



Project "Become Busy 2.0"

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# e-Educational Material of Virtual Pre- Incubation Strategy for the Digital Library

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## Introduction

According to the Oxford dictionary, incubation is 'the process or an instance of incubating something in a controlled environment'<sup>1</sup>. The most common example of the incubation phenomenon is an animal's embryonic development within an egg and its exposure to an infection or disease with the appearance of the first symptoms<sup>2</sup>.

The concept of "Incubation" has been gaining more and more ground in the business sector over the last few decades: it has become a worldwide phenomenon since it provides significant advantages to new and small businesses enabling them to grow and develop.

This paper aims to introduce the readers to the concept of "business incubation", emphasising the "pre-incubation" phase by presenting its main significant advantages and providing case studies of pre-incubators and successful businesses that passed from the pre-incubation stage. Moreover, we offer a theoretical approach to the concepts of business management, risk management and marketing planning. Also, valuable information and tips for access to financing sources, including business investors and business angels, are provided.

The first part of this paper starts with a theoretical approach to the fundamental concepts of business management and risk management. Also, in chapter 2, we accurately define what a start-up consists of, the main challenges a new entrepreneur may face at the early stage of setting up his business and some solutions for coping with the potential dangers. Chapter 3 presents the "Incubation" concept from the business perspective, focusing on the pre-incubation phase. Moreover, we highlight the way pre-incubators can serve as solution providers to the risks a start-up may face. Chapter 4 includes case studies of pre-incubators from 3 countries: The Netherlands, Spain and Greece, as well as successful start-ups that passed from the pre-incubation stage. Chapter 5 consists of mentoring procedures along with some essential tips to be used for e-mentoring. Chapter 6 provides some guidelines to new entrepreneurs for effective pitching, and finally, chapter 7 sheds light on potential financing resources necessary for start-ups to begin.

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<sup>1</sup> *Pre-incubation, incubation and acceleration* . (2019). Retrieved from UniLaSalle: Institut Polytechnique: <https://www.unilasalle.fr/en/pre-incubation-incubation-and-acceleration>

<sup>2</sup> *Pre-incubation, incubation and acceleration* . (2019). Retrieved from UniLaSalle: Institut Polytechnique: <https://www.unilasalle.fr/en/pre-incubation-incubation-and-acceleration>



# Chapter 1: A Theoretical Approach to Business and Risk Management

The first part of this paper starts with a theoretical approach to the fundamental concepts of business management, risk management and marketing planning. Also, we accurately define what a start-up consists of and the main challenges a new entrepreneur may face at the early stage of setting up his business.

## Business Management

### What is Business Management?

The verb 'manage' derives from the Italian 'maneggiare', which has its root in the Latin 'manus', that is 'hand'. The French word management (later management) influenced the development of the meaning of the English word management in the 17<sup>th</sup> and 18<sup>th</sup> centuries<sup>3</sup>.

Management has not just one single, unanimously accepted definition. Scholars from different fields define management differently from their points of view.

For economists: "Management" is a resource like land, labour and capital

For bureaucrats: "Management" is a system of authority to achieve business goals.

For sociologists: "Managers" are part of the class elite in society<sup>4</sup>

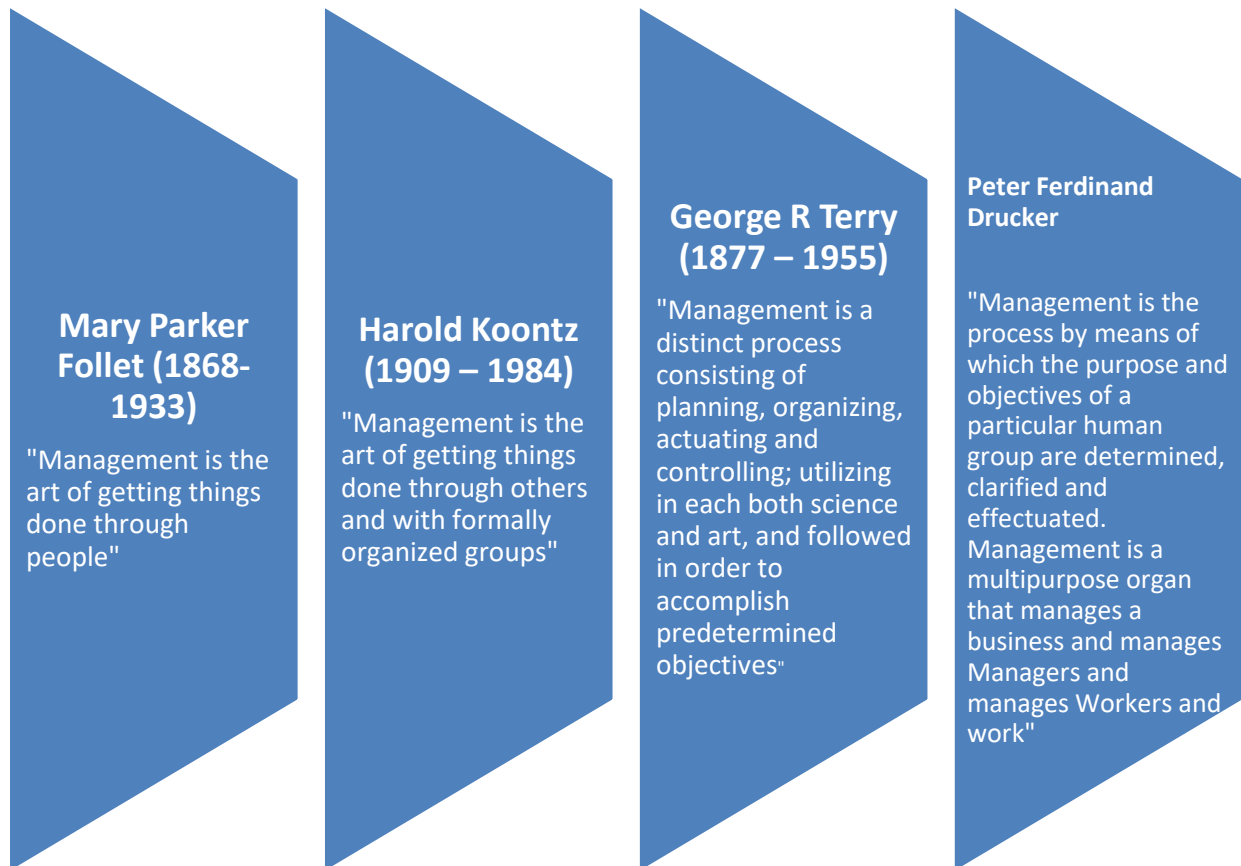
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<sup>3</sup> *What is meant by Management?* (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/what-is-management>

<sup>4</sup> *What is meant by Management?* (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/what-is-management>



The definition of 'management' has changed through the years:



In conclusion:

Business management describes a set of activities involved in

- Planning
- organising and
- running business entities;

Effective business management leads to the meeting of the set objectives and goals. Business management typically involves producing materials, money, and machines and includes innovation and marketing<sup>5</sup>.

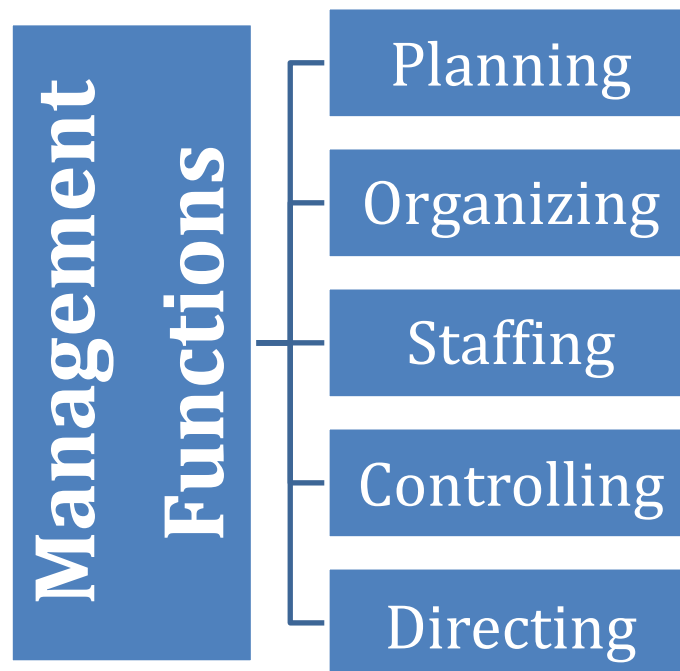
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<sup>5</sup> *What is Business Management? And Why It May Be a Great Career Choice.* (n.d.). Retrieved from University CINCINNATI ONLINE: [online.uc.edu/what-is-business-management/](https://online.uc.edu/what-is-business-management/)



## What Does Management Do?

The goal of management is to get people together to achieve the same desired objectives and goals, using the available resources effectively and efficiently. Koontz and O'Donnel provide the most widely accepted functions of management<sup>6</sup>:



- **Planning:** is considered the most basic function of management. Planning is essential before implementing any strategy but does not end after it. On the contrary, it is a continuous and ongoing process<sup>7</sup>. Management must be able to answer the questions of **who, what, when** and **where** a team is working to implement the organisation's mission. Planning must include selecting and implementing objectives<sup>8</sup>.
- **Organising:** is the process of bringing together physical, financial and human resources and developing productive relationships amongst them to achieve organisational goals<sup>9</sup>.

