The Startup Studio: an Unexplored Form of Business Incubation

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20/06/2021

Preface

Executive summary

In new venture creation, entrepreneurs often lack resources and management knowledge which contributes to the high failure rate startups experience in the early stages of development. In response to this challenge, entrepreneurial support organizations came into existence. Of these organizations, the *Business Incubator* is one of the most well-known examples. In recent years a new form of business incubation, the so-called *Startup Studio,* started to gain popularity in both the industry and popular media. A startup studio focuses on building multiple startups in an almost factory-like manner. The approach of startup studios towards new venture creation seems to be drastically different from what has been previously observed in business incubation.

Despite the increasing number of startup studios over the last decade, academic research on this type of organization remains lacking. Only a few startup studios have been researched so far, and due to conflicting definitions of the concept, any findings in prior academic research on this form of incubation can be hard to generalize. Currently, there still is a limited understanding of the startup studio's practices, objectives, and differentiation factors.

In order to create clarity in the startup studio incubation model, this thesis strives to gain insights into the general startup studio trend and the heterogeneity of the startup studios' practices. To gain these insights, a multiple case study on eight startup studios in Europe has been conducted. Common characteristics with other incubation models have been found, thus verifying the startup studios as an incubation model, and three unique characteristics have been determined (*Period of involvement*, *Origin of idea*, and *Equity stake*), which help distinguish startup studios from other incubation models. Furthermore, the differences between startup studios have been categorized into five main startup studio archetypes: *Performance*, *Bootstrap*, *Educator*, *Subsidiary*, and *Agency* model. Lastly, a potential new concept in business incubation (*Venture Building as a Service*) has been found.

The empirical findings of this research establish a consensus on the startup studio. An overview of the general trend and insight into the startup studios' internal heterogeneity is provided. Furthermore, the typology illustrates that the type of startup studio influences both the entrepreneurs they attract and the startup studio's approach towards the new venture creation process. The findings of this thesis support scholars in their effort to advance business incubation literature by laying the necessary foundation of the startup studio concept and by providing frameworks to create more coherent findings in future research efforts.

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1. Introduction

Producing startup ideas is often seen as one of the easier steps in new venture creation. However, startups are known to have a very high failure rate in the early stages of development (Dash, 2019; Shepherd, Douglas, & Shanley, 2000). Therefore, the real challenge often lies in executing these ideas and growing them into self-sufficient businesses that are robust enough to survive the turbulence of the market. A process that often requires years of experience and enough resources to survive the first embryonic years. Both of which aspiring entrepreneurs often lack.

This core challenge was one of the factors that triggered the initial emergence of *Business Incubation*. The main objective of a business incubator is to turn vulnerable new ventures into financially viable and thriving companies. Business incubators try to reduce the failure rate of startups by providing support, offices, resources, and networks to increase their likelihood of success (Allen & Mccluskey, 1990). Due to continued effort to experiment with the business incubator model, many variations started to appear over the years. These variations eventually deviated significantly from the aforementioned business incubator. This evolution resulted in the emergence of entirely new incubation models, e.g., the *Startup Accelerator*.

In recent years a new form of business incubation started to gain popularity in both the industry and popular media (Diallo, 2015): the so-called *Startup Studio*[1], often referred to as *Venture Builders*, *Company Builder Incubators,* or *Startup Factories* (Baumann et al., 2018). As the alternative names might already suggest, a startup studio focuses on building multiple startups in an almost factory-like manner and efficiency (Scheuplein & Kahl, 2017). A startup studio does so by utilizing its in-house processes, resources, and specialized staff. The startup studio is quite similar to traditional business incubators in the sense that it provides startups with offices, resources, and networks to enhance their likelihood of succeeding in the market. However, the approach, i.e., the incubation model used by startup studios, appears to be drastically different.

So far, the insights on startup studios are pretty limited due to a severe lack of academic literature on the topic. Furthermore, only a handful of startup studio cases have been researched, making it hard to generalize findings on startup studios. The few available papers do, however, showcase stark differences between the startup studio incubation model and traditional business incubators. As is the case in the work of Baumann et al. (2018) where a few distinct differences stood out compared to traditional incubators:

(1) Startup studios first validate ideas and then build a startup team around promising ideas often comprising experienced serial entrepreneurs, rather than bringing in a startup team with their own — often unvalidated — business idea;

[1] In academic literature, the term "Startup Studio" has many synonyms and is yet not fully consolidated. The concept still is relatively young in academic research, and, therefore, the available research only has few citations. For this research, the term startup studio is used due to the industry's widespread use of this terminology.

(2) Startup studios are highly involved in the development of the startup by providing intensive coaching and an internal support team that can assist on any topic surrounding the development of the venture;
(3) Lastly, startup studios seem to have a vastly different business model that focuses on quickly building several self-sufficient startups that can be sold with a profit. Startup studios often give only small amounts of equity to the founding team rather than vice versa.

Baumann et al. (2018) emphasize that their company of focus, Rocket Internet, most likely is an extreme case for startup studios. The authors refer to Rocket Internet with terms like *Startup Factory* and *Clone Factory,* which refer to the Rocket Internet's extreme speed and copycat approach. Furthermore, the authors describe other startup studios as less extreme, more inward-looking, and organic in their venture creation methods. Indeed, many startup studios in Europe do not seem to share the same strategic objectives, which may be the reason for the existence of a wide variety of synonyms for startup studios. StudioHub (n.d.): a community that aims to unite European startup studios, already uses 15 different labels for startup studios in their database. A similar variety of names for startup studios has also been observed in academic research. One might question to what extent these different names for startup studios are synonyms rather than being sub-types of the startup studio model. These startup studios might not operate in the exact same way, and the differences can be of importance.

Despite the increasing number of startup studios over the last decade, research on this form of incubation remains lacking (Kreusel, Roth, & Brem, 2018). The startup studio as an incubation model is ill-defined, and there is a limited understanding of the startup studio's practices, objectives, and differentiation factors. In the past, researchers have stressed the vital role incubators play in innovation and the need to take into account the heterogeneity of different incubation types (Barbero, Casillas, Wright, & Garcia, 2014). The distinction of startup studios from other incubation models and between the various types of startup studios is crucial since different incubation entities attract different kinds of entrepreneurs (Barbero, Casillas, Ramos, & Guitar, 2012; Barbero et al., 2014; Isabelle, 2013). Knowing the differences is not only important for entrepreneurs deciding between different incubation models but also for researchers; creating an improved definition of startup studios and charting the nuances between them in clear typology forms a foundation that limits further confusion in future research. Typologies have shown to be beneficial for enhanced clarity in further research with other incubation models as well (e.g., Aernoudt, 2004; Pauwels et al., 2016).

To create clarity in the startup studio incubation model, this thesis strives to gain insights into the general startup studio trend and the heterogeneity of the startup studios' practices. I.e., this research intends to create an overview of the general startup studio trend and a clear typology of startup studios. This is put in the following research question: *"How can startup studios be distinguished from other incubation models?"*. With a critical sub-question regarding the startup studios' internal typology: *"What are the various differentiation strategies found among startup studios?"*. As mentioned before, these strategic differences are essential for entrepreneurs deciding between incubation models and researchers aiming to advance the field of business incubation. To further improve insight into the startup studio model's internal heterogeneity, this study also investigates what effect these differentiation strategies have on a startup studio's general design and operations.

To address the research question, a multiple case study on startup studios in Europe has been conducted. By analyzing eight cases of startup studios, common characteristics with other incubation models have been found which identify the startup studio as an incubation model. Additionally, three unique characteristics have been determined (*Period of involvement*, *Origin of idea*, and *Equity stake*), which help distinguish startup studios from other incubation models. Furthermore, internal differentiation variables have been identified, which bring insight into the internal heterogeneity of the startup studio model. The differences between startup studios have been categorized into five main archetypes: *Performance*, *Bootstrap*, *Educator*, *Subsidiary*, and *Agency* model. Lastly, the *Agency Startup Studio's* business model provides insights into a new concept in business incubation: *Venture Building as a Service*.

The findings of this study contribute to the research community on business incubation by establishing insights and consensus on the startup studio concept. Conflicting definitions that previous scholars gave to the startup studio model have been resolved. Furthermore, this thesis identifies the startup studio as an incubation model. It lays the necessary foundation for further research on the startup studio by providing an overview of the general trend and insight into the startup studios' internal heterogeneity. The internal differences provide specific research directions for the startup studio model. Identification of the different types of startup studios and their characteristics also fulfills the requests from incubation scholars to have a typology in order to research an incubation model's performance (Barbero et al., 2014; Mian, 1997). With insight into the startup studio model, entrepreneurs can better decide what incubation model and kind of startup studio best fit their needs (Isabelle, 2013). Lastly, studio managers can improve their studio's internal and external alignment with the insights of the typology (Vanderstraeten & Matthyssens, 2012).

