting and developing entrepreneurship skills through education, we suggest following some of the best practices we present below:

- **Training the teachers:** considered to be a key point as teachers should have the appropriate knowledge and skills to promote entrepreneurship near their students.
- **Delivering the right support structures:** supporting structures for entrepreneurship can be integrated in formal education (space, communication tools, mentoring, support...), so young people would have access to them at early stages.
- **Designing and implementing specific classes** dedicated to entrepreneurship can be a good way to "awaken the minds" and create innovative curricula.

- **Supporting learning cooperatives inside schools.** This is a good initiative that can be taken at almost secondary school levels and high school. The idea is young people working together through cooperatives so they can learn easily and early how to run a business. And this could be the first steps for a future business. This action, moreover, would help schools and teachers, to promote good and profitable skills for the business, so it can be taken into consideration also for skills development in young people.

Based on the best practices presented above, let's now look at some recommendations and **good practices** that will help with the general objective:

1 **Primary education**: introduction to financial education and terminology; practical projects "learning by doing"; visits to workplaces and classroom-based activities and projects that complement the visits; develop curricula skills but also extra curricula (competitions, job fairs).

2 **Secondary education:** further application of financial education and finance skills; group projects with skills from other subjects; students who have similar career interests form groups and are responsible for searching relevant professionals from that industry in which they are interested to come into their school and speak.

3 **College**: practical work experience in companies (national apprenticeship scheme); small internships in companies; practical experience in developing their ideas (generate and bring into life their own idea, virtual business games for teaching entrepreneurship).

4 **University**: there are a lot of activities and good practices to be developed in universities. These institutions may have the best network to develop many different activities and to help young people to learn and become and entrepreneurs, as they have the best knowledge, the best access to experts... so in universities, projects such as simulation activities, incubators, and business school... can be held.

- Promoting and developing entrepreneurship skills outside education

Various stakeholders including governmental bodies and public institutions, academic institutions and entities outside the regular educational structures, are nowadays sharing the responsibility for supporting, promoting and encouraging entrepreneurship and enterprise education. This situation may lead to critical issues as, the role for each one of these institutions is not quite clear, they all have a significant role to play as they are closely connected with real life and experience, but they all should cooperate and work closely towards achieving the goals expected for the young people involved.

The development of a positive entrepreneurial culture across communities, countries and Europe is also valuable to all. A network built from all stakeholders and organisations has the capacity to deliver excellent value and effective collaboration internationally. The result could be an inspirational enterprising culture that works across generations.

Some good actions to be taken in order to engage young people in enterprise, business and entrepreneurship, not inside school or the educational system, but by other institutions and areas, can be:

1. **Funding and advisory services** are always necessary for young entrepreneurs. Entrepreneurs may have a good idea but they don't know how to start it, so advice is necessary at least in first steps. This can be held by public or by private institutions like private foundations whose aim is supporting new entrepreneurs. In terms of funding, public grants given by governments would help entrepreneurs to obtain the necessary capital. The ease with which entrepreneurs can find financial support is a key factor on them starting a business. Thus, all banks and grant makers are involved and funding institutions that need to be aware and flexible in the support they can offer entrepreneurs.
2. **Business Competitions** provide good opportunities and awards for the participants and winners. This could be done inside school and integrated in the educational system or in a parallel way by other institutions. The focus, prizes and process can all vary to be made appropriate.
3. **Entrepreneurs' camps** where entrepreneurs can join and receive classes from experts and other consolidated entrepreneurs and they put in words and paper their business idea so at the end of the camp, the best one can also receive some award or grant.
4. **Role models** and inspirational stories are always useful in promoting entrepreneurship. Young people can be afraid of doing something new and having some success stories and role models telling them it is possible can be a great help and inspiration.
5. **Networking** is a basic tool nowadays to promote entrepreneurship. Networking events where teachers, mentors, professionals, students, consolidated entrepreneurs... come together and talk, discuss different topics and aspects related to economy, different business sectors or entrepreneurship in general terms.
6. **Training**, including workshops and training from different social agents such as institutions or non-profit organizations could help and give a lot of young people the needed knowledge and skills (as we will see in the next paragraph) to start their businesses. Also here, European projects can be useful.

Such policies presented above promote youth entrepreneurship and must be regarded as starting points for entrepreneurship education. Programmes to train young men and women for self-employment and to help them to achieve it, can enhance what must be done to attack youth unemployment in general. This is based on the recognition that not all young people can become entrepreneurs in a business sense. Enterprise skills can, therefore, help youth adapt well to other non-entrepreneurial careers. Moreover, the success of the 'new economy' is dependent on the promotion of a culture of entrepreneurship. It has been observed that youth have the capacity to understand it and be its pioneers. This is reflected in higher youth participation in Internet business start-ups.

Given this situation, the promotion of youth enterprise in general and youth entrepreneurship in particular is vital. The importance of this promotion should also be seen in the context of improving social attitudes towards entrepreneurship. Collectively, these influences are referred to as an enterprise culture'.

5. INNOVATIVE METHODS OF TRAINING

How to teach entrepreneurship when you are not an entrepreneur

Teaching is undergoing a lot of changes, as careers are less secure, specific and more scattered – this trend is likely to continue in the future. VET schools traditionally trained students for a specific skill or need in the field, and the main objective was to give every student a functional practical basis in a trade.