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<sup>6</sup> Herrity, J. (2022, May). *What Is Management? Definitions, Functions and Styles*. Retrieved from indeed: [indeed.com/career-advice/career-development/what-is-management](https://www.indeed.com/career-advice/career-development/what-is-management)

<sup>7</sup> Herrity, J. (2022, May). *What Is Management? Definitions, Functions and Styles*. Retrieved from indeed: [indeed.com/career-advice/career-development/what-is-management](https://www.indeed.com/career-advice/career-development/what-is-management)

<sup>8</sup> Herrity, J. (2022, May). *What Is Management? Definitions, Functions and Styles*. Retrieved from indeed: [indeed.com/career-advice/career-development/what-is-management](https://www.indeed.com/career-advice/career-development/what-is-management)

<sup>9</sup> *What is meant by management?* (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/what-is-management>



Having already evaluated the type of work, managers have to divide it into achievable tasks and then effectively delegate it to staff. Since organising is strongly related to relationships among individual staff and departments or entities inside the organisation, managers must motivate staff members and departments to stay on task, ensuring that the team works harmoniously. Additionally, managers are responsible for establishing authority relationships among their team members. Maximising organisational arrangements can help businesses enhance the company's efficiency in the market, reduce business costs, and improve productivity<sup>10</sup>. Organising as a process involves:

- Identification of activities
  - Classification of the grouping of activities
  - Assignment of duties
  - Delegation of authority and creation of responsibility
  - Coordinating authority and responsibility relationships
- **Staffing:** is the function of manning the organisation structure and keeping it manned<sup>11</sup>. Managers must guarantee they have the right people on the right job<sup>12</sup>. Staffing involves:
    - Manpower planning
    - Recruitment, selection & placement
    - Training & development
    - Remuneration
    - Performance appraisal
    - Promotions & transfer
  - **Controlling:** Different staff members within a company have different roles that entail different levels of responsibility. Managers must control what the members do, how they do it and how to measure their progress. The purpose of controlling is to ensure that everything aligns with the set standards. Success and control over these factors are

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<sup>10</sup> Herrity, J. (2022, May). *What Is Management? Definitions, Functions and Styles*. Retrieved from indeed: [indeed.com/career-advice/career-development/what-is-management](https://indeed.com/career-advice/career-development/what-is-management)

<sup>11</sup> *What is meant by management?* (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/what-is-management>

<sup>12</sup> *Function of Management - "There are four fundamental functions of management i.e. planning, organising, actuating and controlling"*. (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/function-of-management>





interrelated since an efficient control system helps predict deviations before they actually occur<sup>13</sup>. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting, if necessary, to correct any deviation"<sup>14</sup>. Controlling consists of three steps<sup>15</sup>:

- Measurement of actual performance
  - Comparison of actual performance with the standards and finding out deviation, if any
  - Corrective action
- 
- **Directing:** It is considered the life-spark of the enterprise, which sets in motion the action of people because planning, organising and staffing are the mere preparations for doing the work. Direction has the following elements<sup>16</sup>:
    - Supervision
    - Motivation
    - Leadership
    - Communication
    - Supervision (the act of watching and directing work and workers)
    - Motivation (inspiring, stimulating or encouraging the sub-ordinates to work)
    - Leadership (the process by which a manager guides and influences the work of employees in the desired direction)
    - Communications (bridge of understanding)

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<sup>13</sup> *What is Business Management? And Why It May Be a Great Career Choice*. (n.d.). Retrieved from University CINCINNATI ONLINE: [online.uc.edu/what-is-business-management/](https://online.uc.edu/what-is-business-management/)

<sup>14</sup> *What is meant by management?* (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/what-is-management>

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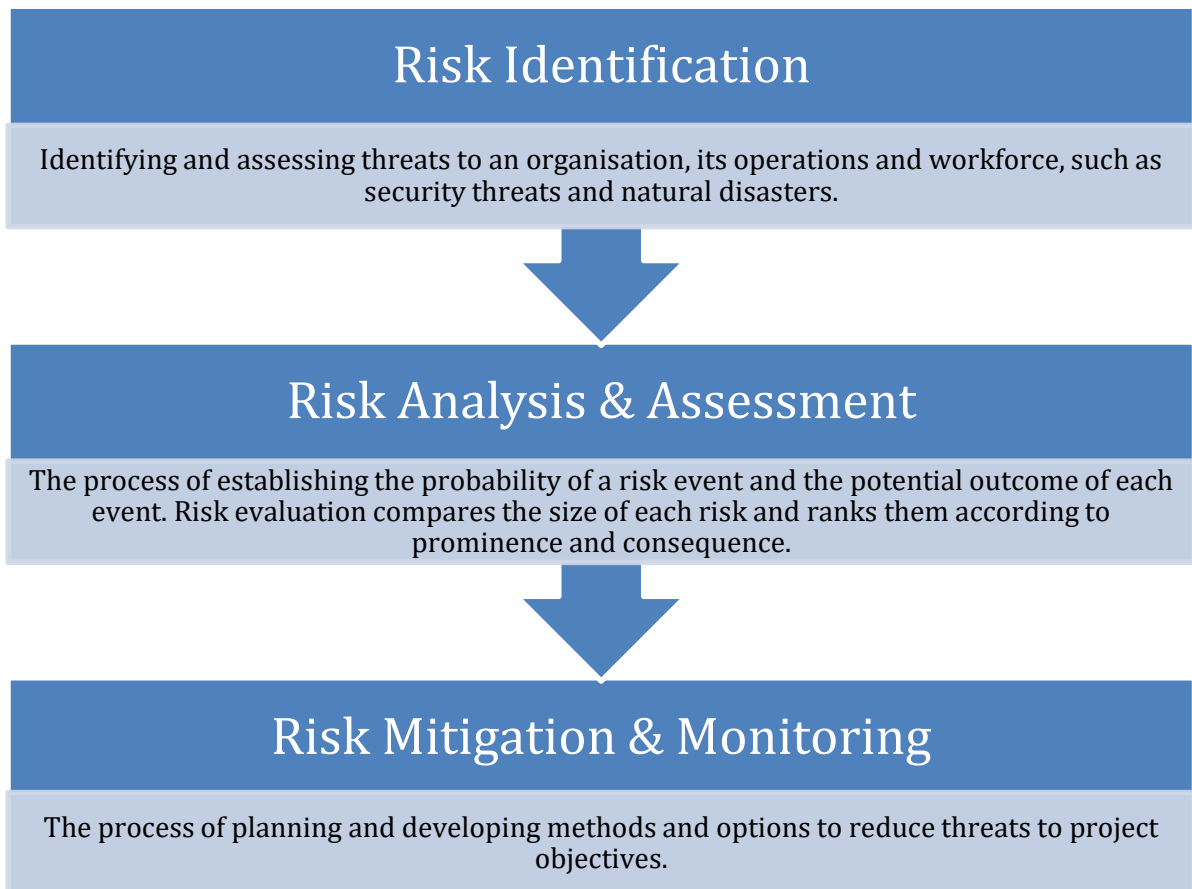
<sup>16</sup> *Function of Management - "There are four fundamental functions of management i.e. planning, organising, actuating and controlling"*. (2022). Retrieved from Whatishumanresource: <https://www.whatishumanresource.com/function-of-management>



## Risk Management

Risk management is defined as the process of identifying, assessing and controlling financial, legal, strategic and security threats to an organisation's capital and earnings<sup>17</sup>. The source and type of these risks vary from financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents and natural disasters<sup>18</sup>.

The risk management process consists of 3 significant steps<sup>19</sup>:



<sup>17</sup> *What is risk management?* (2022). Retrieved from IBM: <https://www.ibm.com/topics/risk-management>

<sup>18</sup> *What is risk management?* (2022). Retrieved from IBM: <https://www.ibm.com/topics/risk-management>

<sup>19</sup> *What is risk management?* (2022). Retrieved from IBM: <https://www.ibm.com/topics/risk-management>



<b>The most common responses to risks</b>	
<b>Risk avoidance</b>	Businesses can avoid the different risks by not participating in activities that may negatively affect them.
<b>Risk reduction</b>	Businesses can significantly reduce the risk by keeping the loss contained after accepting the risk and preventing it from spreading.
<b>Risk sharing</b>	Risk sharing so the possibility of loss is transferred from the individual to the group in the same way a corporation works: several investors pool their capital, and each bears only a portion of the risk that the enterprise may fail.
<b>Transferring risk</b>	Transferring risk to a third party.
<b>Risk acceptance and retention</b>	After implementing all the risk sharing, risk transfer and risk reduction measures, some risks will eventually remain since it is virtually impossible to eliminate all risks (except through risk avoidance); this is what we call residual risk.



