



Start-Up Community

Best Practice Report-Konya

The Importance of Networking for Start-Up Communities

Introduction

Networks are an essential part of the entrepreneur's ecosystem. They provide a social context, allow to transfer knowledge and trust, and create 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. Information and knowledge are shared electronically by individuals with common mindsets and interests.

Based on the researches carried out by the partners of the STUPCOM project and the exchange of good practices during the Konya Mobility, this report is an attempt to provide knowledge and practical guidance on the function of networks for start-up communities and their role at the early stage of entrepreneurship. The first part of the report is an attempt to categorise and simplify types of existing networks, and their relevance according to the level of business development. The second section is dedicated to give valuable information on the various best practices existing across the different partner countries, Finland, Portugal, Germany, France, Turkey and UK. Finally, section 3 provides a practical guidance on how to use networks strategically, on the one hand giving advice on how to initiate and start them, on the other hand recognizing and using their benefits in order to promote an optimal start-up ecosystem.

Outline:

1. Categorising networks
2. Best practices on functional networks
3. Consolidated practical guidance on the use of networks

¹ Sjöstrand 1992

1. Categorising networks

➤ **Social/personal networks:** The best people to be in a network are people who know you well: *hot connections*. Family, friends, classmates, University co-students, colleagues and former colleagues are hot connections and can lead you to others. All those actors are part of a social network². Contacts have been established informally through social and non-business activities. Social networks are very important in the process of opportunity identification, they indeed add to the entrepreneur's self-confidence and provide good advice to legitimate oneself on the market, they can also play a role in transfer of knowledge, capital resources (funds, materials, space) as well as moral and symbolic support (endorsement, approval, legitimacy). The main area of influence of social networks is creating and developing social capital and business know-how.

➤ **Business focused networks** (or corporate relationships): those networks are especially relevant in the process of business formation (startup phase). In an entrepreneurial setting, commercial ties are primarily associated with business exchange, either commercial or professional, that is to say, a transfer of expertise³. The contacts are made through business activities. The main areas of influence of those networks are business deals, supplement or acquire resource advantage and business know-how. The main actors in business focused networks are business partners, suppliers, competitors, customers, accountants, lawyers and other stakeholders.

In practice, social and business aspects of ties combine into entrepreneurial networks.

➤ **Institutional networks⁴:** it refers to network relationships that can exist between a firm and publically funded, open-access institutions. Institutional networks provide support functions and create an atmosphere that fosters cross-border investments and improves business success, both locally and internationally. Since most of the institutional centers are funded by government, they do not charge for their services. They also focus on firms' interactions with public and semi-public agencies to gain resource advantages that cannot be obtained through social - or business networks. The main actors involved are government agencies, business incubators, financial institutions, R&D institutions, NGOs, chambers of commerce, international development centers, etc. Those types of networks intervene more in the ongoing business phase, when the firm is established and makes a strategic use of networks.

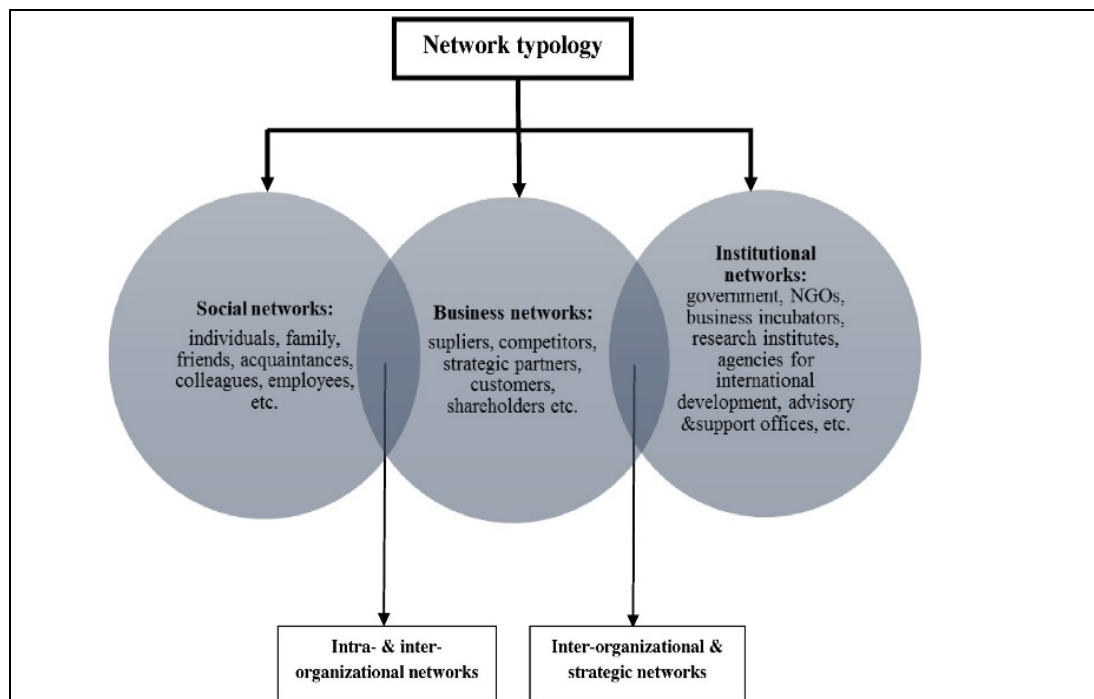
Beside those three core network types that firms utilize in national/international business, artificial/virtual networks must also be mentioned.