2. Literature Study

The many literature reviews illustrate that the field of business incubation has a rich body of research (e.g., Albort-Morant & Ribeiro-Soriano, 2016; Hackett & Dilts, 2004; Hausberg & Korreck, 2020; S. Mian et al., 2016; Phan et al., 2005). Despite some skepticism in the literature on business incubators regarding the effectiveness of business incubation models (Schwartz, 2009), there has been a continued effort to experiment and to advance the field (Mian et al., 2016). Ever since the establishment of the first incubators, the heterogeneity in incubation models has been increasing (Hausberg & Korreck, 2020). Incubation methods have deviated significantly from the aforementioned "traditional" incubator. Over the years, new unique types of incubators and incubation models emerged, such as the Startup Accelerator and recently the *Startup Studio*.

Despite growing popularity in the industry, the startup studio has so far not received adequate attention in academic literature. In this literature study, the relevant works on startup studios will be covered. Furthermore, organizations that support entrepreneurs and new startups through *Business Incubation* are attended to in order to make a comparison of the startup studio and other incubation models.

2.1. Business Incubation

In business terminology, the term incubation refers to the act of developing startups within an organization that provides support to startups in the *Venture Creation Process*. Entrepreneurs often seek out these organizations to gain resources and to overcome the liability of newness that new ventures face resulting from a lack of business skills, a lack of technical knowledge, and a lack of market knowledge (Shepherd et al., 2000). The business incubator nurtures startups and helps them survive until they have overcome the vulnerable period that startups experience in their early years (Aernoudt, 2004). Moreover, the general term "business incubation" refers to the support that organizations provide to nurture and accelerate the development of startups (Aernoudt, 2004; Allen & Mccluskey, 1990). Generally, five primary elements are associated with incubation models (Carayannis & Von Zedtwitz, 2005):

(1) Access to physical resources: Office space, furniture, security, computer network, and other resources related to infrastructure and real estate.
(2) Office support: IT support, secretarial and reception services, accounting, and other operations related to back-office support.
(3) Access to financial resources: Offering access to financial resources with private funds and external capital (venture capital, business angels, institutions).
(4) Entrepreneurial startup support: Supporting the entrepreneur with managing the startup, organizational issues, legal advice, and helping the entrepreneur develop.
(5) Access to networks: Providing access to networks that benefit the development of the startup (customers, support organizations, consulting firms, business angels).

2.1.1. Venture Creation Process

Business incubation supports and accelerates part of the venture creation process. The understanding of new venture creation processes in the context of incubation is limited. In innovation management literature, new venture creation, often referred to as new product development, is generally seen as a combination of idea generation strategies and a stage-gate process that further develops the concept (Cooper, 2008). In the entrepreneurship literature, a common method used for the development of new products is the lean startup method (Ries, 2011), where a hypothesis-driven approach through the use of "Minimum Viable Products" (MVPs) helps an entrepreneur to make the most efficient use of the few resources they have (Eisenmann, Ries, & Dillard, 2012). Vogel (2017) provides a conceptual framework that helps with better understanding the phases of new venture creation: (1) trigger, (2) idea generation, (3) concept incubation, (4) concept evaluation, and (5) exploitation. In the framework of Vogel (2017), incubation refers to the creation of rapid iterations and improved variations of the initial idea.

2.2. Incubation Models

In response to frequent startup failure due to a lack of business knowledge, a lack of capital, or a lack of other vital resources, startup incubation became common practice in the industry. An *Incubation Model* generally refers to the various ways an incubation entity supports startups in order to increase their likelihood of survival and to accelerate the startup's general development (Pauwels et al., 2016). The ways in which the incubation entity is operated and the kind of supports that the incubation entity provides depends on the type of incubation model (Grimaldi & Grandi, 2005; Pauwels et al., 2016).

Prior academic research on business incubation primarily focused on the creation of typologies in order to generate a better understanding and common definition of incubation models (Hackett & Dilts, 2004). There are many views on business incubation categorization with both dynamic and static approaches (cf., Barbero et al., 2014; Bruneel, Ratinho, Clarysse, & Groen, 2012; Phan et al., 2005). The predominant incubation models can be allocated to three main archetypes: (1) the *Business Incubator*, (2) the *Startup Accelerator*, and (3) the *Startup Studio*.

2.3. The Business Incubator

The first business incubators came into existence in the early sixties in the United States (Adkins, 2002). The business incubation concept slowly started to spread across the world and has been a widespread practice ever since. Business incubators provide early-stage startups with shared office space, shared resources, mentoring, and access to networks (Aernoudt, 2004; Allen & Mccluskey, 1990; Carayannis & Von Zedtwitz, 2005).

The main objective of business incubators is to increase the likelihood of startup survival (Allen & Mccluskey, 1990). This objective often is not the incubators' sole goal. The number of business incubators steadily grew over time (Bruneel et al., 2012). Eventually, forcing incubators to differentiate themselves from competitors resulting in different strategic positioning strategies (Vanderstraeten & Matthyssens, 2012).

Bruneel et al. (2012) recognize that there is not only a need for differentiation between incubators but also a need to constantly innovate the incubator's offering in order to meet the changing needs of entrepreneurs. In this light, the authors present a dynamic view on categorization with three main generations of business incubators that shaped their offerings over time (see Table 1).

Table 1 *Business incubation's value proposition*

	Offering	**Theoretical rationale**
First generation	Office space and shared resources	Economies of scale
Second generation	Coaching and training support	Accelerating the learning curve
Third generation	Access to technological, professional, and financial networks	Access to external resources, knowledge, and legitimacy

Source: (Bruneel et al., 2012)

Already inside these generations of incubators, subtypes of incubators exist. Even among the first generations of incubators, variations among business incubators prevailed — despite having similar offerings and rationale. For example, Allen & Mccluskey (1990) describe four main types of business incubators that all have a unique primary objective but yet provide similar services:

- *For-profit property development incubators* to improve real estate appreciation;
- *Non-profit development corporation incubators* to enhance local job creation;
- *Academic incubators* to create collaborations between the faculty and the industry;
- And *for-profit seed capital incubators* to capitalize on investment opportunities.

The most common form of differentiation used in incubation typologies is the incubator's for-profit or non-profit orientation (Grimaldi & Grandi, 2005). Further distinctions between incubators can be made on the basis of the main philosophy, mission, and objectives of an incubator (Aernoudt, 2004; Allen & Mccluskey, 1990). Finally, the work of Grimaldi & Grandi (2005) offers one of the most extensive typologies in the field, covering the incubator's: institutional mission, industrial sector focus, geographical location, the origin of ideas, intervention phase, incubation period, sources of revenue, services, and management team (refer to Table 2).

Table 2 *Overview of incubator typologies and the used variables*

Author	**Types of incubator**	**Variables used**
Allen and McCluskey (1990)	For-profit property development Not for profit development corporation Academic For-profit seed capital	Value-added Primary objective Secondary objective
Aernoudt (2004)	Mixed Economic development Technology Social Basic research BICs	Main philosophy Main objective Secondary Sectors involved
Grimaldi and Grandi (2005)	BICs (Regional development) University Technology Corporate Independent	Institutional mission Industrial sectors Location Origin of ideas Phase of intervention Incubation period Sources of revenue Services Management team

Source: (Barbero et al., 2014)

Up until today, the work of Grimaldi & Grandi (2005) remains the most commonly used categorization of incubators. The authors identified four main categories:

- *Business Innovation Centers* (BICs): Non-profit public incubators focus on providing physical resources at low prices.
- *University Business Incubators* (UBIs): Non-profit public incubators focus on knowledge commercialization.
- *Independent Private Incubators* (IPIs): For-profit private incubators focus on investing in and growing startups.
- *Corporate Private Incubators* (CPIs): For-profit private incubators focus on supporting corporate spin-offs.

2.4. The Startup Accelerator

The first and one of the most famous startup accelerators, Y-combinator, was founded in 2005 by the famous venture capitalist Paul Graham (Cohen & Hochberg, 2014). Y-combinator incubated and scaled famous companies such as Airbnb, Reddit, and Dropbox (Miller & Bound, 2011). Soon other startup investors followed, and accelerators started to appear all over the world.