## Chapter 2: Start-ups and potential challenges

The second chapter of this paper defines a start-up, identifies its main types, and explores the challenges an entrepreneur may face at the early stage of setting up his business.

### Start-up Definition

The term start-up refers to a company in the first stages of operations<sup>20</sup>. Start-up businesses are essential to the economy since they are job creators and innovators and full of creators who bring new ideas to the market<sup>21</sup>. Start-ups aim to create unique, innovative and irreplaceable products and services. There are six widely accepted start-up types:

- 1) **Scalable start-ups.** This group involves companies in a tech niche. Tech businesses can receive financial support from investors and grow into international companies. Examples of such start-ups include Google, Uber, Facebook and Twitter<sup>22</sup>.
- 2) **Small business start-ups.** These businesses are created by regular people and are self-funded<sup>23</sup>.
- 3) **Lifestyle start-ups.** A lifestyle start-up is the best type of business for those people that have hobbies and are eager to work on their passion. They can make a living by doing just what they love. An excellent example of a lifestyle start-up is dancers who actively open online dance schools to teach children and adults to dance, earning money this way<sup>24</sup>.

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<sup>20</sup> *What is Business Management? And Why It May Be a Great Career Choice.* (n.d.). Retrieved from University CINCINNATI ONLINE: [online.uc.edu/what-is-business-management/](https://online.uc.edu/what-is-business-management/)

<sup>21</sup> Houston, M. (2022). *Why Business Management for Startups is Essential for Growth.* Retrieved from Entrepreneur: <https://www.entrepreneur.com/starting-a-business/why-business-management-for-startups-is-essential-for-growth/402353>

<sup>22</sup> *What is a Startup: Guide: Explore types of startups, business ideas, and get to know the steps to build a startup from scratch.* (2015). Retrieved from SendPulse: <https://sendpulse.com/support/glossary/startup>

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- 4) **Buyable start-ups.** In the technology and software industry, some people design a start-up from scratch to sell it to a bigger company later. Giants like Amazon and Uber buy small start-ups to develop them over time and receive benefits<sup>25</sup>.
- 5) **Big business start-ups.** Large companies have a finite lifespan since customers' preferences, technologies, and competitors change over time. That's why businesses should be ready to adapt to new conditions. As a result, they design innovative products that can satisfy the needs of modern customers<sup>26</sup>.
- 6) **Social start-ups.** Social start-ups' purpose is to do good for others, contradicting the common belief that start-ups exist only to earn money. Charities and non-profit organisations are examples of social start-ups<sup>27</sup>.

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<sup>25</sup>*What is a Startup: Guide: Explore types of startups, business ideas, and get to know the steps to build a startup from scratch.* (2015). Retrieved from SendPulse: <https://sendpulse.com/support/glossary/startup>

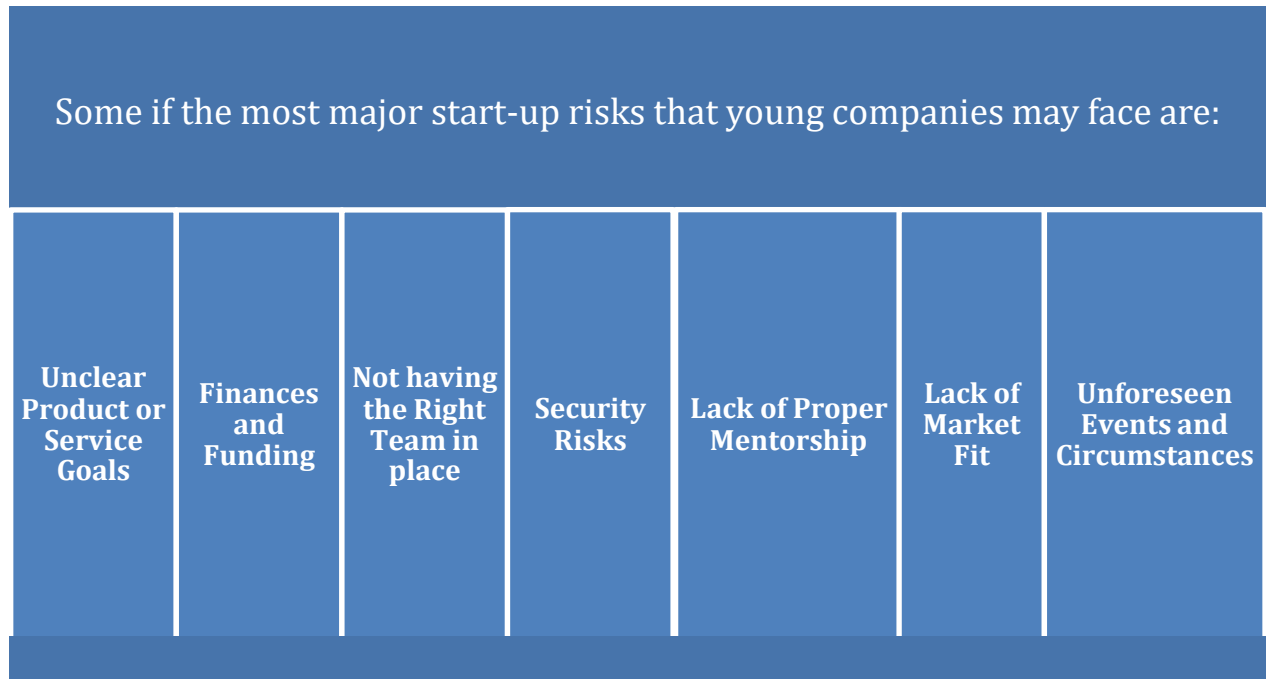
<sup>26</sup>*What is a Startup: Guide: Explore types of startups, business ideas, and get to know the steps to build a startup from scratch.* (2015). Retrieved from SendPulse: <https://sendpulse.com/support/glossary/startup>

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## Risks and Challenges for Start-ups

Every organisation or business, and especially start-ups, faces the risk of unexpected, harmful events that can cost money or even cause it to close. According to surveys, 90% of start-ups fail in general, and only 50% of start-ups will make it past their fifth year of business<sup>28</sup>.



- **Unclear Product or Service Goals:** An entrepreneur's inability to establish clear goals for their product is the first risk they must encounter. "What is exactly the product?" "What problem does it solve?" "How can the team sell it to people?" are fundamental questions that an entrepreneur must answer precisely.
- **Finances and Funding:** Cash flow is one of the most considerable risks in the early stages of a business. Many small businesses get their seed funding either from family and friends or business loans, and being bootstrapped does not leave much room to manoeuvre

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<sup>28</sup> A Guide to Startup Risks and How to Manage Them: Blog Risk Management . (2022). Retrieved from EMBROKER : <https://www.embroker.com/blog/startup-risks/>



financially. That's why entrepreneurs must be diligent and precise about how they spend the little money they have to work with as a young company<sup>29</sup>.

- **Not having the Right Team in Place:** Although hiring people comes with its own set of challenges and risks, managing together a great team, in the sense of having the right people in the right place, increases the chances of success<sup>30</sup>.
- **Security Risks:** Entrepreneurs today must face various cybersecurity risks effectively, such as data breaches and attacks. Although no amount of security measures is enough to guarantee the protection of the data, training the staff about security risks and how to spot them while investing at the same time in security infrastructure can reduce the potential damage.
- **Lack of Proper Mentorship:** A young start-up must have the proper mentorship since a mentor will accelerate business development by offering the necessary guidance and support and by helping start-up workers develop their skills and grow their network<sup>31</sup>.
- **Lack of Market Fit:** A considerable number of start-ups fail because they cannot estimate the existence of market demand correctly. CBInsights survey shows that 42% of start-ups fail because there is no need for their product or service. Also, entrepreneurs must take into consideration the market's competition: If the market is already overcrowded and a few giant corporations dominate it, it will be hard for them to break into the market and find their place within it<sup>32</sup>.