² <https://www.mne.psu.edu/PSNES/Networking.pdf>

³ Johannisson, 1996

⁴ Oparaocha 2014

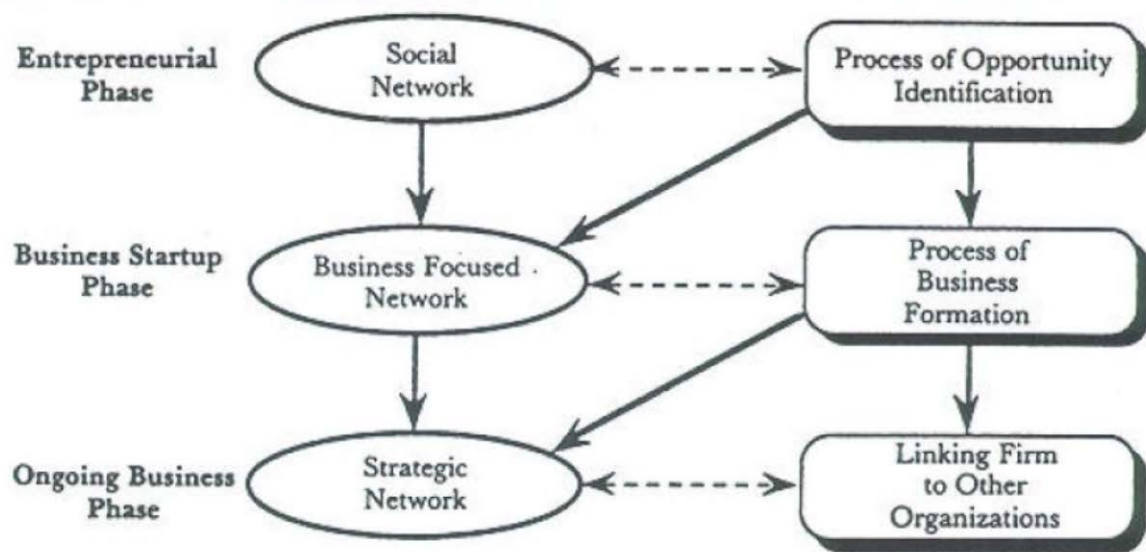
➤ **Artificial/virtual networks:** they are of course more and more relevant for young start-up businesses, especially for entrepreneurs in knowledge-based firms. LinkedIn, Facebook, Skype, Facetime, websites, blogs, etc, form new “virtual communities” and change business relationships in enabling entrepreneurs to quickly and cheaply form new business communities open to new members that exchange rapidly and extensively. Information and knowledge is shared instantly without constraints of space and costs.



A network typology⁵

Moreover, the figure below shows the relevance of each network category according to each stage of business development:

⁵ Source: Oparaocha 2014



Entrepreneurial network evolution⁶

2. Best practices on functional networks

➤ Finland

The Federation of Finnish Enterprises

The Federation of Finnish Enterprises is the biggest Business Federation in Finland with almost 120,000 enterprises of all sizes, from all over country and from the entire business spectrum. The membership structure provides a good reflection of the structure of Finnish entrepreneurship.

The Federation is lobbying political decision-makers to improve the environment that small and medium-sized enterprises operate in. It also provides information to the public to help influence opinions and raise public awareness on entrepreneurship. The Federation influences and interacts with Finnish decision-makers at all levels: locally, nationally and in the European Union.