Accelerators typically have a for-profit nature asking for a fee or equity stake in return for their services (Cohen & Hochberg, 2014). Moreover, accelerators can often offer pre-seed investments in exchange for a small equity stake in the startup (Miller & Bound, 2011; Pauwels et al., 2016). Ventures that apply to accelerator programs are often in more advanced stages — already selling their product or service — than ventures that apply for incubators (Isabelle, 2013). Compared to business incubators, the accelerator incubation model primarily shifts the focus of incubation from physical resources towards intangible services such as knowledge sharing, mentoring, and networking (Pauwels et al., 2016). One of the main differences compared to incubators is that startup accelerators provide these services in cohort format for a limited period of time (Cohen & Hochberg, 2014). These cohort programs generally only take three to six months, focusing on intense interaction and education to enable the rapid development of the ventures (Isabelle, 2013). In this short period, the main goal of accelerators is to develop their ventures into investment-ready businesses, which are publicly presented to investors at the end of the program on a so-called demo-day (Cohen & Hochberg, 2014; Pauwels et al., 2016).

Again, in the field of accelerators, insight into internal diversity has been created. However, due to the relatively young age of the accelerator model, the insights are not as detailed as the insights that exist in business incubators. Pauwels et al. (2016) instead look into the differences between accelerators in the form of design themes to which accelerators tweak their offerings (refer to Table 3).

Table 3 *Startup accelerator design themes*

	Offering	Rationale
Ecosystem Builder	Mentoring provided by internal coaches from corporates. No seed investment or equity engagement	Matching customers with startups and build the corporate ecosystem
Deal-flow Maker	Mentoring provided by serial entrepreneurs and business angels. Standard seed investment and equity engagement	Identification of investment opportunities for investors
Welfare Stimulator	Mentoring provided by serial entrepreneurs and business developers; most extensive curriculum Mostly seed investment and equity engagement	Stimulation of startup activity and economic development

Source: (Pauwels et al., 2016)

2.5. The Startup Studio

Over the last few years, the startup studio incubation model started to gain more and more popularity. However, the first startup studio, IdeaLab, was already founded back in 1996 (Farmer, Gong, Muñoz, & Wong, 2004). Idealab was unique in the fact that it generated viable business ideas themselves and created new ventures from these ideas. At the time, the studio was seen as one of the many incubators that appeared during the dot-com bubble. Only in retrospect, it showed that IdeaLab had a significantly different approach to business incubation compared to traditional incubators.

Despite the lack of research on the startup studio model, several similarities with incubators and accelerators have been observed. For example, just like other incubation models, startup studios provide coaching, provide access to networks, and support startups with financing (Scheuplein & Kahl, 2017). However, on the other hand, startup studios also provided specific services that the other models do not provide, such as programming support, marketing, and staff recruitment.

Through the generation lens of Bruneel et al. (2012), it could be argued that the addition of new services merely marks the beginning of a new incubator generation, thus not making it a new incubation model but rather making it an improved version of incubators. However, if we look into the venture creation process of a startup studio, then highly distinctive differences can be found in the incubation model. This process might be best illustrated through the description of a short case from one of the most renowned European startup studios: Rocket Internet. The company founded famous multinationals such as DeliveryHero, Zalando, & HelloFresh (Rocket Internet, 2016). Research on the company showcases that their approach to new venture creation is distinctly different from other incubation models, as is seen in the case of Helping:

> *"Helping is a platform that provides on-demand home services. It was founded in January 2014 when two men called Benedict Franke, and Philip Huffman walked into Rocket Internet's office to discuss about the idea they had. Only a week later, they had an office space and ten developers and programmers working for them; meanwhile, the two co-founders were having meetings with Rocket's marketing, accounting, and branding teams which helped them to create a whole digital marketing campaign.*
>
> *During this whole process, one thing Helpling did not need to worry about was money. Rocket was providing everything from office space to technical infrastructure. This allowed Helpling to focus on its core activity and launching, and only 80 days since the first meeting, the startup was launched in Germany. After launching in Germany, things moved on even faster, and by the end of the year, the company had hired over 150 employees with considerable help from Rocket's networks and was a truly global e-commerce company. This, of course, did not come cheap as per various sources. Rocket usually takes up to 80% - 90% share of its companies."*
>
> (de Alvarenga, Junior, & Zeny, 2019)

This short case already highlights several important differences. The first notable aspect being the sheer speed at which the company operates. Within a year, the company went from its first idea to the first 150 employees. A stark difference compared to the several years that a startup often requires to develop inside an incubator. The second notable difference is the resources that Rocket Internet provides to the startup. Without having an actual business setup, the founders directly receive an office and a team of developers from day one. Both of which most startups would only have after being in business for several years. The last notable aspect, in this case, is the equity share that Rocket Internet takes from its companies, which leaves the founders with a small portion of the company's equity. Other for-profit incubation entities often only charge a fee or take a small equity stake.

The research of Köhler & Baumann (2015) further confirms that Rocket Internet uses an entirely new approach towards business incubation. The authors identified two processes that distinguish Rocket Internet from traditional incubators: (1) the founding process and (2) the growth process. For the founding process, Rocket Internet is known for actively scanning and copying proven business models from around the world. Ideas that look promising are replicated internally and matched with a suitable founding team and early employees. This team immediately receives funding from Rocket Internet's own funds. For the growth process, the founding team can solely focus on the development of the venture, while Rocket Internet's internal staff covers secondary aspects such as recruiting and fundraising activities. Rocket Internet further ensures "rocket-like" growth of the companies by standardizing processes, sharing tacit knowledge, and tightly managing the startups to ensure aggressive growth.

Köhler & Baumann (2015) also illustrate that incentives for joining Rocket Internet are distinctively different compared to incentives for joining other incubation entities. The entrepreneurs only own little equity of "their" ventures — a CEO's equity stake ranging from 5 to 10%. The potential financial upside from such a small stake is not nearly as interesting as would be the case in startups that incubate elsewhere. The entrepreneurs are compensated for this loss with a high salary. However, Rocket Internet is known for building many successful companies, making even the most minor equity stake attractive. This reputation is also an aspect that attracts entrepreneurs.

Furthermore, the strictly managed process and differences in incentives seem to attract different kinds of entrepreneurs. Rocket Internet actively focuses on ambitious business graduates that would otherwise end up in top consulting (Baumann et al., 2018). The difference in vision and strategic objectives of this incubation model can thus possibly attract a different kind of entrepreneur.

Nevertheless, it remains the question of whether the case of Rocket Internet is an accurate representation of the startup studio industry as a whole. After all, Rocket Internet is often perceived as an extreme case (Baumann et al., 2018). If other startup studios are indeed less extreme in their approach than Rocket Internet, then to what extent should these organizations still be considered startup studios? For this reason, it might not have been a coincidence that IdeaLab initially was considered an incubator. Hulsink & Elfring (2001) instead refer to IdeaLab as an idea-driven incubator. The authors argue that providing a business idea should be considered as an additional service/resource that an entrepreneur might lack, thus not making it exceptionally different from incubators. However, with Rocket Internet, a dramatic shift in the venture creation process and business model is observed. If these aspects are found in other startup studios as well, then the concept might be significantly different from other incubation models.

Research on other startup studios indeed confirms that the startup studio generally has significant differences from other incubation models (refer to Table 4). However, startup studio terminology is often misused, and there are different interpretations of what startup studios are. The interchangeability and improper use of the terminology can compromise the reliability of previous and future research. For example, in the research of Miller & Bound (2011), accelerators were referred to as startup factories. Furthermore, scholars created conflicting definitions of the startup studios in previous attempts to define the concept. For example, in one research paper, startup studios were defined as being utterly stand-alone with no affiliation to corporates (Kreusel et al., 2018), while other authors discuss corporate-owned startup studios (Kullik et al., 2018). Are these different authors talking about the same concept or not? Or has previous research merely failed to recognize the internal heterogeneity of the startup studio model?

Table 4 *Differences between Business incubators, Startup Accelerators, and Startup Studios*

	Business incubator	**Startup Accelerator**	**Startup Studio**
Duration	1 – 5 years	3 - 6 months	Several years, not time-limited
Business model	Rent or equity	Fee or equity	Equity
Selection frequency	Non-competitive	Competitive, cyclical	Ongoing, early acquisition or internal idea generation
Venture stage	Early-stage	Next-stage	Very-early-stage
Cohort	No	Yes	-
Education offered	Ad hoc, HR/legal	Seminars	-
Venture location	On-site	Usually on site	On-site
Mentorship	Minimal, tactical	Intense	Intense
Degree of involvement	Low operative involvement	Low operative involvement	High operative involvement

Source: (Cohen & Hochberg, 2014; Kreusel et al., 2018; Scheuplein & Kahl, 2017)

These conflicts in the startup studio terminology make it challenging to create a consensus on what the startup studio is and what it is not. In turn, this hampers further research on the topic since no clear definitions exist. Additionally, prior research on startup studios fails to capture the internal heterogeneity of the incubation model. Some researchers recognize that the incubation model can have a different strategic focus, as is illustrated with research on the startup studio as a form of corporate venturing (Kullik, Hölzle, Halecker, & Hartmann, 2018). Up until this point, research on startup studios did not create a clear overview of the industry's heterogeneity and thus failed to come to one clear consensus on the startup studio as an incubation model.