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<sup>29</sup>A Guide to Startup Risks and How to Manage Them: Blog Risk Management . (2022). Retrieved from EMBROKER : <https://www.embroker.com/blog/startup-risks/>

<sup>30</sup>A Guide to Startup Risks and How to Manage Them: Blog Risk Management . (2022). Retrieved from EMBROKER : <https://www.embroker.com/blog/startup-risks/>

<sup>31</sup> Saraev, N. (2022). *Mentorship In Tech Startups? Why Employees Need Mentors*. Retrieved from togetherplatform: <https://www.togetherplatform.com/blog/mentoring-in-tech>

<sup>32</sup>A Guide to Startup Risks and How to Manage Them: Blog Risk Management . (2022). Retrieved from EMBROKER : <https://www.embroker.com/blog/startup-risks/>



- **Unforeseen Events and Circumstances:** Unfortunately, there is always the possibility of unexpected events and circumstances for new start-ups. Some of the most challenging risks young businesses face are often out of their control<sup>33</sup>.

## Chapter 3: Pre-incubators as an adequate answer to nascent enterprises' management risks.

### Pre-incubators, Incubators and Accelerators in Business Management

As discussed above, entrepreneurs may face numerous problems in different subjects and sectors, such as economics and technology, while realising a project business idea. So it is tough for entrepreneurs to overcome these problems alone and establish and successfully maintain their companies.

Public and private organisations attempt to solve the problems of entrepreneurs in different processes and support them in many ways by establishing pre-incubation and incubation centres and acceleration programs.

What distinguishes pre-incubation from incubation centres and acceleration programmes is that they are suitable for start-ups in different stages:

- **The pre-incubation phase:** from ideation to the minimum viable product (MVP)
- **The incubation phase:** from the creation of the company to the stabilisation of its business model
- **The acceleration phase:** accelerating the company's growth by raising funds, opening branches or going international.

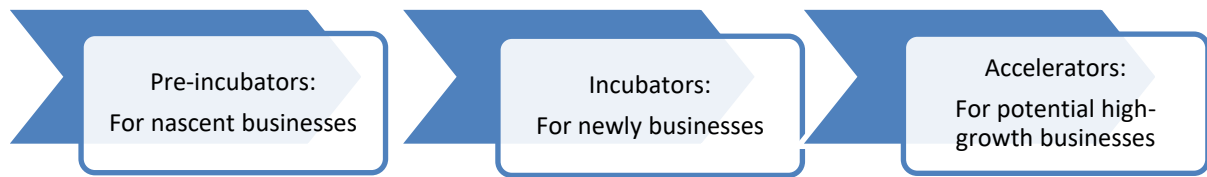
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<sup>33</sup> *A Guide to Startup Risks and How to Manage Them: Blog Risk Management* . (2022). Retrieved from EMBROKER : <https://www.embroker.com/blog/startup-risks/>





## Illustration of the Stages of Incubation:



### Pre - Incubators

Pre-incubation remains an under-researched topic as a relatively recent concept in contrast to the well-established concept of business incubation. As stated before, pre-incubation is considered the starting point of a longer development process of new businesses (incubation and acceleration stage follows). Pre-incubators are defined as a "(..)risk-reduced environment where entrepreneurial ideas can be tested for market viability before progressing into the business incubator"<sup>34</sup>. While business incubators are said to support new businesses, pre-incubators are ideal for supporting nascent entrepreneurs.

Pre - Incubators work as solution providers for potential entrepreneurs, tackling issues that may arise at the initial steps of a start-up business, such as<sup>35</sup>:

- financial risks
- gaps in business and personal skills
- the unknown potential of the new product or service
- lack of capital
- ignorance of the worth of their intellectual property.

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<sup>34</sup> Voisey, P., Jones, P., & Thomas, B. (2013). The pre-incubator: a longitudinal study of 10 years of university pre-incubation in Wales. *SAGE journals*, 337-399. doi:10.5367/ihe.2013.0168

<sup>35</sup> Voisey, P., Jones, P., & Thomas, B. (2013). The pre-incubator: a longitudinal study of 10 years of university pre-incubation in Wales. *SAGE journals*, 337-399. doi:10.5367/ihe.2013.0168



**Pre-incubators benefit start-up businesses by providing<sup>36</sup>:**

**1) Support:** Pre-incubators offer entrepreneurs the necessary guidance and support to understand whether their ideas are viable, commercializable and scalable.

**2) A Risk Mitigation Strategy:** Pre-incubators give young entrepreneurs access to a safe environment in which knowledge-based support is provided at low cost and in which the viability of the idea can be developed and tested before taking on the significant risks associated with new business start-up.

**More specifically, pre-incubators offer to new entrepreneurs:**

**Office facilities:** technological equipment (such as computers and fax) and physical (furniture).

**Business plan assistance** (feasibility studies and analysis, official documents, etc).

**Practical guidance:** by creating appropriate connections to the authorities.

**Mentoring:** delivered by experienced entrepreneurs, other companies, experts, senior students, and "enterprise godfathers".

**Training:** through seminars, lectures and different workshops.

**Financial counselling:** through finding financial sources for financial support.

**Networks:** connection with the already existing network of the pre-incubator.

**Pre-incubation Outcomes:**

Completing the pre-incubation phase leads to new business formation and to the next "Incubation" stage. At the end of this phase, having gained the necessary knowledge and skills, the entrepreneurs must be able to decide on what to do next with the business idea. They must choose among the following options:

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<sup>36</sup> Voisey, P., Jones, P., & Thomas, B. (2013). The pre-incubator: a longitudinal study of 10 years of university pre-incubation in Wales. *SAGE journals*, 337-399. doi:10.5367/ihe.2013.0168



- To end the process, returning to employment or education.
- To extend the testing period to modify the product or the service according to the customer's needs.
- To start a business based on a valid business plan generated from the previous market testing.

Successful enterprises that "graduate" from pre-incubators and the income levels generated over a given period strongly indicate that pre-incubators play a significant role in developing nascent businesses by setting their robust foundations. In the next chapter, we present five case studies of companies that flourished in the context of the pre-incubation phase and five pre-incubators located in every partner country.

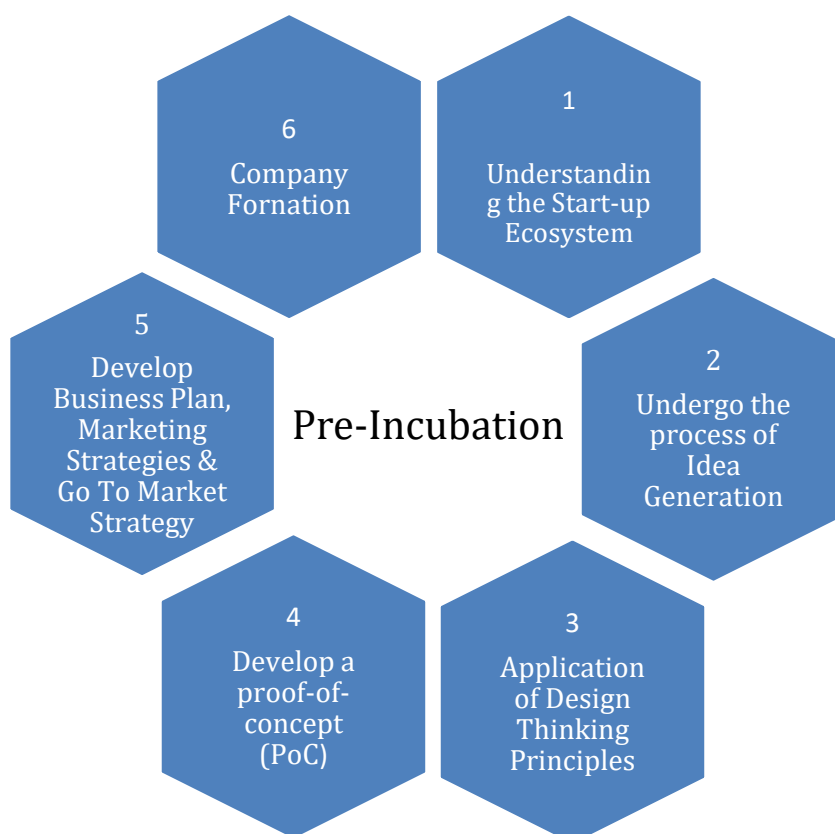


Figure: Pre-Incubation Steps



## Chapter 4: Case studies of pre-Incubators in the Netherlands, Spain, Italy and Greece & successful businesses that passed from the pre-incubation phase

### Pre-Incubators in the Netherlands, Spain and Greece

#### Netherlands

The Netherlands is one of the startup-friendly countries making a difference in Europe, and it rapidly transforms into an actual start-up centre and community. Among other reasons, the technical infrastructure, proximity to markets, tax reductions and ease communication are some reasons the Netherlands is a dream country for entrepreneurs. The Netherlands, an open and progressive society with a diverse workforce, supports creativity and innovation and gives young entrepreneurs easy access to stakeholders, incubators and investors.

EU citizens and non-EU/EEA can start and develop their start-up businesses in the Netherlands using a Dutch Start-up Visa. New entrepreneurs are allowed a one-year session extension to launch their business idea. In the context of the Entrepreneurship Action Plan, the Dutch government offers competitive tax breaks, refunds and support and provides a level of clarity that companies can rely on in the long term. An effective corporate tax rate of up to 5% is one of the R&D and innovation advantages offered.