The traditional academic model of the teacher providing information directly is not always appropriate. The role of the teacher in the learning process needs to change accordingly. Instead of a one directional focus on content and direct delivery by giving lectures in front of the class, teachers need to give students real-life experiences, wider understanding of how their knowledge and skill are valued in the real world, and start acting like a coach or mentor.

A common problem throughout Europe is that teachers who lack real-world experience teach entrepreneurship. The most effective way to ensure that teacher competence in this field is adequate and up-to-date would be to make entrepreneurship a mandatory part of teacher training, but this is a long-term solution that requires significant support. It is also important to offer further training to teachers who have already completed their training and want to develop themselves in their path of Life-long learning.

However, it is not necessary that a teacher have to be an entrepreneur to teach the topic. In Tiimiakatemia, the Entrepreneurship center of Excellence of the JAMK University of applied sciences in Jyväskylä Finland, the problem was acknowledged and they came up with an eighteen-month Team Master Coaching program. It provides a tested path for a teacher to let go of the old routines and start encouraging students to actively pursue their own areas of interest.

○ How to give students active experiences instead of sitting them in a classroom

Let's share with you some advice on how to give students active experiences instead of sitting them in a classroom:

- Give **opportunities** to work directly with and into employers.
- Always choose **outside school lessons** if they can be arranged and fits the topic that is going to be learned: business visits, exhibitions, business lectures, open-door days in companies and societies, different schools etc.
- When doing a project, actively encourage or even demand students to **co-operate** with students who are studying for a different degree in your school.
- Always include the **real-life application of the knowledge** or skill they have learnt.

- Give students **responsibility** and let them handle real assignments from customers. This is very hard at the beginning, to let them make mistakes. But the best way to learn is by doing, so students should be given a real situation to learn in and not be protected from making mistakes, instead making a mistake should be a thing to be proud of and learn from! The teacher's role is to process the mistakes when they happen with students and offer solutions how to not repeat them in the future.
- Use **co-operatives** as a tool (or similar light business structure that allows the students to bill their customers). Co-operation is a great business structure to use in schools, it has low (or nearly zero) financial risk for a student to join in, and it lets them bill legally all the projects they do while studying. Co-operations can be school-operated (best suited for VET-schools) or run by a class (like in Tiimiakatemia model, where all the classes form their own co-operation the first day in school). Co-operation business structure is only specific to some EU-countries, but is there a way the students could charge for their projects in your country?
- **Show me the money**. The students' interest for subjects like VAT, product pricing, taxes etc. can be taught very simply and effectively: Let them write an invoice to their customer or a cheque to their suppliers! The level of engagement skyrockets, because it is the students own money at stake! The process of developing their business model starts immediately, when they see and actually feel in their pockets how the total sum of the check was distributed to taxes, VAT, materials, salary etc.
- Check from your national agency if there are any upcoming European cross-country projects that the class could participate or scholarships to apply.

Teachers Guide to encouraging students

- Letting go of the **old routines** is painful. Specially handling real-life projects over to young students is a giant leap to take. You will notice quickly that going out of the comfort zone is worth it. Learning by doing is so powerful a method, that the projects starts to teach the students and the teacher can step out of the way.
- **Resistance from colleagues**. This can be crushing, doing things differently in such a traditional field as a school, is certain to raise anger and stubbornness from other teachers. Try to find like-minded people around you to better cope with the pressure, be open about the results you´ve made with the class with new teaching methods.
- **Lack of projects**. Like in every company, the products must be marketed or else you can´t give any real-life assignments to your students! Co-operating with your schools marketing students is an option, or doing guerrilla marketing with the students. The amount of money to use for advertising is most likely going to be very small.

- **Work experience** – try to get some work experience during holidays with a company you are interested in.
- **Network** – with businesses. Remember there are plenty of business networks that you can ask to be invited to make new contacts in the business world.
- Have a **clear idea** what you want – from businesses or employers.
- Get buy-in from your **principal and senior leaders** so you too can be recognized for good work.
- Ask the students which **local entrepreneur** they would like to invite to speak for the class and then invite the winner!

How to contribute to Education as a Business

- Give students **work** you genuinely need doing, or projects you actively want ideas for.
- **Communications** – are not always perfect, be clear about how you want to work from the start.
- **Deadlines** - be firm about when you need the task to be done. Check regularly that the project is moving forward and in the right direction.
- **Start small** – there are many ways you can work with a school/in education – what works for you?
- **Invite the teacher to your office** – so they understand what you do. Bear in mind that it is probably a while since you´ve been at school yourself, so it´s a great chance to update your knowledge how the education works today!
- Try **intensive projects** with students – for example a 6 hour-innovation day, you name the topic! Or 24-hour "new product design" camp.
- Students can offer **"out of the box"** solutions for common problems in your business, since their minds have not (yet) been overloaded with information and habits how things have been done in the past. Divide the students into groups and make a competition: Give them a problem from your company, but don´t let them know how it gets handled in real-life! See how differently the groups start to solve the problem. This could be especially useful in small companies, or where workforce's movement is slow.
- Searching for **good interns**? Giving students small projects shows you who has potential and value for your company.