Understanding the differences between startup studios and other incubation models is essential in order to be able the research the phenomenon. Insight into the general trend and internal heterogeneity of the startup studios model will clarify many of the aforementioned problems and will create a foundation for further research on these organizations and business incubation in general.

2.6. Deciding Between Incubation Models

The research of Isabelle (2013) on the factors that affect an entrepreneur’s choice between incubators and accelerators highlights that the ever-evolving approaches to business incubation make it even harder for entrepreneurs to decide whether to join an incubator or an accelerator. Moreover, this also complicates their decision when deciding which incubation entity best fits their personal needs. Every incubation model has something different to offer, and these offerings need to be in line with the needs of the entrepreneurs. The introduction of the startup studio as an additional option increases the decision complexity for entrepreneurs even more.

In the case of incubators and accelerators, the author argues that several factors play an essential role in deciding between the two:

(1) The stage of the venture: Very-early-stage ventures are more suited for an incubator than ventures that have a finished product and made some first sales. Accelerators focus their selection criteria on next-stage ventures that have substantial potential growth;
(2) Fit between the entrepreneur’s needs and the accelerator’s mission, purpose, and sector focus: Most incubators and accelerators are most successful when these factors correspond with the entrepreneur’s needs, which in turn improves startup performance;
(3) Selection and graduation policies: The flexibility and nature of these policies can have an effect on the entrepreneur's chances of getting into the desired incubation entity and determine the duration of the period of incubation;
(4) Nature and extent of services: The services provided should align with the needs of the startup in order to make the incubation successful;
(5) The network of partners: A variety of expertise will be required to further develop a venture. Therefore, the availability of specific networks can play a vital role.

In order to be able to apply these criteria to the startup studio model effectively, further insights into the inner workings of the model first have to be generated.

3. Research Method

This research aims to create consensus on the startup studio incubation model. For this research, the following research question has been used: *"How can startup studios be distinguished from other incubation models?"*. Which has a vital sub-question that is used to identify the internal heterogeneity in the startup studio concept: *"What are the various differentiation strategies found among startup studios?"*.

An explorative approach is used in this study to create a much-needed better understanding of startup studios. A qualitative method will be most suited due to the "how"-nature of the research question. In line with the advice of Eisenhardt & Graebner (2007), this study employs a multiple case study design which is a suitable approach for investigating differences and similarities in the startup studio industry. By researching multiple startup studios in Europe, a general trend in startup studio operations can be determined with inductive logic. The cross-case analysis also exposes the differences between startup studios incorporated in the sample.

3.1. Research Setting & Sample Selection

The startup studio terminology is still embryonic and ill-defined, resulting in firms branding themselves as startup studios while not fully embracing the incubation model strategy. On the contrary, there can also be occasions where companies might not directly call themselves startup studios while closely resembling their practices. To reduce uncertainty in case selection, StudioHub (n.d.) was consulted: a community that aims to unite European startup studios, venture builders, and alike. Studiohub provides a list of thirty European startup studios that regularly organize informative webinars and network events for anyone interested in startup studios.

To ensure that selected cases are in line with previous research, a list of general selection criteria has been determined based on past startup studio research (Baumann et al., 2018; Kreusel et al., 2018).:

(1) Private or corporate ownership with for-profit orientation;
(2) Systematically creates startups in the (pre)-seed stage;
(3) Internal idea generation or early acquisition of business ideas;
(4) Active recruiting and in-house assembly of the founding team;
(5) Has (access to) financial resources to invest in new ventures;
(6) Has open-ended incubation periods.

Eisenhardt (1989) advises researchers to keep the number of selected cases between four to ten. Anything lower often limits one's ability to create well-grounded theories, and more than ten cases result in an amount of data and complexity that might make the research too difficult to cope with. Therefore, out of the initial 30 startup studios, a smaller selection has been made.

To further narrow the number of cases, purposeful sampling has been applied (Creswell, 2007). The cases used in previous research were often the most extreme ones and thus ignored the average startup studio. For this research, a deliberate variety of startup studios has been selected in order to cover different company sizes, regions, and strategic objectives among startup studios.

Based on the criteria mentioned above, eight startup studios were selected, see Table 5. This amount of cases has been determined following the logic of theoretical saturation — the point where additional cases do not provide significant additional data (Glaser & Strauss, 2017). Additionally, an open interview with an American scholar has been included in the final sample to provide an outside perspective on the initial results. For more information on the selected startup studios, refer to Appendix B for vignettes describing the individual cases.

Table 5 *Overview of sample selection*

	Interviewee Title	Company	Acronym	Location	Founding	Employees*
1	*Director of Product*	Builders	BU	NL, Rotterdam	2015	11
2	*Founder & CEO*	Holland Startup	HS	NL, Utrecht	2014	30
3	*Co-founder*	Aimforthemoon	AM	NL, Amsterdam	2012	39
4	*Associate Partner*	Stryber	ST	DE, Munich	2016	74
5	*Founder & CEO*	Mamazen	MA	IT, Turin	2017	14
6	*Managing Partner*	adVentures	AV	FR, Paris	2010	11
7	*Venture Associate*	Lab Box	LB	BE, Brussels	2017	14
8	*Venture Builder*	Bundl	BUN	BE, Antwerp	2008	42
9	*Associate Professor*	University of St. Thomas	-	US, Houston	-	-

* Employee estimate based on LinkedIn employee count

3.2. Data Collection

Both primary and secondary data have been used in this research. Primary data was collected through semi-structured interviews with the management of the selected startup studios. The interview data was complemented with archival data, which has been collected from various sources such as websites, news articles, annual reports, and email exchanges with the companies. This archival data was used to get familiar with the context and create a case background that formed an initial company profile. The preliminary case description was used in the interviews with multiple startup studio cases. Subsequently, the collected archival data functioned as triangulation and was used to verify emerging insights from the interviews (Miles & Huberman, 1983).

The interviews were scheduled via email contact and have been conducted with Zoom: an online video calling platform. Beforehand the interviewees have been asked for permission to record the interview. The interviews have been recorded with the recording functionality within Zoom.

A semi-structured approach was used for the interviews since it allows for more flexibility, making it easier to gather in-depth knowledge compared to fully structured interviews or surveys. All interviews with startup studios followed the predetermined interview outline shown in Appendix A. At the start of the interview, interviewees received a brief introduction to the research. Interviewees were asked to confirm specific details of the archival data that was gathered in the preliminary case. Next, in the central part of the interview, the characteristics of the organizations were explored. Interviewees were asked to reflect on how their organization compares to other well-known incubation models. After which, they were presented with two randomly selected startup studio cases from the research sample (also including Rocket Internet as a complementary case, refer to Appendix B) and were asked to compare their organization with these cases. Further questions investigated how their organization creates an advantage over these alternatives. Lastly, the interviews were concluded with a small summary of the researcher's observation, and participants were invited to share any last remarks.

In total, nine interviews were conducted. The interviews lasted from 25 to 63 minutes. The recordings have been transcribed, resulting in 115 pages of transcript. Dutch-speaking interviewees were interviewed in Dutch, transcribed in Dutch, and the selection of quotes have been translated into English.

3.3. Data Analysis

The results of the semi-structured interviews have been analyzed as individual cases according to the six steps of the thematic analysis approach described in detail by Braun & Clarke (2006). First, the recordings have been transcribed and re-read. Structuring, correcting, and familiarizing with the data is the general focus of this first step. In the process of transcribing and re-reading, notes and preliminary ideas for codes have been recorded. Second, the initial coding for the transcription is generated. For this research, an emerging codes approach was used. Codes from previously analyzed cases have been reused in later cases to enhance coherence between cases. Third, from these initial codes, themes and sub-themes are formed. This step ends with a collection of candidate themes. Fourth, the themes are reviewed and checked for overall coherence. Fifth, an overview is created of the themes and codes. Each individual theme underwent a detailed analysis resulting in a description of the theme detailing what the theme entails. In this step, the names for coding and the themes have been revised to improve clarity. Lastly, for the sixth step, the themes and codes have been used to write out the observations in the results section. This last step is not merely a description of the data but also included argumentation to answer the research question.

Afterward, the cases underwent a cross-case analysis to determine commonalities and differences between cases. This step is vital for answering the research question of this thesis. First, all startup studio cases have been analyzed for common trends and possible categorization. These results have then been compared to the case of the business incubator and previous literature to create a suitable answer to the research question. Observations and arguments produced in the cross-case analysis have been written out in the findings section.

