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The configuration of technological, commercial, social and political relationships of venture team members in a high-tech corporate incubator

Relationships of high-tech venture team members reconfigure as ventures move from the start-up phase to the commercialization phase. In the early phase the focus tends to be on technological challenges. In this phase most team members are technological experts, and external relationships are dominated by relations to technological experts. If the venture is successful in providing new technological solutions, commercialisation becomes primary. Market opportunities and application of the technology in new products and services becomes salient, and relationships to market experts and commercial partners intensify. In addition, the need to upscale imposes new financial and organisational challenges. The result is expansion and restructuring of staff and reconfiguration of relationships.

This process is similar in independent and corporate high-tech start-up teams. But there are also important differences. Relationships of venture team members in a high-tech corporate incubator are layered in four levels: inside the venture, inside the incubator, inside the corporation, and outside the corporation, against only two levels for independent high-tech ventures: inside and outside the venture. In advanced corporate venturing systems, where these levels are reflected in the formal structure, start-up teams have formal access to a range of internal network resources, not only inside the incubator (incubator managers and team members of other ventures), but also to experts in the mature part of the corporation. This may ease the solving of administrative and financial problems and enable maximum concentration on technological challenges during the early phase. However, in real organisational life, access to internal second and third layer resources is not easy for start-up teams. Relationship building within the corporation needs legitimisation and facilitation by the corporate management, and team members of the other ventures in the incubator may regard a newcomer as a competitor rather than a collaborator. This may result in relatively weak relationships to the other ventures as well as to the mature parts of the corporation. Moreover, informal relationships to friends, family members, prior colleagues etc. are possibly more important than suggested in the corporate venturing literature.

Our study of an advanced corporate incubator in Denmark illuminates these issues. The incubator we studied was advanced, also by international standards. The corporation had split its formal structure into a number of mature companies on the one hand and a high-tech incubator on the other with its own management and financial resources. Through the incubator the corporation attempted systematically and continuously to establish new high-tech companies, and had during two decades been quite successful in doing so. The incubator had close contacts to universities and hosted a Ph.D. school in its technological field. Our study began when ambitions peaked, shortly after a successful sale of a high-tech venture for about 1 billion US dollars in 2000.

The study led to a number of rather surprising conclusions: First, the formal, free-access competence network set up by the corporation to facilitate the building of relationships between incubator team members and the experts of the mature parts of the corporation, never succeeded well despite high ambitions; second, informal relationships to prior colleagues, friends etc. mattered, particularly in the early phase; third, relationships to team members of other ventures never intensified, first and foremost because they were hampered by political processes caused by team rivalry for the common pool of financial resources and top management backing. Teams pretended to cooperate with one another, because this was what managers signalled to be legitimate behaviour, but in fact they co-operated little.

We researched the incubator through a combination of quantitative and qualitative methodologies. During the two-year study period quantitative data were collected in two waves with a panel of team members of four ventures. We collected data on the personal networks of 31 team members through questionnaires, and re-interviewed 23 of them one year later. Moreover, we collected qualitative interview data. The venturing teams were 2 to 6 years old when we started interviewing, and two of the teams had less than 10 members. Taken together, the four ventures expanded during the study period, but they did not move strongly into the commercialisation phase and became increasingly politicised due to rivalry for financial resources. This hampered the flow of information and fruitful networking between the teams.