6. START-UP NETWORKS AND EU FUNDRAISING

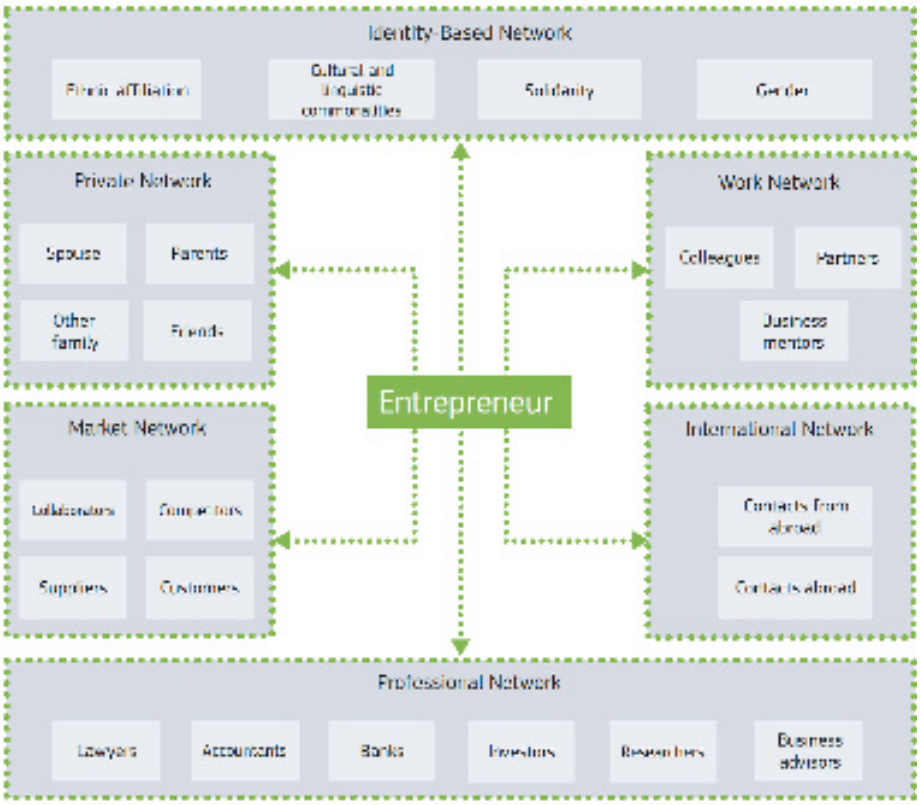
○ Introduction

Networks are an essential part of the entrepreneur's ecosystem. They provide a social context, allow transferring knowledge and trust, and creating new opportunities. For small and young firms, the use of networks is vital. It is a means of becoming competitive compared with big businesses. Entrepreneurship emerges at the junctions of social and commercial information networks that supply entrepreneurs with ideas, exchange opportunities, access to resources such as finance, potential clients and potential partners. Entrepreneurial networks can be defined as a "combination of ties that are social (affective), or commercial (instrumental or calculative)"[1].

Entrepreneurs starting a firm are particularly concerned with building up personal networks. In order to overcome the challenges of newness, they must mobilize and activate all resources available to promote and develop their emerging business. Different types of networks at different stages of business development help entrepreneurs translate their visions and plans into reality.

In a European economy based on knowledge and innovation, entrepreneurs in knowledge-based firms, when compared with classical companies, have to invest more time in networking and also construct more targeted networks (peer-to-peer networking structures). Besides, the emergence of virtual business communities enables entrepreneurs to communicate more rapidly, cheaply and extensively, without space and costs constraints. Individuals with common mindsets and interests share information and knowledge electronically. Following is a scheme to show how the entrepreneur is embedded in a bigger network or set of networks (social context) that plays a critical role in the whole entrepreneurial process.

[1] *Sjöstrand 1992*



Source: Policy brief for expanding networks for inclusive entrepreneurship, European Commission, OECD, 2015

- The entrepreneur's network

Identification of networks: To start the right network, it is important to know which networks already exist and to consult their websites, and where to find business networking events. Following is a selection of links to find relevant business and target networks for young entrepreneurs as well as business events links:

Europe-wide:

- Accelerator Assembly: http://www.acceleratorassembly.eu/
- Web Investors Forum: http://webinvestorsforum.eu/
- Crowdfunding Network : http://www.eurocrowd.org/
- The Coworking Assembly: http://coworkingassembly.eu
- The Young Entrepreneur Networking Association (YENA): http://yena.co.uk/about-yena/
- YES European Confederation of young entrepreneurs: http://www.yesforeurope.eu/yes-people/
- The European Young Innovators Forum: http://www.eyif.eu/

Business networking events:

EU Business Events:

- http://www.eubusiness.com/events: it provides a full calendar of EU business events.

Global Events:

- http://www.globaleventslist.elsevier.com/: it is a global event website providing calendar of events per discipline and regions of the world.

Network management: When networks are activated for new business formation, **a three-stage sequence of development[2] is followed**. Each stage in the network development process is characterized by changes in the composition of the networks and the mechanisms used to manage the networks.