The Netherlands is included in the five most competitive economies in the world. It is a functional, democratic, law-abiding society that aims to build a safe environment for business activities. Situated between Germany, Belgium and the North Sea and having the largest European port, the Netherlands is ideally located to reach anywhere in Europe and the world.

#### THE CASE OF THE DEMONSTRATOR LAB AMSTERDAM – THE NETHERLANDS

The Demonstrator Lab Amsterdam is an entrepreneurship laboratory on the University of Vrije in Amsterdam campus that helps transform ideas into tangible products or services. Demonstrator Lab runs in a learning-by-doing environment

and is open to students and staff members, aiming to boost research-driven innovation. More specifically, the Lab's goal is to foster an entrepreneurial culture in Amsterdam's higher education



ecosystem and promote research-driven innovation by allowing its members to get their feet wet at no cost<sup>37</sup>.

The Demonstrator Lab stands next to its members throughout the entire idea-to-market process.

They help nascent entrepreneurs to:

- form the team
- develop a prototype
- work out the most efficient marketing strategy
- find the resources needed to deploy that strategy
- figure out whether their idea can make it by providing the necessary business tools

The Demonstrator Lab offers:

- Advice on all aspects of the idea-to-market process
- Lab facilities, Lab and office space
- Access to mechanical, electronic and technical workshops of the UvA and that of VU
- Seed grant of up to 15 thousand euros
- Connection to the Demonstrator Lab existing network

Participants – students, staff and researchers from any discipline – can enter the Lab at the very early stage of the idea-to-market procedure.

In the Lab's pre-incubation environment, participants have the opportunity to:

- Identify the actual customer-added value in their abstract idea
- Adjust and fix their entrepreneurial goals
- Create the necessary network of collaborators where they can test their idea
- Build a prototype – Minimum Valuable Product (MVP) and test it with customers
- Make a new MVP or find further funding or pivot or abandon and try again <sup>38</sup>

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<sup>37</sup> (n.d.). Retrieved 2023, from DEMONSTRATOR LAB AMSTERDAM: <https://www.demonstratorlab.nl/>

<sup>38</sup> (n.d.). Retrieved 2023, from DEMONSTRATOR LAB AMSTERDAM: <https://www.demonstratorlab.nl/>



## Spain

According to the Data released by the National Innovation Company SA (ENISA), part of the Spanish Ministry of Industry, Trade and Tourism, entrepreneurial activity in Spain increased significantly during 2021, after a period of a slight setback in terms of investment in start-ups in 2020, a year that coincided with the global coronavirus pandemic. In total, there are 215 pre-incubators, incubators and accelerators in Spain, and they employ 1376 people. Their main contribution is offering management support, training, space and funding access. On average, they receive 121 applications per year and their main source of resources is the rental of space. The first pre-incubators, incubators and accelerators appeared in Valencia, Madrid and Barcelona. Over the years, more and more incubators appeared. Nowadays, they have expanded in all the Spanish territory; thus, someone can find one in Andalucia, Malaga and Basque Country.

### THE CASE OF TETUAN VALLEY – SPAIN

The Tetuan Valley was founded in Madrid in 2009 when the word "start-up" was not widely known in Europe yet: ambitious entrepreneurs were helpless in the sense of the lack of presence of an institution that could unite them and guide them to turn their ideas into successful businesses.



The Tutan Valley, launched by three entrepreneurs, aims to help other entrepreneurs in the initial steps of setting a start-up and "bring like-minded people together". Through Tutan Valley contribution to product support, new entrepreneurs can reach more customers and create better products. Moreover, they will gain the skills necessary to manage effectively and make better technology, product and marketing decisions through the appropriate training and mentoring. Also, the Tutan Valley give the opportunity to entrepreneurs to connect to a global network by meeting product experts, industry leaders, fellow founders and potential investors.

The Tutan Valley runs a Start-up School, a six-week training program provided in the English language orientated in teams that are developing a technology-based product. A session takes place every week that covers all the necessary aspects of starting a successful business: effective presentations, value proposition, business models, metrics, product development, UX, legal, finance and investment. A significant part of each session is dedicated to "Pitch Practice", so start-ups can progress quickly and steadily. Another essential part of this programme is the "Hackathon" during which all teams meet to work on their projects. "Hackathon" lasts 48 hours



and helps entrepreneurs launch their prototype and add user-validated features to their project focusing on programming and resolving any doubts. The program ends with a "Demo Day" where all teams present their pitch and show their progress. It is worth noting that the Tutan Valley does not charge any fees or equity as they give high importance to the "Give Back" concept. "All they ask for is the start-ups to give back to the community in the future"<sup>39</sup>.

## Italy

The Italian Law, *DL 18 Ottobre 2012, n.179, Ulteriori Misure Urgenti per la Crescita del Paese, art.25, comma 2*, defines a start-up by identifying some essential characteristics that it has to meet. According to Global Entrepreneurship Monitor Report (GEM) on the Italian situation in 2019 and in 2020 adult's inclination to develop an entrepreneurial idea is quite low, mainly due to the disproportionate bureaucracy – a typical element of the Italian form of government. The report also shows that Italian entrepreneurs are demotivated about their competencies and fear to fail. In this sense, pre-incubators are vital in fostering adults to start their entrepreneurial adventure by sharpening the necessary competencies to support the transition from a business idea to its implementation.

Social Innovation Monitor (SMI) report on Incubators and Accelerators in Italy in 2020 shows that most of these services are located in the northern area, while just a residual part works in Southern Italy. Pre-incubators can be traced in the Northern and Central Italian regions.

## THE CASE OF HUB&LAB – ITALY

The Innovation Hub Italy is a strategic nexus in Enel's Open Innovation and its innovative, sustainability technology scouting network. Enel's was founded in 1962: since then, it has widened the scope of the initiative with the creation of Innovation Hub&Labs in Milan, Pisa and Catania, combining its corporate traditions with an openness to outside influences, stimulating collaboration with Italy's most innovative start-ups and SMEs (Small to Medium Enterprises).

### Catania

The Enel Innovation Hub in Catania is a research laboratory and innovation centre that includes an innovation incubator and laboratories focused on renewable energies. It is located on the site where Enel experiments with the technology to increase the efficiency and affordability of solar and storage

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<sup>39</sup> (n.d.). Retrieved 2023, from TETUAN VALLEY: <https://en.tetuanvalley.com/>



plants. An outdoor space of 30 thousand metres suitable for tests is available to start-ups and SMEs to develop their own solutions in collaboration with Enel.

### **THE CASE OF "START-UP GEEKS" – ITALY**

The start-up "Geeks" is one of Italy's largest start-up communities, helping young entrepreneurs create a business in three months. Already 681 teams have been supported in the path from an idea to the start-up's launch, which is impressive considering that few Italians take the initiative to launch their own business.



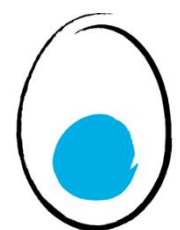
The "Start-up Geeks" primary objective is to move Italy out of the 25th position in Europe for digital advancement, mainly working on validating the idea and organisation of the start-up launch. It gives free resources and tools and provides a 3-month program called the "Start-up Builder" that enables young entrepreneurs to test their idea within that time frame using resources like training and mentorship.

### **Greece**

The support of small and medium enterprises is crucial for Greece, as they comprise the Greek economy's backbone. Recently, Greece has witnessed a strong interest in start-ups, especially from young people. Pre-incubators, incubators and accelerators can create the right environment for these enterprises to grow.

### **THE CASE OF EGG: ENTER-GROW-GO – GREECE**

The EGG: ENTER- GROW – GO pre-incubation program is a program of EFG Eurobank (a privately owned bank) that was launched in May 2013, aiming to create a favourable environment and stimulate young innovative entrepreneurship, especially in the information field and technology.



**egg**

enter•grow•go

The program offers start-ups the opportunity of suitable financing, mentoring, networking etc., through the egg–enter, grow, go Start-up platform.





The program facilitates entrepreneurs' access to financing, helping them to choose the most suitable programme to finance their business idea. Moreover, they offer two types of loans to start-ups under the EGG: ENTER – GROW – GO programme: short-term loans that help improve liquidity and long-term loans like property or equipment financing.

The program offers start-ups high-standard facilities to cover their business needs: every space provided is suitable for exchanging ideas, networking and cooperating<sup>40</sup>.

Another vital service the program provides is mentoring for developing entrepreneurs' ideas. The guidance is provided by experienced economists and scientists, who facilitate the transformation of business plans into integrated and marketable products or services.

Also, entrepreneurs can develop their business skills through business training. Entrepreneurs learn about specific business topics – corporate communications, public relations, strategic marketing, intellectual property management etc. – through hands-on training, lectures, workshops and educational programs under EGG: ENTER – GROW – GO.