The Federation is a means of exerting influence. Together with entrepreneurs it improves the status of entrepreneurs and the conditions for business like building a community of entrepreneurship. The experts at the Federation of Finnish Enterprises know the legislation affecting business and can give advice where it is needed – for free.

The members' publications and online services keep member entrepreneurs up-to-date.

The Federation also offers a ready-made network for collaboration and cooperation and a list of members.

⁶ Source: Butler and Hansen, 1991



Regarding its organizational structure the Federation is composed of: at national level, the Federation of Finnish Enterprises, at a regional level the Regional Organisation of Enterprises in Pirkanmaa, and at a local level Ikaalisten yrittäjät (Association of Enterprises in Ikaalinen). The network covers the whole country. The Federation has 20 regional organisations, 400 local associations, 54 trade organisations and almost 120,000 member companies. The membership has fees depending of the number of employees including the entrepreneur. The Federation offers a special network for young entrepreneurs, functioning at all three levels.

Website: http://www.yrittajat.fi/en-GB/federation_of_finnish_enterprises/about-ffe/

Entrepreneurship societies – ES

Since 2009, Entrepreneurship societies have been established in several cities in Finland. Their task is to improve public opinion on entrepreneurship as a career path and build up a vital environment for the start-up companies. The oldest and the biggest is AaltoES in Helsinki – the society founded by Aalto University students 2009.

AaltoES has the idea to inspire entrepreneurs (to-be) and help them work with their ideas and dreams. AaltoES organizes networking events (over 100 per year). It has supported about 500 enterprises and has also given birth to the Slush event that drew together a crowd of 15 000 participants on November 2015.

Website: <http://aaltoes.com/>

Taidosto Osuuskunta (cooperative society)

Taidosto is a cooperative society founded in 2004. It is a learning environment and large network of Ikata (Ikaalinen College of Crafts and Design IKATA).

The vision of Taidosto is to learn and develop entrepreneurship through the network.

The society has no formal office; its operational environment lies in business spaces of its members and the places of their work performances. Only one secretary and a financial assistant have a permanent working place. There are more than 360 members with various professions, age and skills – most of them are students.

Taidosto is the cooperative society of artisans and craftsmen. The aim of Taidosto is to give an opportunity to students or entrepreneurs (wanna-be) to try their business plans and professional skills in practice, with a minimum risk. Taidosto provides a network of professionally skilled people to contact each other and a possibility to learn entrepreneurship safely, through the professional network.

Website: <http://www.taidosto.fi/>

Kulttuuricampus Osuuskunta (cooperative society)

Kulttuuricampus was founded in 2011 in Ikaalinen, a small town in the middle of rural Finland.

Ikaalinen has only about 7000 inhabitants. It is well-known for its musicians and artists. However, it is always a challenge to establish enterprises in such a small town.

There are two kinds of cooperative societies, one is like Taidosto, a cooperative society, and another is an enterprise network related cooperative society.

Kulttuuricampus cooperative is a network of enterprises of different fields. It has 21 members, mostly local entrepreneurs. The idea of Kulttuuricampus is to provide a community to entrepreneurs without a working society. Acting together, small enterprises have more negotiating power. Moreover, there is always a possibility to develop some new businesses together when enterprises and entrepreneurs are operating in the same space.

Most of Kulttuuricampus members have got great benefits from the community, mental support for being entrepreneur and useful help to overcome the challenges of business.

Website: <http://www.kulttuuricampus.fi>

➤ Portugal

The Portuguese entrepreneur ecosystem has been improving considerably over the past years, thanks to the development of various incubation and co-working spaces that have been providing the necessary support (at reduced or even low costs) to entrepreneurs.

Most of these spaces are now associated with networks which are streamlined by the local municipalities or prestigious Universities and business associations, such as it is the case of Lisbon Incubation Networks (www.incubadoraslisboa.pt), ANJE Centros de Incubação (www.anje.pt) and UPTec- Parque de Ciência e Tecnologia da Universidade do Porto – Incubação (<http://www.uptec.up.pt>).