In the **first stage**, the key activity centers on identifying the contacts that will provide critical resources to begin the business, particularly the use of ties to family, friends and existing business contacts. During this stage, new contacts are identified and preexisting contacts are tapped for the venture. Entrepreneurs spend significant amounts of time developing new contacts and maintaining those contacts.

In the **second stage**, exchange relationships become more multiplex, with relationships that began for instrumental reasons becoming imbued with a social or affective component and ties that were strictly non-instrumental becoming leveraged for economic purposes. In addition, the governance relationship shifts from quid pro quo behavior as a basis for the exchange, to trust and concerns about maintaining one's reputation.

In the **third stage**, the network content of the relationships gains further complexity and is characterized by more and higher quality information exchange between partners. Driven in part by the resource requirements of the venture, a critical mass of relationships is established and more significantly, the continued interactions between partners become routinized. Ties can be characterized as inter-organizational relationships when the direct involvement of the individuals that played a role in their formation is no longer needed for the relationships to be sustained[3].

How to use networking to promote a good ecosystem

Networks should serve as support platform at several levels. Networking should provide the Start-up Community with two types of benefits:

On the one hand, "softer benefits" concern values, qualities, behaviour, moral support and symbolic support such as advice and problem-solving, self-confidence and reassurance, professional credibility and legitimacy, motivation, inspiration, creativity, innovation, etc.

On the other hand, "harder benefits" concern relationships of entrepreneurs to customers, investors, partners, suppliers, employees and technical and market knowledge/information[4].

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[2] *Starr and MacMillan (1990), Larson and Starr (1993), Hoang and Antoncic (2003)*
[3] *Starr and MacMillan (1990), Larson and Starr (1993), Hoang and Antoncic (2003)*
[4] *Edmondson, 2000*

"Softer benefits"

- Advice, problem-solving: when questions arise and problems occur, personal or organisational networks are of valuable help to share best practices and find solutions. Networks are good providers in time of needs, especially at the early stages of a business.
- Self-confidence, reassurance: especially when establishing a new business, those two values are essential and can be found in networks, especially personal networks.
- Professional credibility: entrepreneurs need a track record, and without this it can be difficult to find legitimacy on the market. Therefore a membership in some formal networks such as trade associations can provide entrepreneurs and firms credibility within the market place/local/international environment.
- Motivation, inspiration, innovation: exchanges within participation in networking events or virtual platforms provide entrepreneurs, especially innovators, with inspiration. It is an essential aspect in particular at the business creation stage. Talks and presentations by successful entrepreneurs are often described as "inspirational" and, as such, can be a source of motivation.
- Relaxation: in increasingly pressurised work lives, relaxation is particularly important especially in knowledge-based firms who need creativity and rely on innovation thinking.

"Harder benefits"

- Leads to formal business relationships: networks, especially business networks, provide leads to formal business relationships. When forming new businesses it is essential for entrepreneurs to establish formal business relationships with customers, investors, partners, suppliers and employees. Networks play a substantial role in this sense.
- Technical and market knowledge information: entrepreneurs need to have a constant good understanding of the market environment, especially when they intend to launch a new product. Therefore, technical and market knowledge/information is crucial. Sharing such information within networks is essential.

7. INCUBATORS AND SEED FINANCE

a. Introduction

This section contains best practice divided into three sections: Public, Private and Structure. Public concerns what governments can do to build entrepreneurial culture. Private concerns what companies or organisations can do to foster this culture. Structure explains the way in which the public and private sector should interact, the recommended course and design of incubators and which styles of financing are preferable.

b. Public bodies

1. Funding

- **Competitions-** Business plan/entrepreneur competitions can promote access to publicity and finance for small businesses. This can also increase the general visibility of start-ups in the public sphere. This is useful for the companies involved as a way to reach potential customers and in developing a positive opinion of entrepreneurship in the public sphere. (Spain A)
- **Grants-** Grants focused on microfinance for start-ups can be a useful resource for entrepreneurs while not being a large financial burden for governments. (Germany C) They can be used to channel capital into social enterprises, important organisations that find difficulty in raising capital (Germany C). The political focus of the organisation issuing the grant and any desired consequence on the work of the grant receiver should be easily available information which is clearly stated both prior to and during any grant application phase.

2. Regulation

- **Tax Schemes-** Tax schemes can be used to channel investment into start-ups and reduce overhead burden for SMEs. E.g. R&D tax credits and EIS in the UK (formerly BES).
- **Investor Visa-** By allowing investors access to the country in question it allows greater involvement in building said business and allays fears concerning the governance of said business derived from distance. (Italy A)
- **Entrepreneur Visa-** By allowing persons with business ideas access to a country's market it increases the influx of innovation and small business growth.
- **Business Regulation-** A reduction in red tape frees up time for businesses to focus on their product and sales rather than meeting regulations. It also reduces business costs related to accountants and lawyers. (Italy A)

c. Private bodies

1. Funding

- **Angel Investment-** It is useful when angel investors add more than just capital. Mentorship and their networks can be just as useful as capital for developing a start-up.

  Education of investors as to both risk and reward enables better deployment of more capital.
- **Seed Investment-** Must have high entrance criteria and appropriate selection processes to ensure that seed finance doesn't receive a bad name due to poor investment choices and the consequent poor investment performance.