Finally, start-ups through EGG: ENTER – GROW – GO can expand their business network, meeting other Greeks and foreign entrepreneurs, potential customers and strategic partners to boost the financial viability of their business.

Following the firm belief that "When they support talented young people, they help them change the image of Greece for all", the EGG: ENTER – GROW – GO has accomplished so far:

- 1100 entrepreneurs have created 310 start-ups.
- 168 start-ups turned into businesses.
- 49 businesses received financing from Eurobank with favourable terms (more than 3.2 million EUROS in total).
- 36 companies have filed patents and inventions.
- 68 businesses travelled abroad with the egg export programme.
- 127 synergies were built among the egg alumni<sup>41</sup>.

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<sup>40</sup> *egg - enter, grow, go.* (n.d.). Retrieved from EUROBANK: <https://www.eurobank.gr/en/group/esg-environment-society-governance/society/egg-enter-grow-go>

<sup>41</sup> *egg - enter, grow, go.* (n.d.). Retrieved from EUROBANK: <https://www.eurobank.gr/en/group/esg-environment-society-governance/society/egg-enter-grow-go>



## Businesses that passed from the pre-incubation phase



### ACTIVE CLASSROOM – THE NETHERLANDS

The "Active Classroom" is a series of ergonomic children's furniture designed for the school of the future. Boris Lancelot in an effort to find healthy alternative ways of sitting and using his knowledge in physical education, gave birth to the "Active Classroom" project. This strongly innovative project argues that "sitting is activity", focusing on "the change of postures" as the "essential ingredient of sitting"<sup>42</sup>. The ongoing research, being conducted in collaboration with the Free University of Amsterdam & University of Groningen, attempts to shed light on postural behaviours and how stools can contribute to healthier classrooms.

### EX-MACHINA: DIGITAL WORLD – GREECE

Ex-Machina, founded in 2015, specialises in collecting, processing and analysing weather data, forecasting for the energy sector and providing IoT solutions for sectors affected by the weather. It is an alumnus of the pre-incubation programme EGG: ENTER – GROW – GO. Ex-Ex-Machina's goal is to provide better weather insights to their customers, equipping them with the necessary information to achieve their goals.



The company aspires to build a world where weather-related technologies positively impact millions of people's lives. Ex-Machina uses a unique combination of highly accurate weather data and their own environmental sensor technology and machine learning, managing to deliver unique services to their customers<sup>43</sup>.

What indicates the company's success through the years is its important partnerships with established clients operating in the energy sector (for example, the Gas Company and IPTO) and other established companies. It is worth noting that Ex-Machina is running the ambitious project of developing an innovative weather station in Shenzhen, China, supported by the largest hardware accelerator globally, HAX and SOSV. The station, which can use different

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<sup>42</sup> Sandigliano, T. (2021). *ACTIVE CLASSROOM*. Retrieved from WeVux: <https://wevux.com/active-classroom0062783/>

<sup>43</sup> *ABOUT US: Who we are, what we do& why we do it.* (n.d.). Retrieved from EX MACHINA: <https://exm.gr/about/>



communication protocols, aims to create new weather data, even in remote areas with no mobile network coverage<sup>44</sup>.

**DeepEye**



### **DeepEye: THE NEW GENERATION EYE-TRACKERS – THE NETHERLANDS**

DeepEye is an innovative technology that uses cutting-edge AI algorithms to record eye movements and thus improve understanding of how humans process information. The information generated provides solutions to scientific research, marketing and advertising, building human-computer interfaces, and diagnosing mental disorders. DeepEye is a technology open for everyone, aiming to collect large-scale eye-tracking data online.

### **COCO Company: Conscious Consumption Company – THE NETHERLANDS**

COCO Company activity gives an adequate answer to the question: "what to do with the imperfect food products that retailers don't buy?". The idea is for overproduced items, misprinted and soon-to-expire products to be traced and redistributed to different offices, clubs and associations in a lower price. COCO Company's goal is to enhance social welfare and combat Dutch food waste in collaboration with smaller and local producers.



## **Chapter 5: Mentoring & Coaching Procedures to be used for e-Mentoring and e-Coaching**

### **What is Mentoring?**

The term "Mentor" can be first traced in *The Odyssey*, Homer's classic poem. Mentor was Odysseus's – the king of Ithaca – friend and counsellor. When Odysseus left for Trojan War, he entrusted the care of his household to Mentor, who served as a teacher and overseer of

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<sup>44</sup> *Ex Machina: Digital World*. (n.d.). Retrieved from egg: enter, grow, go: <https://www.theegg.gr/en/go-above-and-beyond/the-egg-companies/ex-machina>



Telemachus, Odysseus' son. Over the years, the word Mentor evolved to mean trusted advisor, friend, teacher and wise person<sup>45</sup>.

Nowadays, mentoring is getting more and more attention in education (formal and informal), and people increasingly recognise the significance of mentoring for professional and personal development<sup>46</sup>.

There are different types of mentoring:

- One-to-one mentoring (traditional form): one adult to one person
- Peer Mentoring: Young people mentor other youth
- Team Mentoring: several adults working with small groups consisting of young people
- E-mentoring: Online Mentoring

### **Choosing the Mentor**

For the effectiveness of (any kind of) mentoring procedure, organisations and companies need to choose the right person who will serve as a mentor:

- The mentor is usually a more experienced person in their life within a specific field of expertise or organisation
- The mentor must serve as a positive role model promoting raised aspirations
- The mentor must have the proper skills to build a relationship of support, counsel, friendship and reinforcement between them and their mentee
- The mentor must have strong guidance and communication skills

### **Mentor-Mentee Relationship Building**

The initial stage of any mentoring process (including e-mentoring) is the relationship-building between the mentor and their mentee(s). When the mentor meets their mentee(s) for the first time, he must:

- Be confident, smiley, non-judgemental and positive.
- Introduce himself, telling, among other things, his field of expertise and his role.

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<sup>45</sup> *Why Mentor? Who was Mentor?* (2019, 5). Retrieved from MENTOR IN GREECE: <https://mentoringreece.com/why-mentor-who-was-mentor/>

<sup>46</sup> *What Is Mentoring?* (2022). Retrieved from Association for Talent Development: <https://www.td.org/talent-development-glossary-terms/what-is-mentoring>



- Let their mentee(s) introduce themselves as well. Some open questions may help the mentee(s) open up and feel more comfortable.

### **Tips for Trust-Building**

- The mentor must listen carefully and actively to their mentee(s), so the latter feel they have their mentor's back no matter what.
- The mentor must present himself as a mentee's friend and behave as this.
- The mentor must respect their mentee(s) without forcing them to do things they don't want to.
- The mentor must enjoy the mentoring process and have fun with the mentee(s). Having fun with their mentee(s) creates a stronger bond and facilitates coping with more complex things that may occur later during the mentoring procedure.

### **Enhancing and Sustaining Relationship Stage**

After the trust-building stage, enhancing and sustaining stage follows. At this point, the mentor sets and explains the mentoring's objectives and procedures to the mentee(s). The mentor must give space and voice to the mentees, enabling them to express their thoughts, ideas, feelings and opinions. After setting and clarifying the goals and the process that will be followed, it is time for the mentor and the mentees to start working on achieving the goals.

### **Communication Tips for E-mentoring**

One of the most important, if not the most important, elements of e-mentoring is the effective communication between the mentor and the mentee(s).

- Active listening is crucial since e-mentoring lacks face-to-face conversation. The mentor can achieve active listening through:
  - Listening carefully to the mentee
  - Paraphrasing what the mentee said, making sure that he (the mentor) understood what he meant to say
  - Maintaining eye contact
  - Making appropriate facial expressions and gestures
- Using their body language correctly, showing that they are not bored of listening to their mentees

### **Tips for giving feedback**



Giving feedback is another essential part of the mentoring procedure. Feedback – an observation or opinion given from one person to another – can be either positive or negative, but if done correctly can be constructive and thus valuable.

Some tips for the mentors while providing feedback to their mentee(s) are:

- Be honest but at the same time respectful
- Be non-judgmental
- Make observations, not evaluations
- Provide empathy
- Remember that not everyone is ready and open to negative comments! Be patient!

## E-mentoring

### Definition of E-mentoring

E-mentoring (also referred to as electronic mentoring, online mentoring, virtual mentoring, or computer-assisted mentoring) involves any type of mentoring that incorporates digital technology<sup>47</sup>.

### Why E-mentoring?

E-mentoring presents unique advantages compared to other forms of mentoring<sup>48</sup>:

- **Flexibility & Convenience:** The use of technology enables the participants to join the mentorship program at a convenient time, something beneficial for those working or taking care of family members and pets at home.
- **Larger Pool of Mentors & Mentees:** Due to the virtual aspect of e-mentoring, more mentors and mentees might want to participate in this procedure. E-mentoring is an excellent chance for specific demographic and employee populations that might have previously faced obstacles to participating in more traditional mentoring programs to participate.