4. Findings

This section covers the insights of the cross-case analysis. In the cross-case analysis, four common themes have been identified: Strategic focus, Benefits & services, Venture creation process, and Organizational structure. These themes have been built up out of 14 constructs, see Figure 1.

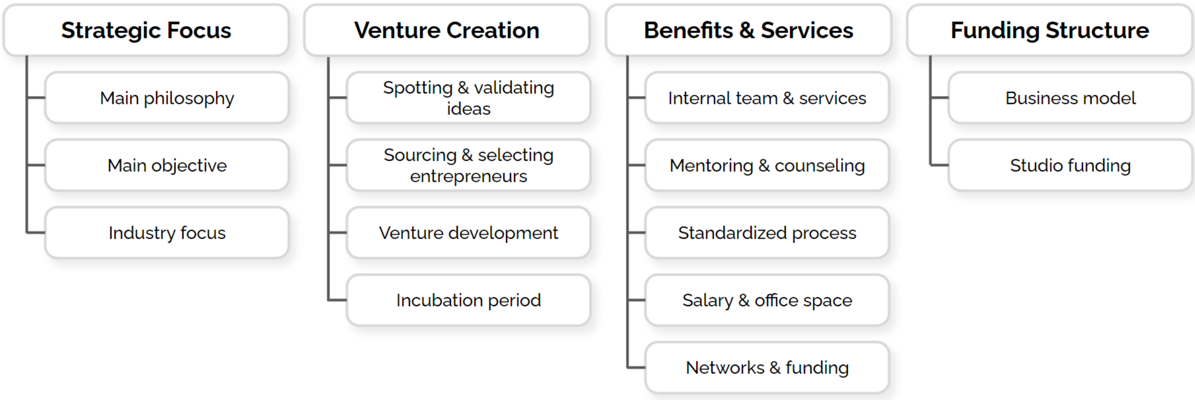

Figure 1 *Themes and constructs*

4.1.1. Independent Startup Studios & Corporate Startup Studios

As the first finding of this study, two main groups of startup studios have been identified that are important to address before further findings are discussed: *Independent Startup Studios* and *Corporate Startup Studios*. Both groups are equally represented within the research sample, with four independent startup studios and four corporate startup studios. The main difference between the two groups is the nature of their business model. The independent startup studio's primary source of revenue is generated by selling part of the equity they own of a startup or entirely exiting a startup.

Figure 2 *Subcategories of Corporate Startup Studios*

The corporate startup studio has an additional distinction that influences its source of revenue (see Figure 2). There are corporate startup studios that are owned by a larger corporation: the *Subsidiary Startup Studios*. In this case, the startup studio is fully funded by the corporation and often does not require any additional sources of revenue. Furthermore, there is the corporate startup studio that operates according to an agency model: the *Agency Startup Studio*. In this case, the corporate startup studio often does not own any equity, and revenue is generated by charging corporate clients fees for their venture building services. This last variation has a drastically different business model, which influences many aspects of the startup studio's design. These differences in design often conflict with the general startup studio trend since they do not build ventures for themselves: *"Most corporate-related startup studios, they have created a business model for earning money from corporates, not earning money with the startups. This means that the whole incentive [is different]"* [HS].

A more elaborate discussion on these different forms and their implications for the startup studio model will be covered in the next chapter. First, the four main themes will be covered.

4.1.2. Strategic Focus

The *strategic focus* theme contains all aspects surrounding the studio's main vision and strategic orientation. The *main philosophy* refers to the startup studio's *raison d'etre* — their reason for existence and personal why. This can be a personal reason: *"We love venture building, and we think that it is the best way to build startups. I do think that in the future, startups really will only be built by venture builders."* [MA]. It can originate from companies the startup studio is affiliated to: *"Our mission is to reinvent the mobility sector or the future of mobility for our [parent company]."* [LB]. Alternatively, founding reasons can be more altruistic: *"Our personal why is not that we want to make some nice startup. Our personal why is that we want to build entrepreneurs."* [HS]. There is a wide variety of philosophies that make it hard to pinpoint a general trend, but for seven out of the eight researched cases, it was the founder's personal motivation that affected the main philosophy of the startup studio.

The *main philosophy* of a studio naturally links to the *main objective* of the startup studio. The majority of independent startup studios consider building multiple startups as efficiently as possible as their main objective, e.g., Builders, Mamazen, and adVentures. For corporate-owned startup studios, i.e., subsidiary startup studios, it is often a similar objective, with the only difference being that the startups should benefit their parent company. For corporate startup studios that work for corporates, i.e., agency startup studios, the objective is often broader than just building ventures for the client. These startup studios are more often seen as a general innovation partner: *"First we really were a corporate venturing partner, now we are becoming an innovation partner, you end up doing more."* [AM].

Lastly, in the strategic focus theme, we have the *industry focus* of the startup studios. Most independent startup studios like Holland Startup and Builders tend to focus on internet- and software-related startup ideas: *"We are heavily focused on a specific type of business to business, software proposition."* [BU]. There are also examples of independent startup studios, like adVentures and Mamazen, that mostly have a digital focus but specifically target small niche markets to avoid having many competitors: *"We tend to have something which is with a niche positioning, and something which could not be easy to copycat. […] we try to have some entry barriers […], we tend to protect our own business."* [AD]. Corporate startup studios more often have a generic industry focus so that they can serve more potential clients: *"We do not have that market focus. Actually, every industry is interesting for us to work in."* [BUN]. However, Lab Box, a subsidiary startup studio that is entirely owned by the Belgian car dealer chain D'Ieteren Automotive, solely focuses on the industry of their parent company: "*To be very precise, our scope is like mobility in Belgium*" [LB].

4.1.3. Venture Creation

The *Venture Creation* theme covers all the aspects concerning the development of the ventures within the startup studio. Most startup studios are fairly similar in their approach to startup development. Startup studios, by definition, build several startups at the same time. Startup studios increase their chances of success by spreading resources over multiple startups at once: *"You have to take a portfolio approach. You have to do it like a [Venture Capitalist] would do it. Think about running multiple bets in parallel rather than putting all your eggs in one basket"* [ST]. This approach is often combined with processes that reduce risks during development, that stop startups when results do not look as promising as initially thought, and that make sure that the most promising startups receive the startup studios resources: *"There are all those gates right before the stages. [...] the actual products have to reach certain milestones. [...] Otherwise, we just have to kill it."* [MA], *"In every phase, there is a go no go where the corporate can stop the project"* [AM], "*I bet [that startup studios] are all working with stage-gate models of some sort"* [BU].

At the start of the incubation process, startup ideas need to be discovered and validated. Within the researched cases, independent startup studios most commonly generate ideas internally. There was one exception, adVentures, that generally gathers ideas through personal networks. However, the development and validation of the idea is still an internal process: *"We have some connections, [...] we get some market insights, and then we tend to try to find some new ideas. We try to work internally; we try to work on the idea. After a couple of iterations, when we think we have a good business concept, we try to test the idea with experts now, from the sector."* [AD]. With other independent startup studios, investigation of trends also tends to be a common practice to find potential problem spaces that could be interesting for a business. Although agency startup studios more often receive ideas from their corporate client, this approach can also be used by an agency startup studio: *"What we do is take a very data-driven approach in that we screen worldwide startup market data, and we kind of have a tool that pulls in information from CrunchBase [...], and we analyze them based on how quickly they gain traction from a funding side, from a revenue side, from a team side and so on, and score them according to a few metrics like those and a few more and then say, oh, here are models that seem to seem relevant and interesting."* [ST].

Startup studios often first verify the problem space or initial idea with customers before starting any further development of the idea. Most often, startup studios do not make an effort to develop a minimal viable product as a first step; instead, they will only start working on a startup when they have several future customers that signed a contract. It is not an uncommon practice to already set up a letter of intent with potential customers that confirmed interest in the product that the startup studio proposed as a potential solution: *"We do not build anything if we did not sell it already."* [MA], *"You should bring us four letters of intent or similar stuff to the table."* [BU]. There are exceptions to this approach where the corporate startup studio, Lab Box, usually starts testing ideas right away: *"What we really like is just to test it. [...] We have like a very small amount of money where we can really develop an MVP, go to find a few clients, and test the first idea for three or four months."* [LB]. The agency startup studios in the researched sample require a confirmation from their corporate clients if they want to develop certain ideas.