  It also ensures that entrepreneurs that are aiming to receive investment know that the required quality is high, forcing them to analyse every aspect of their businesses idea.
- **Incubator Programs-** Useful for companies that wish to prove a concept. Its focus should be on the development of a business plan or acquiring a first customer.

d. Interaction between all the agents

1. Public – Private Interaction

- **Higher Education Institutions-** Close links between incubators and higher education institutions are valuable. They allow persons at university to develop potential business ideas in a commercially unstressed environment (useful for a group that generally has little capital to fall back on). (Finland A, England A, Germany B). It also allows for access to highly developed manufacturing facilities and resources that wouldn't otherwise be available to them.
- **Skills Programs-** Links with vocational programs can provide persons with excellent practical skills and links with quality firms in fields such as engineering. (Turkey)

2. Incubator Structure

- **Pricing-** Availability of cheap space reduces the overheads for start-ups, allowing them to spend money on growing their business. This is especially important in cities, which tend to have expensive rents.

  Co-Working space is a potentially cost-efficient option. (France A)
- **Quality Gates-** Many incubators give support to companies with no potential to succeed. They are funded extremely by absent stakeholders and create a false non-commercial environment. It is important to ensure steps are taken to encourage effective assessment of applicants for the long-term sustainability of private support.
- **Post-incubation phase-** Companies should be retained in the incubators network. (Finland B). This retains a strong network for the 'graduating' company, thus allowing them to receive

advice and possible funding when growing outside the incubator environment. Allows the incubator to effectively to track the progress of 'graduated' companies and consequently assess their ability to prepare companies for the non-incubator environment. Can potentially build and retain a strong environment of success. This is because new companies in the incubator can learn from and build links with companies that have 'graduated'.

- **Business Area Focus-** A focus on a specific business area is valuable for incubators. This is because it focuses expertise onto specific areas allowing for more productive mentorship. It also attracts companies to the incubator that are specialising in that sector allowing for better networking. (England A)
- **Incubator Community-** Geographic focus is problematic as a catchment area can arbitrarily rule out good ideas. (Sweden A). Providing a space in which many companies, at different levels in the 'graduating' process, co-exist can develop a communal atmosphere. This builds networks and spreads information and best practices efficiently. (France A/England). Legal and accounting support is key for small businesses. Providing it for free or at a discounted rate is very important. (Germany C)

3. Finance Structure

Investor expectations need to be managed carefully. Communication channels and access to materials should be defined in investment contracts.

- **Equity finance-** Equity is a good way to finance small businesses, as there is no liability to repay from limited/non-existent cash flows.
- **Crowd Funding-** Crowd funding is problematic for any large scale funding. This is due to the collation of many small investments making management of said investments and investors difficult. The experience of investors isn't gained via crowd funding due to the small stakes involved and the consequent lack of investor focus.

8. COWORKING

a. The value of coworking

Benefits for an entrepreneur- Besides sharing a common space which is economically interesting for an entrepreneur, working in a co-working space permits them access to a network. Often the co-working space can provide a brand and credibility to a start-up or entrepreneur, too small to have their own office but wanting to progress beyond their garage.

In fact, we have noticed that co-working spaces growth in Europe has started in big cities where rents can be really expensive especially for a new entrepreneur. Starting to work in a shared space allows the entrepreneur to have access to facilities he/she could not have from home. Now that competition exists between spaces, we noticed a wide range of special offers with special access to facilities like a gym or parking space.

On the other hand, most of co-working spaces have decided to be specialized in a special field gathering then professional working in the same area. When starting a new business, this permits to meet a network of people with the same needs and ambitions but with different ideas.

Benefits for a start-up business - Being in a co-working space has many benefits for a start-up, not only does it provide a positive and engaging work environment for a new team, but it gives them immediate access to a wider community which they can be part of.

The tangible benefits derived from this include finding suppliers that you can talk to everyday, selling work themselves or picking up small contracts to keep the finances in order. Furthermore, conversations can lead to new ideas, collaboration, finding mentors and expanding our network.

It is a difficult balance for a small team and often a separate office is a better choice, however as co-working spaces grow they will be able to curate space specifically for small teams and this is likely to become increasingly popular in the future.

Benefits for a start-up community - Co-working provides a simple and accessible first step for all entrepreneurs or people interested in different working styles and other opportunities this may present for them. Without this, entrepreneurs are condemned to dark back rooms, coffee shops and any public buildings with free Wi-Fi. Co-working presents a welcoming and comfortable option for many with low risk, low cost and a real sense of community that is essential during the early phases of business start-up when challenges are frequent and help is hard to find.

As we have seen, the most successful co-working spaces have a theme or a specific character. This again is useful as it defines the members and gives them direction and inspiration at a very low resource cost. The value of having specialized spaces is that a wider community can form of different spaces and collaboration can run through them, and access to customers becomes more focused and effective for the businesses based there.

b. Steps to coworking

Step 1: Research-Before taking any practical action to start a co-working space, you need to understand if preliminary conditions (such as demand, critical mass of users, local economy and its specificity, space availability, other stakeholders potentially interested and other experiences of sharing economies) are met. Try to understand what are the key elements that could support/slow down your activity and prepare to interact with them – is there any financial support available? Last, but not least, try to understand if there is a real need for a co-working space.