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<sup>47</sup> (2019). *E-MENTORING SUPPLEMENT TO THE ELEMENTS OF EFFECTIVE PRACTICE FOR MENTORING*. E-MENTORING SUPPLEMENT

<sup>48</sup> Schnieders, A. (n.d.). *Four Benefits of Virtual Mentoring Programs*. Retrieved from CHRONUS: <https://chronus.com/blog/benefits-of-virtual-mentoring>






- **Inspires Authentic Relationships:** It might be easier for a mentee to open up and discuss honestly in a remote setting than in person. Also, the remoting character of e-mentoring might facilitates the trust-building between the mentor and the mentees.

## E-mentoring technologies

E-mentoring has become more popular over the last decades due to the rapid rise of the internet, cell phones and social media, especially among younger people.

The use of Information and Communication Technology (ICT) is the fundamental characteristic of E-Mentoring, differentiating it from other forms of mentoring. It includes sending emails between a mentor and mentee, texting using cell phones, chatting using a messenger program or social media, video conferencing and posting messages to digital bulletin boards or forums<sup>49</sup>.

Nowadays, many online Software provides a secure online environment for mentors and mentees. Such online spaces are:

- **Together Mentoring Software:** A mentorship platform that "empowers organisations to drive performance through relationships<sup>50</sup>". 
- **MentorcliQ:** A mentoring software solution that helps companies engage, develop and retain their top talent through high-impact employee mentoring programs. MentorcliQ enables companies to "launch, support and grow employee mentoring programs for their global workforce<sup>51</sup>". 
- **PushFar:** A mentoring platform that helps organisations to deliver effective and customisable mentoring programs. The platform is available for iOS and Android, providing, among other things, data-driven matching, integration options and in-depth reporting<sup>52</sup>. 

<sup>49</sup> (2019). *E-MENTORING SUPPLEMENT TO THE ELEMENTS OF EFFECTIVE PRACTICE FOR MENTORING*. E-MENTORING SUPPLEMENT

<sup>50</sup> *Accelerate employee growth through mentoring*. (n.d.). Retrieved from Together Software: <https://www.togetherplatform.com/>

<sup>51</sup> *EMPLOYEE MENTORING MADE EASY*. (n.d.). Retrieved from mentorcliQ: <https://www.mentorcliq.com/>

<sup>52</sup> *The world's leading mentoring and career progression platform*. (n.d.). Retrieved from PushFar: <https://www.pushfar.com/>



- **Mentorink:** An online mentoring platform that allows organisations to start and run innovative mentoring activities effectively at scale. EMCC - European Mentoring and Coaching Council - has awarded Mentorink –with the "Best Mentoring" and "Best Coaching" awards<sup>53</sup>.



Since there are various technology solutions in the market, we advise organisations and companies (especially start-ups) to research and find the one that fits them and their vision for mentoring better.

### **The Three Fundamental Questions that Companies must answer before E-mentoring takes place**

- 1) What kind of technology in the sense of technological tools should be used within the e-mentoring process?
- 2) To which extent will digital tools and distance communication techniques be included in the e-mentoring program?
- 3) Who will monitor, control and coordinate the content management system and the technological tools, undertaking the role of e-coordinator?

### **Tools for Effective E-mentoring Communication**

Communication and interaction between participants (mentors and mentees) during E-mentoring also differ from other types of mentoring in the sense that it can be both synchronous and asynchronous.

- Synchronous: when mentoring is taking place via video call or a chat program
- Asynchronous: when mentoring is taking place via emails and forums, so there may be a significant time lag between sending and receiving emails.

Hence, E-mentoring development through technology also involves the absence of body language to an extent. To counteract this, the mentor and the mentee can facilitate and enhance their communication through webcams or emoticons.

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<sup>53</sup> *Empower your organization through the 'Power of 2'*. (n.d.). Retrieved from mentorink: <https://www.mentorink.com/>





### *Applications*

Here are some applications that might be useful for effective e-mentoring interaction:

- Skype
- Zoom
- Google Hangouts
- FaceTime
- Video calls through the Facebook application

### *Use of Emoticons*

Another technique for effective communication through e-mentoring is the use of emoticons. When mentoring occurs via emails and forums (asynchronous), emoticons, such as gestures and smiley faces, can make ambiguous messages clearer, where individuals can detect the seriousness or sarcasm in the message.

On the other hand, when mentoring occurs via video or chat, emojis contribute to a more vivid conversation, allowing the participants to reflect upon and express their feelings easily, breaking the ice between them and their mentor. Also, emojis enable participants to "get a sense of each other's moods, as well as the collective mood of the group, with just a single glance at the screen".



## Chapter 6: Effective Pitching Strategies for Start-ups to Increase their Potential Customers

### What is Pitching?

In general, pitching is the activity of convincing others. From a business perspective, pitching is to convince prospective clients, business partners or potential investors. A business pitch must give the company's audience a clear understanding of its plans or goals to make a purchase.

When pitching, a company must gather and share with its audience relevant research or provide an engaging vision. Effective pitching enables a company to motivate and persuade its audience to follow its idea and make it happen.

The main goal of pitching is to introduce the business's brand, product, and service<sup>54</sup>.

**A common way of pitching is doing a presentation.**

### Steps of an Effective Pitching Strategy

#### 1) Understand your potential audience<sup>55</sup>.

Any business – especially a start-up – must get to know and deeply understand its audience and the audience's needs before starting "pitching".

- A business can start by finding demographics (age, gender, culture) and information such as knowledge, behaviour, religion, education level, etc.
- When the company completes the procedure of understanding its potential target group is ready to build a project according to its client's needs.

#### 2) Use a Project Management System<sup>56</sup>.

At this point, businesses can use a Project Management System that helps distribute the different communication tasks effectively, allocate the resources and process important project information.

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<sup>54</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>55</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>56</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>



### 3) Present your submission using data<sup>57</sup>.

- Presenting information based on data increases business trustworthiness.
- The business must select the data that it wants to display wisely.
- While preparing the presentation, the business must create one slide at a time on the theme of the conversation.
- If a statistic is worth enough to be presented to the potential audience, it is better the company to create a separate slide just for it.

### 4) Add visual interest to your presentation<sup>58</sup>.

- A company can easily add visual interest to its presentation using graphics and infographics.
- A company must pursue interaction with the potential audience, enabling it to understand the business's ideas and value.
- A company can create a video demonstration

### 5) Articulate your idea clearly<sup>59</sup>.

- An interesting product or service is not enough. A business must also focus on the way it delivers during the presentation.
- Use the "Grandma Test" Method: Imagine that you explain your work to your grandma – or, in general, to someone who has no connection to your field of activity and has no idea of your work details. You must be as understanding as possible to articulate your vision and goals accurately<sup>60</sup>.

### 6) Catch the attention of your audience from the beginning.<sup>61</sup>

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<sup>57</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>58</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>59</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>60</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>61</sup> . Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>



- Ensure that the audience gets 2-3 of the essential points about your idea in the first 30 seconds of the presentation so you catch their first impression. Then you can continue presenting having their full attention.
- Provide "signs" during the presentation to signify the most interesting aspects of your pitch.

### 7) 15 minutes are more than enough!<sup>62</sup>

- Present your idea within 15 minutes, directing their attention to the most critical points! Don't allow them to think that their presence there was a "waste of time".

### 8) Tell your audience exactly what to do next!<sup>63</sup>

- Make a clear and loud Call to Action (CTA), explaining accurately to your audience the next steps they must take.
- You can add a CTA in the middle or the end of your presentation.
- Don't give a variety of choices.
- Ensure that your audience is benefited from the CTA, allowing you to head them persuasively.

### Some more tips for effective pitching<sup>64</sup>:

- **Be well-prepared before presenting your product or business:**

Ensure you have done in-depth research and that you genuinely know your product or service before submitting it to your audience. Research generates confidence, which is necessary to convince your future clients.

- **Time is money:**

Keep in mind that the time you have to present your idea is limited, so use it proportionately. Discard unnecessary story structures, and avoid providing multi-interpretive information that can lead to misunderstandings.

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<sup>62</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>63</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>

<sup>64</sup> Rasyid, F. (2022). *Pitching: Powerful Strategies to Increase Customers*. Retrieved from BUSINESSTECH: HASHMICRO: <https://www.hashmicro.com/blog/pitching/>



## Chapter 7: Start-ups' Access to Financial Resources

Finding financial sources is a fundamental part of starting a new business and, at the same time, a challenging one. Finding (the right) funding sources is usually not an easy process for start-up businesses, especially considering that traditional business loans require – at least – one year of activity in the business field<sup>65</sup>.

