

Table of Contents

FOREWORD	V
AUTHORS' PREFACE	VII
ABOUT THE AUTHORS.....	IX
TABLE OF CONTENTS.....	XI
ILLUSTRATION INDEX.....	XVII
TABLE INDEX.....	XXI
1 BASIC PRINCIPLES OF ENTREPRENEURSHIP	1
1.1 Start-up and Growth in the Context of Entrepreneurship	2
1.1.1 History of the Concepts of Entrepreneurship and Entrepreneur	2
1.1.2 Entrepreneurship, Start-up and Growth.....	14
1.1.3 University Entrepreneurship.....	16
1.1.4 Intrapreneurship: Entrepreneurship in Established Corporations.....	20
1.1.5 Characteristics of a Young Enterprise	23
1.1.6 Forms of New Enterprise Formation.....	36
1.1.6.1 Innovative and Imitative New Enterprise Formation	36
1.1.6.2 Original or Derivative New Business Formation and Mixed Forms....	37
1.2 Ethics, Enterprise Culture and Entrepreneurship	42
1.2.1 Business Ethics	43
1.2.2 Ethics as a Challenge for a Young Enterprise	47
1.2.3 Ethical Orientation for Young Enterprises	53
1.2.4 Social Entrepreneurship.....	57
1.2.5 Enterprise Culture and Entrepreneurship.....	61
1.3 Comprehension Test and Recommended Literature	65
2 PROCESSES, ENTREPRENEURIAL OPPORTUNITY, INNOVATION.....	67
2.1 The Entrepreneurial Process	67
2.1.1 Aspects of the Entrepreneurial Process.....	67
2.1.2 Individual Decision Process of the Founder	71
2.2 From Entrepreneurial Opportunity to Business Idea	78
2.2.1 Entrepreneurial Opportunity	78
2.2.2 Business Idea	90

Table of Contents

2.2.2.1	The Concept of Business Ideas	90
2.2.2.2	Development of a Business Idea	92
2.2.2.3	Evaluation of a Business Idea	93
2.2.2.4	Presentation of a Business Idea	94
2.2.2.5	The Business Idea and Industrial Property Rights	95
2.3	Innovation	98
2.3.1	Invention, Innovation and Imitation	98
2.3.2	Innovation and the Innovation Process	101
2.4	Comprehension Test and Recommended Literature	113
3	THE BUSINESS PLAN AND FORMATION OF THE ENTERPRISE.....	115
3.1	The Business Plan	116
3.1.1	Intention of a Business Plan.....	116
3.1.1.1	Significance and Target Groups of a Business Plan.....	116
3.1.1.2	Requirements for a Business Plan.....	120
3.1.2	Proposals for Structuring Business Plans	121
3.1.2.1	Executive Summary	124
3.1.2.2	Enterprise, Products and Services.....	125
3.1.2.3	Industry, Market and Competition.....	131
3.1.2.4	Founder Team, Personnel and Organization	136
3.1.2.5	Marketing and Distribution.....	139
3.1.2.6	Procurement and Production	143
3.1.2.7	Financial Plan and Financing	145
3.1.2.8	Opportunities and Risks	156
3.1.2.9	Appendices	158
3.1.3	Typical Mistakes in Business Plans	160
3.1.4	Business Plan and Controlling	163
3.2	Constitutional Aspects	166
3.2.1	Choice of Company Form within a European Context.....	167
3.2.1.1	Significance of Legal-entity Formation in the Start-up Process	167
3.2.1.2	Choosing a Principal Type of Business Ownership.....	169
3.2.1.3	Competition of Private Limited Company Forms in Europe.....	172
3.2.1.4	Societas Europaea (SE) a legal Form for High-growth Companies.....	176
3.2.2	Choice of Location	178
3.3	Comprehension Test and Recommended Literature	182

4	MARKETING	185
4.1	The Importance of Marketing in Young Enterprises	185
4.2	Marketing Planning and the Marketing Plan	191
4.2.1	Situation and Environment Analysis	194
4.2.1.1	Enterprise and Potential Analysis.....	194
4.2.1.2	Market and Competition Analysis.....	195
4.2.1.3	Environmental Analysis.....	202
4.2.2	Planning of Marketing Objectives	203
4.2.3	Planning of Market Entry	204
4.2.3.1	Market Entry Strategies.....	204
4.2.3.2	Timing of Market Entry.....	212
4.2.4	Planning of Marketing Strategies	215
4.2.5	Planning of the Marketing Mix	218
4.2.5.1	Product and Service Policy	220
4.2.5.2	Pricing Policy	222
4.2.5.3	Communication Policy	230
4.2.5.4	Distribution Policy	235
4.2.6	Media Mix Planning	238
4.3	Comprehension Test and Recommended Literature	241
5	ORGANIZATION AND PERSONNEL.....	243
5.1	Organizational Planning.....	244
5.1.1	Organization as a Challenge for Young Enterprises	244
5.1.2	Informal and Learning Organization	247
5.1.3	Selected Organization Concepts	250
5.1.3.1	Functional Organization	254
5.1.3.2	Project Organization	256
5.1.3.3	Team Organization	258
5.2	Personnel Planning and Human Resource Management	261
5.2.1	Personnel Requirements	263
5.2.2	Personnel Recruitment	267
5.2.3	Personnel Induction and Employment	270
5.2.4	Personnel Development.....	271