Step 2: Identity - When ready to develop your space, the first important decision to make is its identity. If your community is nascent for co-working often a general concept of shared space for freelancer can work – but an identity is still critical. If your community already has a co-working landscape you must decide how your space will define itself, what is its specificity and the target groups it will attract to form its membership. Identity the key as it is the factor that will make a user (or client) choose your space over others.

Would you go for a sector specific space or would you select identity on a different level, such as a client focus to allow functional collaboration and partnerships to form? Alternatively you could just feel fun, etc.

What is your offer? A space to work for those just starting out? A space for those who want to be inspired by working near others? A space with a specific philosophy where you will curate members to be the right fit? All can work but rely on a strong and clear identity.

Step 3: Sustainability- Opening and managing a co-working space is a business activity and therefore must have a feasible and sustainable long-term business model. There is often finance available for the start-up phase (variable across Europe) but you must plan to survive beyond handouts in the future – but how?

How will you generate revenue – membership fees are a good start but are unlikely to provide all you need? Consider other ways of increasing revenue through your space and build these into your

plans e.g. a café, events, meeting room hire, venue hire, additional services such as bookkeeping or design, or indeed acting as a broker for the services of your members, etc.

Are you able to connect your space with projects that could generate revenue? Are you able to expand your services and products beyond your membership base? Can you build a network that adds value?

Step 4: The People - It is the people that will use the space that should guide how you structure and organize the space, the facilities you will provide, the services offered and any other connected opportunities.

Finding the right people is essential. Do you have the right people involved? Do you have critical mass to make your space used and sustainable in the long term? Does each individual add value to the community?

Member duration is often necessary – you must attract and manage the people using your space. If individuals do not fit the space and its identity or do not add to the community atmosphere, you should consider asking them to leave as if it is not a good match it probably isn't working for them either.

Co-creation: can make your life easier as it involves your users from the outset and guarantees early members, allows you to shape the space and its identity based on them and creates a launch network.

Step 5: The Space - The physical design of your space is incredibly important and will differentiate it from a simple room people can work in. It must be done after your research and planning so that it can be appropriate, attractive and functional for the members you plan to have. Remember that for them it is important to have a space they are proud to meet with clients and entertain guests.

Additional services depend greatly on the space available to you, its location and the wider community around it. If you can offer a service that will engage the general public as well it is worth exploring, but do not replicate something already easily available.

Engaging your likely users in the design process is a positive step, and remembering that it is fine to try new things even if they do not work.

Step 6: Evolution - Sharing economy and co-working, as one of its tools, are relatively recent phenomena but, as all elements of innovation, they are also changing very fast.

As a final consideration, you should try to keep your strategy and business model updated regularly. This will allow you to identify and, if appropriate, follow new trends and be able to change and adapt to new needs, new users, and new economic conditions.

The best examples we encountered during our research are those of co-working spaces that evolved into a new model that responded to its members and the wider community, something able not just to survive or break-even but to activate profits for their managers and members.

c. Coworking models

The basic principle of Co-Working is providing a flexible working space shared between its members providing an office like environment without the commitment and management required. In practice, how this manifests itself varies wildly as is appropriate for each unique community. There is a succession journey from the simplest format to the more advanced, as detailed below. None is necessarily better than the other, but a community must identify which stage best fits their needs.

- **Pioneer – a simple, functional space -** Appropriate for entrepreneurs, small businesses, contractors, sole-traders and people exploring new options for them – this is the first step. In its most basic form the space will have desks, Wi-Fi and a toilet, as it advances it can have a kitchen, meeting rooms, a recreational area and start to offer events to its members. For an undeveloped entrepreneurial community a pioneer space provides somewhere to go, a structure to work within and recognition that entrepreneurialism is possible and positive. To be financially sustainable a pioneer space must have a lean model and multiple revenue streams – some form of institutional funding is a good way to cover development costs.

- **Happy Intermediate – Tight Community; Clear Identity -** As a space develops it is strengthened by having a clear identity which represents its members and gives them credibility. This identity could be sector specific (e.g. tech), character specific (e.g. creative) or a carefully developed brand (e.g. people that care about their community). This identity binds the members together and increases the opportunity for value-add activities that the space can provide such as events, services, collaboration and support – as they can focus their impact more precisely.The strength of the community that grows when members talk, socialize and work together is incredibly valuable, and for this reason careful duration of membership is important if economically possible. For a Start-Up Community having a number of these spaces builds a far stronger network and structure for entrepreneurs and the wider community (e.g. investors and customers) to engage with.

- **Climax – cohesive, functional 'super-organism' -** As the membership develops and there is a popular and varied program of value-add activities, a space can begin to move towards the 'super-organism' model. This is where all separate individuals can come together to deliver work beyond their solo capacity – a disparate consultancy. For this to happen the duration of the membership is vital, as is the commitment of members and quality control. The mechanism for this involves a level of natural selection as the key indicator for this climax model is when the space bids for and wins work which it delivers through its members, therefore contributing to their income and membership therefore becoming a net profit gain. Throughout the evolution journey, a space will need to achieve certain levels to progress and attract members. This includes the design and feel of the space, the extra facilities on offer (e.g. reception, gym), the partnerships created and the value they add, and very importantly the feel, the character and the identity of the space. Being a member must mean something – and something good!