If the startup studio has an idea that they feel confident about with the necessary backing of potential customers, only then the startup studio starts looking for a potential founder for this company. What is important to note here is that generally, entrepreneurs thus do not enter the incubation entity with their own team or idea. In fact, startup studios often avoid entrepreneurs that come to a startup studio with their idea as they would do with an incubator: *"We do not want people to come here with their own idea. They strongly believe that what they are doing is the right thing. […] We want people to be open. […] ideas can change […] We do not want those kinds of people that are looking for services."* [MA]. Startup studios use a variety of methods for *Sourcing and selecting entrepreneurs*. They can be sourced through personal networks, through open calls, or by referral. When selecting the entrepreneur, the startup studio ensures that the selected entrepreneur fits the idea and the business that the startup studio is trying to build: *"We will do the ideation ourselves and try to match them with entrepreneurs that are in the same value space."* [BU]. Generally, startup studios prefer to go for experienced entrepreneurs — except for Holland Startup — since these candidates know how the startup process works and thus require less guidance which speeds up the development of the startup. However, this does not always have to be a successful entrepreneur. Two interviewees explained how entrepreneurs that failed a startup before could be interesting fits. These "unsuccessful" entrepreneurs tend to see the value of the startup studio and are knowledgeable about the startup process: *"We look for people that […] had their own startup and they failed it. We love those people usually because they already have gone through the process, and they know what it is like. They know what challenges they are going to face. And those people usually love to work with the studio. […] We usually do not go for first-time founders."* [MA]. With agency startup studios, a wider variety of entrepreneur selection criteria has been observed. The entrepreneurs often come from the startup studio's internal staff but can also come from the corporate side or be hired externally.

In the case of independent startup studios, the first founder that is often brought in for a new startup is almost always the CEO-type of founder, i.e., a founder with a lot of business knowledge. The first tasks of this CEO-founder are often to sell the product to potential customers and to communicate the vision to technical people in order to find a technical co-founder: *"A business co-founder is capable of expressing his ideas and sharing his vision in such a way that he can get the technical co-founder on board."* [BU].

The following construct that is important for the incubation model of the startup studio is *venture development*. As mentioned before, most startup studios use some form of the stage-gate model to assess the development of the startups and shut unsuccessful ones down when necessary. Some startup studios like Builders and Holland Startup tend to have highly structured venture creation processes, but there are also examples of studios that use a more flexible approach: *"It is not that structured for us. […] it depends on the business we launch and the maturity of the founder and the personality of the founder as well."* [AD]. The startup studio's investment strategy is linked to this development process. Investments are made based on venture progress — similar to a sidecar fund —, rather than making one big upfront investment: *"In different phases, we invest more capital, like this we can further invest in the winners."* [HS]. A common strategy with smaller independent startup studios is aiming to make the startup profitable as soon as possible. This reduces the amount of funding that is required to launch the startup and thus reduces risk: *"We try to be profitable as soon as possible, and to avoid burning a lot of cash."* [AD]. This strategy allows startup studios to launch multiple startups without requiring a big upfront investment from private investors.

For startup studios, the exit often marks the end of the *Incubation Period*. For a corporate startup studio, this often means that the startup will spin-in or spin-out of the corporate organization. For the independent startup studio, this means selling part of the equity or the entire company. More often, startup studios tend to be involved with startups for a long period of time. There are several examples of startup studios that only sell part of the equity in order to survive rather than making a complete sale. Often this is done when the startup studio expects the startup to grow in value and does not require any cash in at the moment: *"We take some money when we can […] we will try to capture all the following upsides, […] we do not have external investors. So, we do not have to give them money back, within two, three years, five years, we do not need that. We can do whatever we want, basically."* [AD]. There are examples of startup studios that have made full exits, but for some, it is just too early since it takes a long time to develop startups: *"I did not make an exit yet; it is simply too early. Our oldest venture is three years old. That is just too early to talk about exits."* [HS].

4.1.4. Benefits & Services

The *Benefits & Services* theme covers all the benefits and services that a startup studio provides. As one of the more unique benefits of a startup studio, we have the *Salary & Office Space*. In all researched cases, the entrepreneurs were provided with startup funding and were provided with a salary: *"The startup has the money to make things go on. They have a salary; they have the team. I mean, that is pretty comfortable."* [MA], *"We pay them, the entrepreneurs, probably quite well."* [BU]. Most startup studios provide their entrepreneurs with a working space or office, but this is not the case due to the ongoing pandemic. One of the interviewed startup studios decided to conduct all operations entirely remotely from now on: *"February last year, we decided to go fully remote because the pandemic hit."* [MA].

Independent startup studios provide their entrepreneurs with *Mentoring & counseling*. The format and intensity of mentoring depend on the strategic focus of the startup studio. For example, Holland Startup strongly focuses on the personal development of the entrepreneurs with intensive coaching, which they provide in both personal and cohort settings: *"We have a masterclass/workshop on all the relevant topics that you need as an entrepreneur. […] bi-weekly managing the development of the startup and day-to-day mentorship and coaching. […] it is about sales, about fundraising, about recruitment, and it is about personal development of people. You could almost say that we are a small MBA"* [HS]. In most cases, the coaching is less educative and more seen as a support tool for entrepreneurs: *"I think we do have the coaching built in what we do. For us, it is less about the coaching part and more about walking with them along the way to help them achieve their goals"* [BU]. For agency startup studios, this counseling often morphs into the facilitation of the venture building process: "*They do not know the process, that is what they hired us for, and that means that they have to be able to see the process.*" [BUN]

During the entire incubation period, the entrepreneur and startup receive support and services from the internal team of the startup studio. Startup studios often provide services that are commonly seen in the incubation industry, such as legal and accounting support. Depending on the individual startup studio, many additional services can be found, such as brand development, growth marketing, product development services, and recruitment of new talent: *"We have growth marketers. We have product people. And I mean also on the accounting side [...] Mainly, they do not have to mind about anything else, then building the business."* [MA]. However, in some cases, the startup studios do not provide this product development themselves. This is contrary to what most academic literature on startup studios says about the startup studio's additional services. Startup studios like Builders and Holland Startup have the belief that it is essential to have development knowledge inside the startup: *"So I think our focus is to do everything we think a startup founder should not do. But developing a product is actually, in our opinion, something a founder should do themselves"* [BU].

Inside a startup studio, entrepreneurs can make use of the startup studio's existing networks, or entrepreneurs can make use of the startup studio's credibility to gain access to new networks that could be important for the development of the venture: *"We have a good network. Usually, it is easy also to find advisors. [...] It is easier for us to do intros, to put them in contact because they use our credibility."* [MA]. Likewise, in terms of funding opportunities, startup studios are well connected. The first year of required capital is often provided by the startup studio itself. Further funding is not a problem since many startup studios already have connections to investors lined up: "*The first funding usually, after those 12 months, it is usually within our network.*" [MA], *"We know all the investors that we need to line up as soon as a startup is ready for a follow-on funding. I think that is probably similar to what Holland Startup has as a network."* [BU]. In the case of corporate startup studios, funding is mainly provided by the client or parent company: *"Further funding then usually comes from corporate partners"* [ST], *"[We] fund this initiative by ourselves because we really believe in it."* [LB].

4.1.5. Funding Structure

The last observed theme concerns the *Funding structure*. In the startup studio industry, there are two primary business models: corporate orientated and non-corporate orientated. The main difference between the two is the source of revenue. Independent startup studios are non-corporate-oriented, which means that they gain profits by making an exit or selling part of their startups' equity: *"We are a venture builder, so we will profit from our portfolio exits."* [MA]. This type of startup studio is often funded by private investors or money from the startup studio founder: *"Now we have a new investment fund in the market of 25 million to create around 60 startups within the next three years."* [HS], *"It is fully bootstrapped. The money comes from [...] the founders. We do not have external money coming in when you start the business."* [MA].

The agency startup studio that has corporate clients receives fees as their main source of revenue: "We *facilitate entrepreneurship, actually to help entrepreneurs build successful businesses, with a structured program […]. We have an agency model. So, the corporate hires us to do that."* [AM]. In cases like these, the corporate client has complete ownership over the startup, which means that the startup studio does not own equity. The subsidiary startup studio, which is owned by a parent company, receives funding from their parent company: *"We're like 100 percent funded by D'Ieteren Auto, meaning that we do not raise capital."* [LB]. Lab Box does own an equity stake of the startups within the studio since these startups are also indirectly owned by the parent company.

5. The Startup Studio Model

In this chapter, the two main research questions of this thesis will be answered. First, a comparison between the results and business incubation literature will be made to find the areas of overlap between the startup studio and other incubation models. Secondly, the internal differences of the startup studio model will be observed based on several identified differentiation variables of startup studios. Lastly, based on these differences, a first typology of the startup studios' internal variations will be covered.