The Portuguese entrepreneur – a profile

The typical Portuguese entrepreneur is between 25 and 44 years old and has more qualifications than the average Portuguese workforce. Most of its background and past working experience is in the field of entrepreneurship. In its majority, the start-ups are technology-based and most of them are actually targeting the internal market, rather than positioning on the external/international market. Data from the 2013 Amway Global Entrepreneurship Report (AGER), which has analysed the Portuguese entrepreneurship ecosystem, revealed that around 61% of respondents considers entrepreneurship as something positive and 32% has admitted the possibility of creating a business in the near future.

However, despite this strong intention, the rate of discontinuation of businesses is equally very high, which confirms that the number of entrepreneurs deciding to shut down their businesses is considerably above the European average (Amway Europe, 2013; Palma & Silva, 2014). As main causes of the growing breakdown in the Portuguese entrepreneurial intentions we highlight the economic crisis that the country is facing and the high-risk

aversion of the population. This fear of failure (which is quite popular amidst the Portuguese culture contrarily to the United States, where failure is seen as an opportunity for improvement) makes that around 83% of Portuguese respondents highlight the fear of failure as the main barrier for not starting their own business (Amway Europe, 2013; Malheiros, Padilha & Rodrigues, 2010). This fear of failure is mostly due to the following issues: financial charges (41%), economic crisis (31%), unemployment (15%), personal disappointment / loss of self-esteem (14%), legal implications and lawsuits (13%), being forced to take full responsibility (13 %), disappointment and loss of family (9%), loss of reputation with friends, colleagues and business partners (6%), not be given a second chance (6%) and others (4%) (Amway Europe, 2013).

Therefore, and despite the important investment that has been made in terms of providing opportunities and conditions for the development of new businesses (e.g. incubators, financial support programs, R & D transfer, cowering spaces), the social norms are still not encouraging, which leads to the fact that most individuals do not want to develop a business. Additionally, the complexity and bureaucracy of the process of creating a company (although having substantially been lighter) as well as the lack of information are also appointed as barriers for start-up creation.

The Portuguese start-up networks

The reputation of Portugal's technology scene is blossoming, and the EU recently declared Lisbon one of Europe's most entrepreneurial regions. With a skilled development pool and a growing number of overseas start-ups choosing to locate there, Portugal is confident innovative technology can lead an economic resurgence. This blossoming phenomena has been mostly due to the various entrepreneurship/start-up networks that have been created and that are promoted.

There are several and different start-up networks in Portugal, most of them with a rather local/regional representation. These networks are, most of the times, streamlined by municipalities, regional business associations and Universities.

Fábrica de Start-ups

Website: <http://www.fabricadestartups.com>

The Fábrica de Startups is an accelerator for technologic-based companies that aims at helping to create more successful start-ups in Portugal. Through its FastStart methodology, Fábrica de Start-ups supports the creation and development of the various business plans, market validation and start-up internationalization, for projects claiming to be global, scalable, rentable and with strong growth potential. As a network which counts with more than 30 start-ups and more than 1000 entrepreneurs and mentors, Fábrica de Start-ups also organizes to its members different events and initiatives, such as mentoring and training programmes, acceleration and incubation debates, collaborative production of contents, international



internships, knowledge sharing, leading and supporting the creation, development and internationalization of start-ups.

Ativar Portugal start-ups

Website: <http://startups.ativarportugal.pt>

Ativar Portugal is an initiative powered by Microsoft and its partners, designed to use technology as the engine for economic growth, increasing employability and for generating new opportunities. This program network has been designed from scratch to support entrepreneurs and start-ups to become successful in a near future. The main assets of this network are:

- Partnership: it gathers the main stakeholders and resources to assist start-ups to be successful at national and international level;
- Technology: the engine for such ambitious objective is based on technology, which is what feeds, the most innovative projects and ideas;
- Microsoft Bizspark: through it, the most promising technologic start-ups have access, without any costs, to Microsoft products and resources, as well as, support and visibility;
- Mentoring: a fundamental part of the program is the possibility of receiving mentoring through a wide network of contacts, including Microsoft, Microsoft Alumni and/or Microsoft partners;
- Training: easy access to face-to-face training and online contents that promote the growth of start-ups;
- Benefits: new opportunities to bring each start-up farther by granting permanent access to a list of benefits that include: free software, cloud access, discounts, marketing support and, if necessary, a business room;
- Networking: granting access to a wide network of contacts, from start-ups to business partners and potential clients;
- Accompaniment 1-1: because each project is unique and with special needs, all start-ups receive adequate support through personalized programmes that gather not only the best resources but the best team members.