9. SMES AND START-UPS COOPERATION

a. Introduction

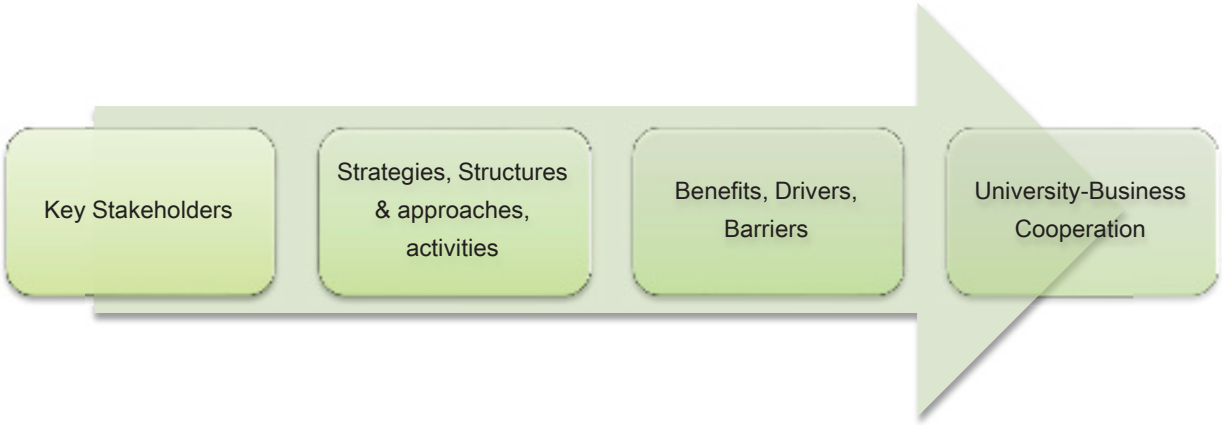
Nowadays a world without interactions between universities and business is inconceivable, and discussions on cooperation with business no longer being about whether university –business cooperation is necessary, but rather how best to interact for the benefit of all stakeholders.

As part of the process of management improvement, well-run universities are appointing more professionally qualified and accredited staff, often from the private sector. Businesses can significantly benefit by taking on PhD students to undertake R&D projects, not only because they obtain highly skilled people but also because they gain access to academic contacts and knowledge. The students benefit from higher stipends and improved employability skills as a result of their experience in industry.

University-SMEs cooperation is defined as all types of direct and indirect, personal and non-personal interactions between universities and business for reciprocal and mutual benefit including: collaboration in R&D, personnel mobility (academics, students and business professionals), commercialisation of R&D results, curriculum development and delivery, LLL, entrepreneurship and governance[1].

Over the last few decades there has been a dramatic shift in the focus of universities and policy makers towards the universities so-called 'third mission'. Through this, universities have had their roles focused to a greater extent on the need to contribute to society in a more meaningful way through knowledge and technology creation, transfer and exchange[2]. In recent years, the focus has been extended to recognise all the ways in which universities can contribute to society including LLL, entrepreneurship or exchanges of workers with business as means to reach the third mission.

Cooperation between university and SMEs in Europe is still in the early stages of development and is influenced by a large number of factors (benefits, barriers and drivers), strategies, structures and approaches. The model depicted below outline the relationships among these different elements within university and SMEs ecosystem:



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[1] Source: © Science-to-Business Marketing Research Centre

[2] UNISO (2002-2004)

- b. Inter-relationship among the levels of University-SMEs cooperation ecosystem.

Drivers that support university-SMEs cooperation

There are several factors that have facilitated and motivated cooperative linkage rapidly in recent years. However, we highlight the most important drivers for both universities and SMEs concern their relationships (mutual trust, commitment, respect, shared goals) and different kinds of funds. There is a clear relationship among them, which means that the presence of funds as the highest driver is not enough to cooperate if the relationship between university and SMEs is not well developed. We classified the most common need into the two topics:

Funds:

- Structural funds
- Public-private partnership
- Networking as part of the assessment of work performance of academics and students
- Initiatives for academics and business

Provision of incentives:

- Internal and external promotion of university-business cooperation
- Angel investors
- Company tax reduction
- Facilitator (Expert Agency)
- Mobility for academics and students (inc. funding)
- Pre-service training for university students in business sector

Approaches that provide largest impact on university-SMEs cooperation.

Supporting business approaches and activities is already rooted in the strategic plans of most universities. Universities align their programmes through capacity change and update the requirements of national and international markets due to their area of knowledge and advice from professionals. Industry professionals working in knowledge transfer area and incubators for the development of new

business are well developed and with high impact on university-business cooperation. All used approaches could be divided into two categories (internal and external) focused on university-business cooperation, centered on students and academics.