Below we present the most common start-up sources of funding, emphasising Incubators and Business Angels. Each one of these sources offers its pros and cons, so the financing path an entrepreneur will follow depends on the type of business and its objectives.

### Personal Investment<sup>66</sup>

Starting your own business entails putting something you own in it. Not being willing to invest in yourself indicates that you don't believe this new business effort can succeed. A personal investment equals, most of the time, the provision of part of your savings and other assets.

### Family and Friends<sup>67</sup>

Another source of business funding is a loan from a family member: friends, parents, spouse etc. Choosing to take a family loan (in banker's language, "patient capital") is not that simple since:

- the family members might want equity in your business
- the family members sometimes may not have the capital needed to start the business

Always remember that business relationships with family must be taken seriously and that if something goes wrong, being unable to repay these people once the business becomes profitable will generate unpleasant feelings.

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<sup>65</sup>*Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

<sup>66</sup> *Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

<sup>67</sup> *Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>



## Small Business Association Microloans<sup>68</sup>

The Small Business Association (SBA) Microloan Program collaborates with intermediary, non-profit and community-based lenders, providing potential borrowers with 500.000 – 50.000 K dollars. Interest rates of these loans vary between 8 and 13 per cent with a term length of a maximum of 6 years.

## Bank Loans<sup>69</sup>

A good track record in business and great credit are some of the basic requirements you must fill in to get a bank loan. Considering this, getting a bank loan is not the most suitable choice for newborn businesses with no previous experience.

## Incubators<sup>70</sup>

Incubators, among other resources, provide the cash needed for businesses to operate. Due to their ties with investor networks, incubators can finance a new business attempt, recognising its potential. Some incubators require an equity stake in the start-up, but others typically work on a fee basis.

## Angel Investors<sup>71</sup>

Angel Investors is a term that defines wealthy private investors that mainly finance small business ventures in exchange for equity. What distinguishes Angel Investors from venture capital firms is that they use their own net worth.

### Pros of Angel Investors <sup>72</sup>

- Angel Investors do not demand repayment of the funds they invested in the start-up but, in exchange, require the provision of ownership shares.

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<sup>68</sup> *Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

<sup>69</sup> *Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

<sup>70</sup> *Fund your business.* (n.d.). Retrieved from SBA: U.S Small Business Administration: <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

<sup>71</sup> *Angel Investors.* (n.d.). Retrieved from THE HARTFORD: BUSINESS OWNER'S PLAYBOOK : <https://www.thehartford.com/business-insurance/strategy/alternative-funding-startup/angel-investors>



- Since angel money is on the line, they are genuinely willing to assist you to succeed through mentoring or other means.

### **Cons of Angel Investors**<sup>73</sup>

- Angel Investor demand typically 10% - 50% of the company in exchange for funding. This fact entails the danger for business owners of losing control of their business if the company fails. Hence, it is crucial to think about how much equity you want to give away to a potential investor.

### **Sources of Angel Investing**<sup>74</sup>

The choice of "Angel Investors" as a start-up funding resource is becoming increasingly popular among nascent entrepreneurs. It is worth saying that 2020 was the first time that angel-funded businesses were in the seed and start-up stages.

So, how can business owners approach angel investors?

- Angel List: An online platform that helps entrepreneurs to find investors
- Angel Investment Network: An online network having over 279.000 investors. You can create your profile and promote your business if you are a business owner. On the other hand, if you are an interested angel, you can invest.
- LinkedIn: This kind of professional social networks can serve as a direct way of connection between business owners and angel investors.
- Local business groups or schools: Business schools or organisations can connect business owners with angel investors. If you are searching for an angel investor, don't hesitate to check business schools and organisations in your area!

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<sup>73</sup> *Angel Investors*. (n.d.). Retrieved from THE HARTFORD: BUSINESS OWNER'S PLAYBOOK : <https://www.thehartford.com/business-insurance/strategy/alternative-funding-startup/angel-investors>

<sup>74</sup> *Angel Investors*. (n.d.). Retrieved from THE HARTFORD: BUSINESS OWNER'S PLAYBOOK : <https://www.thehartford.com/business-insurance/strategy/alternative-funding-startup/angel-investors>



## Chapter 8: Educational Activities for promoting Entrepreneurship

### Training Courses

Training entrepreneurship courses are crucial in giving potential entrepreneurs the necessary information and strengthening essential skills to start their own businesses and succeed. Such training courses must include sections and activities for: Developing the right mindset and aptitude, understanding basic business concepts and principles, such as pre-incubators, incubators and accelerators and their significance in creating a safe environment for their business to flourish and identifying and sharpening practical entrepreneurial skills.

#### ➤ Activity I

##### **Developing the Mindset of Entrepreneurship and of a proper Business Model<sup>75</sup>**

- In the first activity, a facilitator separates the participants into groups of a maximum of four people, where they discuss their emotions on launching their business. Do they feel excitement, fear or uncertainty?
- During the discussion, each team identifies a leader. The leader must present the conclusions of the debate to the rest participants.
- Then a brainstorming activity follows on topics like motivation, creativity and resilience: skills and elements that allow learners to effectively deal with challenges and opportunities.
- Then, the facilitator presents a quiz through the platform "Mentimeter", asking the participants to complete it. The Quiz will include questions about the concepts of "incubators", "pre-incubators", "business angels", and "business investors", etc.
- Then, business experts enter the discussion, sharing their valuable knowledge and experience about business planning and development with the audience and providing them with valuable and practical tips.

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<sup>75</sup> *10 Ebtrenpreneurship Training Courses*. (2023). Retrieved from edapp: <https://www.edapp.com/10-entrepreneurship-training-courses/>





## ➤ Activity II

### **Sharpening Leadership Skills**<sup>76</sup>

- Leadership Theater is a role-playing activity to help individuals develop their leadership skills. It enables participants to practice making decisions, solving problems and communicating effectively in a simulated real-world setting.
- The activity is designed for a team of 6-8 participants.
- The participants are divided into small groups; each group gets a scenario they must act out.
- The scenario is based on a real-world leadership challenge, such as managing a crisis, leading a team through a significant change, or negotiating with a difficult stakeholder.
- Each group is given a set of objectives and specific roles to play. For example, one participant may be the team leader, while another may be the spokesperson for the group.
- The group must act out the scenario and make decisions as a team.
- The activity is facilitated by an experienced leader who observes and provides participants' feedback.
- After the activity, the group discusses what they learned and how they can apply it in real-life leadership.

## ➤ Activity III

### **Pitching Game**<sup>77</sup>

- The activity facilitator tells the participants they will create a new product and that they must convince the rest that it's a good idea!
- Participants must form groups of 2 to 4.

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<sup>76</sup> Bensla, A. (2023). *The Top 5 Leadership Development activities for managers*. Retrieved from Risely: <https://www.risely.me/the-top-5-leadership-development-activities/>

<sup>77</sup> *Free Activity: Pitch Game*. (2018). Retrieved from venturelab: <https://venturelab.org/free-activity-pitch-entrepreneurship-game/>



- The facilitator must give the groups three words: a noun, an adjective and a verb.
- The participants must brainstorm a business name and ideas for a product or service that meets a user's needs and includes that specific noun, adjective and verb.

For example:        Noun: Runner; Adjective: Round; Verb: Blows

A jacket for a runner that has round cloth flaps which can be opened when the weather is warmer so that air can circulate better (blows) and be shut when it gets colder.

- The facilitator shares some guidelines to help develop 60-second sales pitch for the product:
  - What is the problem?
  - What is the solution you suggest?
  - Why is your solution unique?
  - Which is your target group? Who are you selling to?
  - How much are you selling to?
- At the end of 10-15 minutes, each group pitches their idea to convince the audience it's a great idea by delivering a 30-90 second pitch!

Material Needed: A large or several small sheets of paper to sketch and think.



## Conclusion

This document was created in the context of the Erasmus+ Project "Become Busy 2.0," aiming to make the pre-incubation process known to a broader audience, as well as its operation and benefits to organisations active in the field of youth and entrepreneurship.

In this document, "e-educational Material of Virtual Pre-Incubation Strategy for the Digital Library", we presented a theoretical approach to the fundamental concepts of business management and risk management. We accurately define what a start-up consists of, the main challenges a new entrepreneur may face at the early stage of setting up his business and some solutions for coping with the potential dangers. Moreover, we explored the "Incubation" process from the business perspective, focusing on the pre-incubation phase and highlighting how pre-incubators can serve as solution providers to a start-up's risks. Also, we provided some mentoring procedures along with some essential tips for e-mentoring, and we concluded with guidelines to new entrepreneurs for effective pitching and some potential financing resources necessary for start-ups to begin. In the last chapter, the reader can find some non-formal activities for entrepreneurship promotion.

Our ultimate goal was to provide readers with the necessary information to be confident and sure of their future business course.



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