WePinch

Website: WePinch.com

WePinch platform has been initiated and launched in Portugal and soon it will be in the USA and in Brazil. A year and 150 thousand euros after, this Portuguese social network is now online and is free of charge for its users. Imagine a crossroad between LinkedIn and Facebook, with a twist of Kickstarter. This social network offers the users – entrepreneurs or “starters” – the possibility of presenting publically its project for a large “crowd” and offers the possibility of such “crowd” whether to “participate in the project” or to “invest in the project”.

The idea behind WePinch is to bring to the Internet an ecosystem for the creation of start-ups, generating a sort of repository (online) or show-window where investors may search for companies to invest and other professionals may search for projects to cooperate with. For investors, this is a great opportunity to find some of the most promising companies of the future.

Start-up pirates

Website: <http://porto.startuppirates.org>

Startup Pirates is a one-week program that enables aspiring entrepreneurs to get inside the start-up world and learn how to develop a business idea. With a very hands-on approach and the support of a large community of experienced entrepreneurs, it combines workshops and mentoring with a clear focus on accelerating the development of entrepreneurs. After the programs, the network of partners supports the teams on their quest to thrive. Startup Pirates has programs around the globe, including Porto, Braga and Aveiro, for example. The main features of this network are:

- To generate long-term impact by empowering aspiring entrepreneurs with the tools and knowledge needed to create companies or develop other projects inside or outside corporations;
- To assist in the development of entrepreneurial ecosystems;
- To create a worldwide community of change makers willing to share, learn and grow together.

Each program of Startup Pirates is organized by local teams, respecting the brand and following the methodology that has been developed, tested and that is continuously improving. These teams receive the support of a global team that provides materials and expertise in order to keep everything going. All the speakers and mentors are local entrepreneurs who share their knowledge with the pirates. All the organizers and guests are volunteers, collaborating on a non-profit basis.

➤ **Germany**

"Start UP Berlin"⁷ is an example for assisting early stage start-ups by getting all the people connected that are involved in starting a new business. Membership is free of charge and via the website members (currently more than 3,600) can communicate with each other and join special-interest groups. They also have access to services like monthly meetings on topics chosen by the members themselves.

Besides regional and national networks there are also international start-up initiatives that are implemented in German cities. The start-up scene in Berlin, for instance, is involved in "Startup Grind"⁸ which is a global start-up community with the objective of educating,

⁷ www.meetup.com/start-up-berlin/

⁸ <http://startupgrind-berlin.de/>

inspiring and connecting young entrepreneurs. It is the kind of network that brings people from all over the world together and promotes an exchange of ideas. The services include conferences, coffee talks and other forms of meetings with well-experienced guest speakers.

Another international format is *“Startup Weekend”* powered by *“Google for Entrepreneurs”* that supports the growth of start-up communities and the training of young entrepreneurs. During a special weekend event business ideas and plans from founders, designers, developers, students, engineers or scientists can be further developed, checked on feasibility and professionally evaluated by a jury. Recently, the city of Paderborn participated in this initiative with different stakeholders involved (like TecUP, a centre for technology transfer and start-up, the municipal savings bank, a co-working space as well as a network for creative talents).

Mentoring of young professionals is also an important role of networks. Experienced senior managers, some of them already retired, become mentors to motivated young people that have the potential of starting their own business. *“Berlin Start-up Academy”*⁹ is an example for such a programme that offers mentoring sessions, workshops, work assignments and individual mentoring within a three-month course.

*“Senior Coaching NRW”*¹⁰ is offering something comparable. There are about 700 senior experts in NRW or coaches that support young entrepreneurs on a voluntary basis by offering help for self-help. Their services range from topics on the foundation, the stabilization and expansion of a company, consultancy on governing the succession of a company etc. This network in NRW consists of 18 different organizations and is connected to the so-called *“STARTERCENTER NRW”*¹¹ which is another offer for young businessmen and –women or freelancers that need support on their way to founding a new company. There are 78 centres altogether that offer free services like first-hand information, basic or more intense consultancy (e.g. establishing and check of business plans, preparation for bank negotiations etc.) as well as support with start-up procedures.

➤ France

In France entrepreneurs also have access to networks on a global level, nation-wide or on a regional level. At the same time there are networks for special target groups like students or for social entrepreneurship.