Internally focused approaches:

- Career offices within the university
- Incubators for the development of new business within the university
- Workshops, information sessions and forums for University-Business collaboration targeting academics
- Entrepreneurship education offered to students and academics
- The presence of academics on company boards and the presence of business on university board
- The creation of new ventures or developing and innovative culture within the HEI in cooperation with business
- Commercialisation of scientific R&D results with business through spin-offs
- University-business cooperation programmes relevant to modern society, including guest lectures from private and public organizations

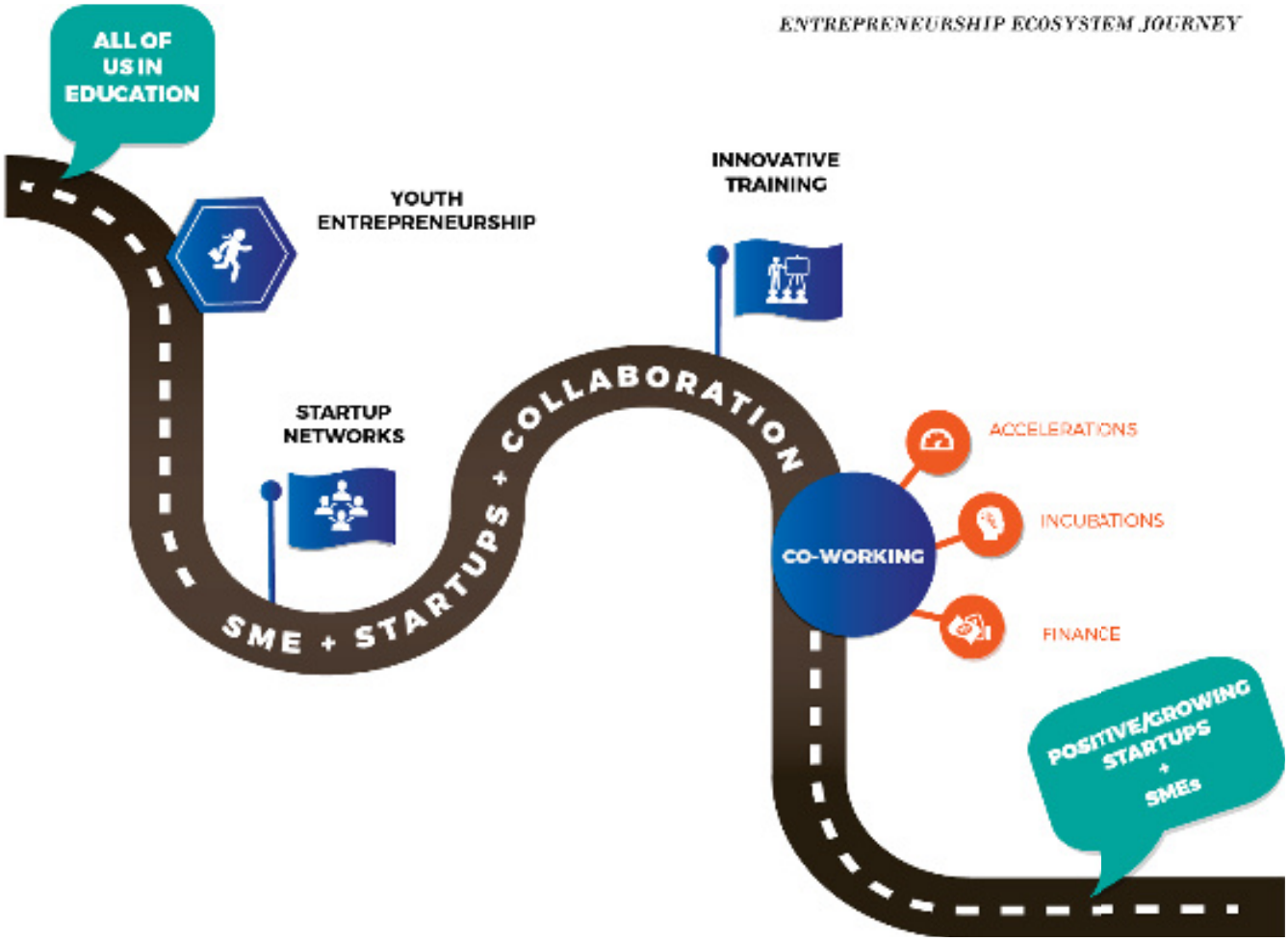
Externally focused approaches:

- Universities' website dedicated to university-business cooperation
- Collaboration activities facilitating students and academics interaction with business
- Networking sessions to meet people from business
- The provision of adult business education at all stages of life
- An alumni network
- The practice of recruiting industry professionals into the knowledge transfer area
- Promotion of cooperation between science and the private sector/improvement of the framework conditions for innovation
- Joint R&D activities

○ The special cases of University-SMEs cooperation.

There is a general movement toward longer-term strategic partnerships between university and business, beginning with projects up to sustainable strategic partnership. These projects needs to embrace two, interrelated, elements of the sustainable partnership:

- the ability of cooperation to continue as an activity in the future, ensuring that the conditions are right for this; and
- the ability of society to absorb and benefit from the impacts in a sustainable way.

In this way we can minimize the negative impacts on society; and maximizing positive and creative contribution to local economies and the quality of life. The extent of development of the all elements of the model of cooperation will have significant affect to the extent of cooperation between university and business.

10. MODEL INFOGRAPHIC