5.1. Similarities & Differences with Other Incubation Models

The findings of the empirical study already give an indication of the general trend in the startup studio model. In this section, a concrete answer to the main research question, *"How can startup studios be distinguished from other incubation models?",* is produced by comparing business incubation literature and the empirical findings of this research. The comparison will be made based on the four main themes that have been identified in the cross-case analysis.

In this general comparison, the perspective of the agency startup studio has been excluded since this variation of the startup studio does not fully identify as an incubation model and thus has too many conflicting elements with the general startup studio trend. The implications of this conflict and the difference of the agency startup studio compared to the "typical" startup studio will be covered in section 5.3.5 and section 5.4.

5.1.1. Strategic Focus

Based on the empirical data, a general trend in strategic focus can be observed among startup studios. With some exceptions, it could be argued that the main objective of a startup studio is to proactively generate or acquire startup ideas in order to build multiple ventures to generate economic value. In other incubation models, such as the incubator and accelerator, the organizations do not generate their own ideas and have a more passive approach to startup idea acquisition. Startup studios actively scan markets and their networks for business opportunities. Other incubation entities would generally use an open call to attract new startup ideas.

In previous research on accelerators and incubators, a variety of strategic focuses within each respective incubation model have been found (e.g., Aernoudt, 2004; Pauwels et al., 2016). Internal differences in the strategic focus of startup studios have also been observed in this research. For example, most startup studios, to some degree, match with the different variations of the for-profit incubators described in the typology of Grimaldi & Grandi (2005). A similar trend is found when relating the different main objectives of startup studios with other incubation models. For example, there are startup studios that focus on supporting corporate spin-offs and building an ecosystem of startups for that particular corporate. Such objectives correspond with the *Corporate Private Incubator* defined by Grimaldi & Grandi (2005) and the *Ecosystem Builder Accelerator* described by Pauwels et al. (2016). Likewise, there are startup studios that primarily focus on creating value for investors, just like the *Independent*

Private Incubator (Grimaldi & Grandi, 2005) and the *Deal-flow Maker Accelerator* (Pauwels et al., 2016).

Lastly, the industry focus of startup studios seems to be narrower than is generally found in incubators and accelerators. Incubators often have a generalist stance in order to appeal to a wider variety of startups (Vanderstraeten & Matthyssens, 2012). Startup studios do not need to attract a wider variety since they generate their own ideas and are thus not limited to the ideas originating from the local startup ecosystem. Additionally, specialization allows startup studios to streamline their processes. It is generally believed that strategic focus in incubation improves value creation (Bruneel et al., 2012).

5.1.2. Venture Creation

The venture creation process in startup studios is similar to the ones that we might find in incubators and accelerators. However, the distribution of tasks between the incubation entity and the entrepreneur is drastically different. In startup studios, identification of business opportunities and validation of potential business ideas is done by the incubation entity. Founding teams are then later recruited and matched to the ideas that proved to be most promising. Both incubators and accelerators have entrepreneurs come in with their own startups at a later stage of the venture creation process. For incubators, the venture often already has an idea and a founding team. For accelerators, the startup has a founding team, a further developed idea, and often already has a finished product that can be sold. The fact that the startup studio does part of the beginning of the venture creation process themselves is thus unique.

The further venture development process that entrepreneurs go through with a startup studio is similar to the processes that you would find at other incubation entities. Startup studios often use a combination of the lean startup approach (Ries, 2011) and stage-gate models (Cooper, 2008). Only the incubation period inside the startup studio is different from incubators or accelerators. Startup studios have the most prolonged involvement in the venture creation process of all incubation models. The startup studios are often involved for several years, from the first idea up until the startup's exit.

For incubators, the involvement often lasts for a few years. Incubators have clearly defined graduation criteria that indicate when a venture is ready to leave the incubator. Accelerators have an even shorter time of involvement which is a fixed timeframe of three to six months in later stages of venture development (Isabelle, 2013). For the incubation period, startup studios often do not have clearly defined graduation policies. Instead, the startup slowly becomes independent and eventually spins out of the startup studio. In most cases, the startup studio only completely stops being involved with their ventures when their share in the venture has been exited through an acquisition or IPO.

5.1.3. Benefits & Services

In terms of services, the startup studio model has significant overlap with business incubators and accelerators. They provide office spaces, startup support, legal/accounting support, and access to networks a financial resources, all of which are seen as the core services of an incubation model (Carayannis & Von Zedtwitz, 2005). Prior research on startup studios states that startup studios provide startups an internal team of developers. This might be the case at some startup studios such as the much-researched Rocket Internet. However, in the empirical research findings, it was found that startup studios more often ensure that the startup internalizes these capabilities. Internalization of these skills is done by including a technical cofounder or hiring technical employees early on in the venture creation process. Development support can be provided by the startup studio, but the majority of product development is most often carried out by the startup.

Other services provided by startup studios that are less common in other incubation models are services such as recruiting new talents, raising funds, or creating the startup's branding. Startup studios own a major part of the business and are therefore very hands-on in the development of their startups. Startup studios often describe themselves as a co-founder of the startup — which to some degree they often are. They actively participate in the development of the startup by partaking in any activity that the startup can use help on, e.g., recruiting, sales, or development. I would argue that these last aspects are one of the important things that differentiate startup studios from the incubator model since it could be possible for incubators to internalize additional services which would head towards a new generation of incubators (Bruneel et al., 2012). However, participating in the development of the startup rather than merely managing it is something that is quite uncommon in incubation entities.

A big differentiating factor of startup studios is the fact that entrepreneurs inside startup studios receive a salary for their work on the startup. In other incubation models, entrepreneurs would have paid with a small part of their equity or a fee to make use of the incubation entity. The origin of this difference lies in the ownership of the startup equity. In most cases, the entrepreneurs in a startup studio are matched to a business opportunity or idea that the startup studio discovered. Entrepreneurs often do not work on their own idea and therefore only own a small part of the venture's equity. Entrepreneurs are compensated with a salary for the fact that they have little equity. Becoming a founder at a startup studio may seem more similar to a regular job than independent entrepreneurship. However, there still is risk involved. Even inside startup studios, startups fail or are killed early in the development process. The entrepreneur will instantly be out of work if this happens.

Lastly, the intensity of mentoring and level of involvement are both very high with startup studios. Some startup studios also provide education in cohorts, but this is not that common. Accelerators similarly have a high intensity in terms of mentoring and education (Isabelle, 2013). However, the startup accelerator only provides this kind of coaching for several months while the startup studio keeps supporting their ventures for many years. In most startup studios, there is not a defined end of the incubation period. Startup studios often stay involved to some degree until they fully exited the startup.

5.1.4. Funding Structure

Lastly, for the funding structure, there are again some similarities with incubators and accelerators. The main incubation models are either be privately funded or funded through corporations. The private funding can either be the founder's personal funds, which they often collected from a previous exit, or by setting up a fund that allows external private investors to invest in the startup studio as a whole. Funding through a corporation is commonly done with a yearly budget that the startup studio receives from the parent company. One funding structure that has not been found in the researched startup studio cases was funding through government support which is more common with incubators.

The essence of the business model of startup studios is similar to other incubation entities since they own part of the venture's equity. However, the amount of equity that the startup studio has of the venture is a drastic difference compared to incubators and accelerators since those often only have a small portion of the equity or merely charge a fee. This difference in the startup studio's business model also partly explains the startup studio's intense levels of involvement in the startup's development. The startup studio pays the entrepreneurs to work on the startup, which also requires investment and still has a significantly high possibility of failing. This creates an incentive for the startup studio to do whatever it takes to succeed. Otherwise, it will be a very costly investment without any returns.

5.1.5. Conclusion

Based on the aforementioned differences and similarities of startup studios compared to other incubation models, I propose the following characteristics of startup studios that help with distinguishing them from other incubation models (see Table 6).

Table 6 *Differentiating factors of the startup studio*

	Business incubator	**Startup Accelerator**	**Startup Studio**
Period of involvement	Predefined graduation policies	Predefined incubation period of several months	Open-ended incubation period until an exit is made
Origin of idea	External	External	Internal
Equity stake	Rent or small equity stake	Fee or small equity stake	Major equity stake

Period of involvement: The startup studio is involved in almost all phases of the new venture creation process. From idea generation all the way until the exploitation phase. The startup studio is often also involved in the initial trigger for creating a new venture, which is often generated through insights from the startup studio's network. This characteristic distinguishes the startup studio from other incubation models since other incubation entities are often not involved in the early stages and only stay involved for one or two phases.