*“Enactus”*¹² is a good example for a worldwide network especially for students that are interested in starting their own business and relying on the support of the academic and professional world. The network is active in more than 36 countries and gathers more than 70,500 students while in France 41 higher education institutions participate.

⁹ <http://berlinstartupacademy.com/>

¹⁰ www.startercenter.nrw.de/startercenter/senior-coaching-nrw.html

¹¹ www.startercenter.nrw.de

¹² <http://enactus.fr/>

On a national level “Spot Créa”¹³ is promoting entrepreneurship by offering tools to spread entrepreneurial culture. One of its missions is to provide statistics on entrepreneurship in France.

“Réseau entreprendre Sud Île-de-France”¹⁴ is part of a national federation, but working on a regional level. Since its creation in 1999 it supported 150 businesses on their way of establishment.

Finally, entrepreneurs and other stakeholders interested in social entrepreneurship can join “Mouves”¹⁵ as a network that is focusing on the social aspect of entrepreneurship.

➤ Turkey

Functional networks in Turkey focus on support of the entrepreneurial ecosystem and the enhancement of the underdeveloped entrepreneurial culture. Partnerships with international angel networks, associations and universities are highly estimated by initiatives and networks.

An outstanding initiative in supporting and encouraging entrepreneurship in Turkey is “LAB X”¹⁶ (Entrepreneurship and Investment Consulting Company). The organization is incubating promising business ideas and launching new initiatives. Special services include e.g. entrepreneurship training, innovation consulting or angel investment. To benefit from the services there is a four-step process for applicants including pre-selection, evaluation of ideas, elaborating selected ideas and finally supporting the business. A university-wide entrepreneurship competition (“Bir Fikrin mi Var?” – “Do you have an idea?”) organized by LAB X also became a successful TV format and thus promotes entrepreneurship culture especially among young people.

An extensive support for the entrepreneurial ecosystem is offered by “ITU Seed”¹⁷ which connects entrepreneurs, companies, investors and professionals from different sectors and industries, especially chemistry, electronics, ICT, biogenetics. With an origin at Istanbul Technical University (ITU) the “ITU Seed” programme consists of four stages (pre-incubation, accelerator, big bang, incubation) with different support services in each stage. In the “accelerator” stage for instance entrepreneurs receive up to 150 hours of MBA education including coaching and mentoring. In the “big bang” stage entrepreneurs and investors are brought together and get access to different types of networks.

¹³ www.spotcrea.fr/

¹⁴ www.reseau-entreprendre-sud-ile-de-france.fr/

¹⁵ <http://mouves.org/>

¹⁶ <http://lab-x.org/index.html>

¹⁷ www.itucekirdek.com/en

➤ UK

Due to the size of London and the size of the entrepreneurial ecosystem, there is a wide variety of networks available. This includes some that are specific for a type of person (eg founder), an industry sector (eg creative), a clear function (eg business angels) or indeed a type of organisation (eg co-working). Firstly, there are the London Business Angels, a group of Business Angels who invest in early stage Start-Ups. They offer a clear and affordable service which includes e.g. workshops on being an angel investor, invitations to presentation events to see start-ups pitch or a strong deal flow of good investment opportunities. Another network is MeetUp which is an online system that facilitates people meeting up. There are a huge number of entrepreneur and Start-up related events, these range from 'Women who code', to 'Finance for Start-ups and Investment Opportunities'. It allows anyone to begin their own network and if there is a genuine demand, it will grow and thrive. MeetUp can save a lot of time that could easily be wasted by attending too many inappropriate networking events. The Global Accelerator Network offers benefits which include professional development opportunities, events, meetups and conferences, discount and perks from partners, a global network and community, connections to mentors, investors and potential partners, and use of the GAN brand. By establishing an accelerator and ensuring it is high quality you can immediately become a visible part of the global network.