Table of Contents

5.2.5	Personnel Motivation	272
5.2.5.1	Non-Material Incentives.....	273
5.2.5.2	Material Incentives.....	275
5.2.6	Personnel Release.....	278
5.3	Comprehension Test and Recommended Literature	280
6	START-UP AND GROWTH FINANCING	283
6.1	Survey of Financing Alternatives.....	284
6.1.1	Methods of Systematizing Different Types of Financing	284
6.1.2	Systematization within the Context of Start-up and Growth	287
6.2	Models of Start-up and Growth Financing	288
6.2.1	Low-Budget-Models.....	289
6.2.2	Big-Money-Model.....	290
6.2.3	Importance of the Financing Models in Practice	291
6.2.4	Typical Financing Phases.....	292
6.3	Equity Financing	295
6.3.1	Concept and Forms of Equity Financing	295
6.3.2	Equity Financing: Founders, Family and Friends.....	296
6.3.3	Equity Financing: Business Angels.....	297
6.3.3.1	Concept and Characteristics of a Business Angel.....	297
6.3.3.2	Equity Investment Process of Business Angels.....	299
6.3.4	Equity Financing: Venture Capital Companies	303
6.3.4.1	Concept and Significance of Venture Capital.....	303
6.3.4.2	Structure of Venture Capital Companies.....	305
6.3.4.3	The Venture Capital Investment Process.....	309
6.3.4.4	Exit Alternatives in Venture Capital Financing	313
6.4	Debt Financing	316
6.4.1	Concepts and Forms of Debt Financing.....	317
6.4.2	Short-term Debt Financing	317
6.4.2.1	Current Account Credit.....	320
6.4.2.2	Supplier Credit	321
6.4.2.3	Customer Prepayments.....	322
6.4.3	Medium- and Long-term Debt Financing.....	323
6.4.3.1	Loans from Friends and Family	324
6.4.3.2	Credit Granting Process from the Point of View of the Bank	325

6.4.4	Micro-lending.....	331
6.4.4.1	Concept and Forms of Micro-lending	331
6.4.4.2	Information Asymmetry of a Credit Relationship.....	333
6.4.4.3	Micro-lending Contracts	333
6.4.4.4	Practical Forms of Micro-lending.....	334
6.5	Mezzanine Financing	337
6.5.1	Concept and Forms of Mezzanine Financing.....	337
6.5.2	Forms of Mezzanine Financing	340
6.6	Public Enterprise Policy and Start-up Financing	342
6.7	Comprehension Test and Recommended Literature	344
7	GROWTH AND GROWTH MANAGEMENT	347
7.1	Basic Principles.....	347
7.1.1	Concept of Enterprise Growth	347
7.1.1.1	Quantitative Growth	350
7.1.1.2	Qualitative Growth.....	352
7.1.2	Systematization of Different Types of Growth	352
7.1.2.1	Internal Growth.....	352
7.1.2.2	External Growth.....	353
7.1.2.3	Co-operative Growth.....	353
7.1.3	Selected Growth Models.....	354
7.1.3.1	Life-cycle and Phase Models	355
7.1.3.2	Complexity Management Growth Model.....	361
7.2	Growth, Vision and Targets.....	363
7.2.1	Growth and Vision	363
7.2.2	Growth Objectives	366
7.3	Growth Analysis	367
7.3.1	Portfolio Analysis	368
7.3.2	ERRC Grid	370
7.3.3	SWOT Analysis	372
7.4	Growth Strategies	373
7.4.1	Concept and Forms of Growth Strategies.....	373
7.4.2	Product-Market Growth Strategies	376
7.4.3	Geographical Growth Strategies.....	379
7.4.4	Growth Strategies according to the Degree of Co-operation	380

Table of Contents

7.4.4.1	Internal Growth Strategies.....	381
7.4.4.2	External Growth Strategies.....	384
7.4.4.2.1	Merger and Acquisition.....	384
7.4.4.2.2	Due Diligence and Enterprise Valuation.....	387
7.4.4.3	Co-operative Growth Strategies.....	406
7.4.4.3.1	Networks and Network Management.....	407
7.4.4.3.2	Strategic Alliances.....	411
7.4.4.3.3	Joint Ventures.....	412
7.4.4.3.4	Franchising and Licensing.....	414
7.4.5	Growth within the Context of Collaborative Technologies.....	420
7.5	Growth Obstacles.....	428
7.5.1	Problem Areas of Young, Growing Enterprises.....	428
7.5.2	Enterprise-internal Dimension.....	433
7.5.2.1	Leadership, Management and Vision.....	433
7.5.2.2	Innovation.....	434
7.5.2.3	Marketing.....	435
7.5.2.4	Organization.....	436
7.5.2.5	Personnel.....	437
7.5.2.6	Financing.....	438
7.5.2.7	Information and Communication.....	440
7.5.2.8	Internal Accounting and Controlling.....	441
7.5.3	Enterprise-external Dimension.....	443
7.5.3.1	External Framework Conditions.....	443
7.5.3.2	External Resources.....	444
7.5.3.3	Dependencies on Third Parties.....	444
7.5.3.4	Lacking External Support.....	446
7.6	Comprehension Tests and Recommended Literature.....	448
	REFERENCE LITERATURE.....	451
	SUBJECT INDEX.....	495