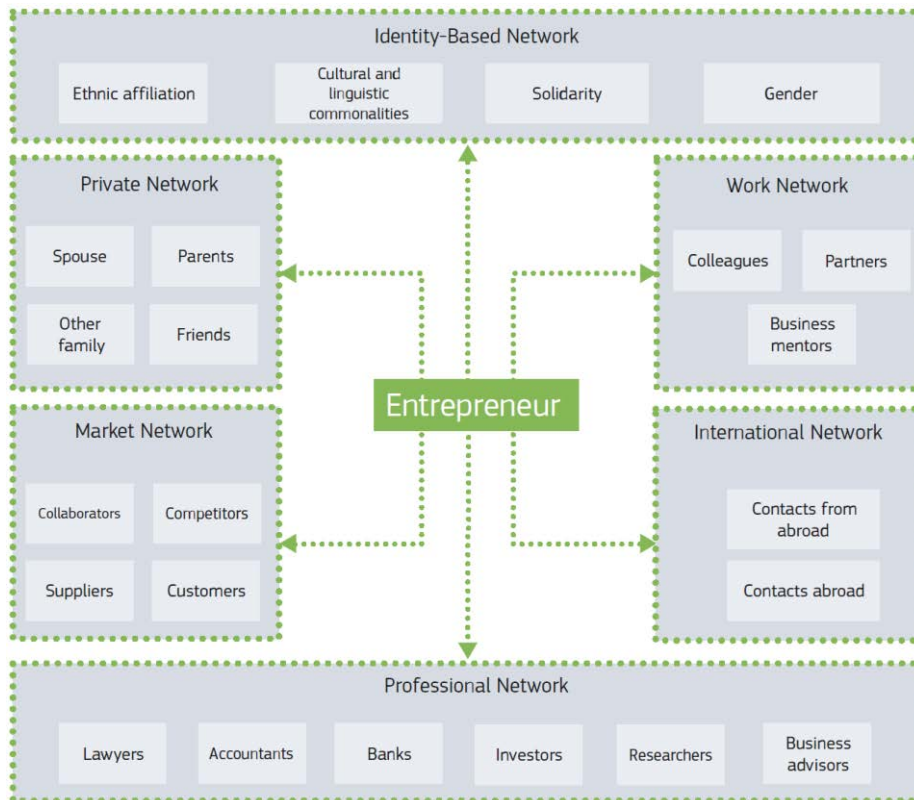
The Fig network consists of entrepreneurs, investors (HNWI's, investment professionals, sophisticated investors and professional service providers), active advisors, industry experts and Fig's own experienced management team. It provides support and funding for high-growth early-stage companies. Fig's services include e.g. corporate governance direction, business plan analysis and pitch material creation for early-stage companies to get them 'investment ready', investor communications or business development.

Forward Ladies was founded in 1999 with the aim of unlocking potential in professional women. They run local events and conferences throughout the UK, as well as their International Women's Day events, which have attracted a number of high profile speakers such as Cherie Blair and Germaine Greer. They also offer training and development for women in business through working with a number of blue chip companies to develop their female staff and also help them engage better with their female customers.

Young Enterprise is the UK's leading enterprise and financial education charity. One of the activities they implement is the initiative 'Start-Ups'. It gives students in higher education the chance to create their own company while still pursuing their studies. Over the period of an academic year undergraduates plan, create and run their own real firm with business advisers guiding them every step of the way. Many finish university with a fully-fledged business to build a career on.

3. Consolidated practical guidance on the use of networks

The entrepreneur is embedded in a bigger network or set of networks (social context) that plays a critical role in the whole entrepreneurial process.



The entrepreneur's network¹⁸

A - Identifying and starting the right network for the Community

➤ 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/>

¹⁸ Source: Policy brief for expanding networks for inclusive entrepreneurship, European Commission, OECD, 2015

- 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 development¹⁹ 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

¹⁹ Starr and MacMillan (1990), Larson and Starr (1993), Hoang and Antoncic (2003)

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 sustained²⁰.

B - 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/information²¹.

➤ “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”

²⁰ Starr and MacMillan (1990), Larson and Starr (1993), Hoang and Antoncic (2003)

²¹ Edmondson, 2000

- 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.

Depending on the stage of the enterprise formation, the entrepreneur can benefit from networks differently. If we apply the above mentioned “softer” and “harder” benefits to the different stages of the enterprise development, the process will be as follows:

At the conceptualisation stage, softer benefits are playing the most substantial role. The entrepreneur tends to cast his networks widely, tries to put his ideas forward and to establish him/herself in the entrepreneurial community. Self confidence, legitimacy and reassurance are at this point essential. In parallel, he/she already prepares the development of future business relationships, so prospection should already start.

At the start-up stage, there is a shift towards using networks to gain more tangible benefits to develop new business relationships. Both softer and harder benefits of networks play a role. Advice, sharing problems and solutions are crucial.

During the growth stage, the role of networking groups is changing; the entrepreneur is more focused on gaining new investors, suppliers, customers and development partners, so harder benefits are definitely predominant.