Origin of ideas: Entrepreneurs do not come in with their own business idea. Instead, the entrepreneur is matched to a business opportunity previously identified by the startup studio, or alternatively, the startup studio generates ideas internally together with the entrepreneur. In both cases, the entrepreneur did not have a business idea or startup yet when first engaging with the startup studio. Other incubation entities only admit entrepreneurs with business ideas and startups.

Equity stake: The startup studio owns a major equity stake in the startups it creates. Despite the fact that the agency startup studio often does not own equity. I would still argue that one of the differentiation factors of *Startup Studios as an Incubation Model* is that they have a major equity stake, which gives them power over and the incentive to actively partake in the development of the venture.

In contrast to the definitions that prior research attempted to formulate for the startup studio, the results of this research show that the emphasis should be less on the services a startup studio provides and more on their unique approach towards the new venture creation process. Therefore, I propose the following definition for the startup studio as an incubation model:

"A startup studio actively explores and validates new business ideas, assembles founding teams, and uses their own resources to rapidly build new ventures in series with the objective to eventually sell the venture's equity with a profit."

5.2. Internal Differentiation Variables

An important sub-question of the research of this thesis was: *"What are the various differentiation strategies found among startup studios?"*. In this section, the internal differences in the startup studio model are explored. Based on the empirical findings of this research, several differentiation variables have been determined. These differentiation variables help with distinguishing between different kinds of startup studios (see Table 7). The variables have been inspired by prior research on incubation model topologies (Aernoudt, 2004; Grimaldi & Grandi, 2005; Pauwels et al., 2016). With these differentiation variables, the following types of startup studios have been identified: the *Performance Startup Studio*, the *Bootstrap Startup Studio*, the *Educator Startup Studio*, the *Subsidiary Startup Studio*, and the *Agency Startup Studio*. These startup studio types will be further explained and compared with each other after the introduction of the variables.

Main philosophy/objective: The startup studio's main philosophy and objective are the main drivers that orchestrate most of the startup studio's operations. This variable already distinguishes between corporate and independent startup studios since the main objective of a startup studio indicates for whom the startup studio builds the startups. The variable also distinguishes the entrepreneur startup studio from other independent startup studios.

Industry focus: In the industry focus of startup studios, we can observe the specificity of the industry scope and the certain on which the startup studio focuses. A distinction between the independent startup studio, the agency model, and the subsidiary model can be made with a combination of these two factors. The agency startup studios have a more generic focus in order to be able to work with more corporates. Independent and subsidiary startup studios are often highly specific.

Origin of idea: The origin of the idea helps with explaining differences between corporate affiliated startup studios and independent startup studios. Independent startup studios have the option to generate ideas internally. Startup studios that operate under the subsidiary model often receive external ideas from their parent company. Furthermore, agency startup studios work on ideas that they receive from their client or generate together with the corporate client.

Entrepreneur selection: Depending on their strategy, different startup studios look for different kinds of entrepreneurs. The experience of the entrepreneur and their successes in previous ventures play a key role. The performance model often looks for experienced serial entrepreneurs that have experience with building successful startups. The bootstrap startup studio often also looks for experienced entrepreneurs, but these are not necessarily required to have been successful in previous ventures. In the agency model, internal staff often plays as the entrepreneur in the early stages of the venture's development. Later on, corporate employees or external entrepreneurs are put on the project. Also, the philosophy of the startup studio has a strong effect on entrepreneur selection, as is the case with the educator startup studio that specifically looks for inexperienced entrepreneurs.

Degree of involvement: The intensity of mentoring and level of involvement in the startup's development also varies among different types of startup studios. The entrepreneur's amount of entrepreneurial experience influences the amount of involvement the startup studio has with its venture. The entrepreneur startup studio often has the highest intensity of involvement with the development of the startups since these entrepreneurs need to learn about entrepreneurship. Selection criteria of entrepreneurs thus ultimately influence the amount of involvement required.

Business model: The business model and main source of revenue help identify between corporate and independent startup studios. The latter primarily relies on selling equity or exiting the startup completely, and the former either receives a budget from their parent company (subsidiary startup studio) or generates revenues by charging the corporate client for their services (agency startup studio).

There can also be made an additional distinction based on the business model between independent startup studios. The bootstrap startup studio primarily relies on personal funds and bootstrapping, while the other independent startup studios rely on external investors for funding. External funding creates pressure for startup studios to make an exit within a shorter period of time.

Equity stake: The agency startup studio is the only variation of the startup studio that generally does not own equity of the startups they help create. Also, bootstrap startup studios require less outside funding and thus tend to have more equity compared to other independent startup studios.

Table 7 *Startup studios differentiation variables*

	Builders	**Holland Startup**	**Stryber**	**Mamazen**	**Aimforthemoon**	**adVentures**	**Lab Box**	**Bundl**
Main philosophy/ objective	Build startups	Create entrepreneurship	Help corporates innovate	Build startups	Help corporates innovate	Build startups	Build startups	Help corporates innovate
Industry focus	Specific (SaaS market)	Specific (SaaS & marketplace)	Generic	Specific (niche markets)	Generic	Specific (niche markets)	Specific (mobility)	Generic
Entrepreneur selection	Experienced, serial	Inexperienced	Internal staff	Experienced, failed	External staff	Experienced, failed	Inexperienced & Experienced	Internal staff
Mentoring	Weekly	Daily	-	Weekly	-	Weekly	Weekly, flexible	-
Origin of idea	Internal	Internal	Corporate	Internal	Corporate	External	External	Corporate
Business model	Investor exit	Investor exit	Corporate fees	Exit, Sell equity	Corporate fees	Exit, Sell equity	Corporate fund	Corporate fees
Equity stake Startup studio	Yes, 33%	Yes, 25-45%	No	Yes, 40-70%	No	Yes, 60-80%	Yes, 50-90%	No

5.3. Typology of Startup Studios

In this section, the identified archetypes of startup studios will be discussed (see Figure 3). For each startup studio type, the strategic focus and implications of the overall startup studio design will be covered. Refer to Table 8 for a summary of the typology, the relevant cases, and proposed relevant cases that fall outside the researched sample.

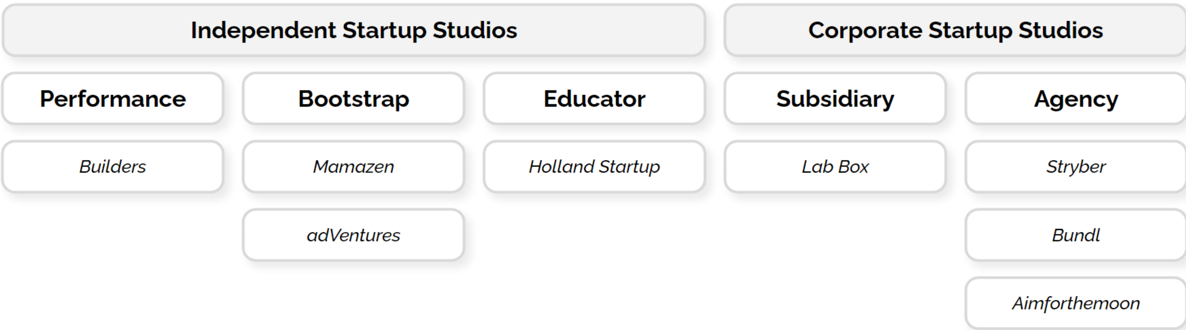

Figure 3 *Typology of startup studios and the relevant cases*

5.3.1. The "Performance" Startup Studio

The performance model is a variant of the startup studio that lays closest with the "traditional" startup studios that we know from prior academic literature, such as IdeaLab and Rocket Internet. The performance studio is often founded by a successful serial entrepreneur that sees the startup studio model as a new and lucrative investment vehicle for outside investors. For this reason, this type of startup studio primarily focuses on fast results and significant returns of investments. These fast results can best be realized by having a narrow industry focus that allows for the development of expertise, targeting successful serial entrepreneurs as the founders of the venture, and having a highly structured and streamlined process.

5.3.2. The "Bootstrap" Startup Studio

The bootstrap startup studio employs a somewhat more relaxed approach to venture building compared to the performance builder. This type of startup studio is often founded by an entrepreneur that decides to primarily rely on personal funds rather than outside investments. The industry focus of these startup studios often lies in small niches that might be less attractive to big corporations. This provides the startups with little competition, which removes the need for aggressive growth through outside investments. Also, the focus often lies on startups that quickly become self-reliant and generate a steady return. The bootstrap model focuses on small but steady businesses rather than trying the build the next billion-dollar unicorn. Furthermore, the development process is less structured and more open-ended than the other types of startup studios. Since there are few outside investments, the bootstrap startup studio does not need to make quick exits and more often only sells a small portion of the equity to cover studio costs. Lastly, the kind of entrepreneurs this studio attracts are often experienced, but they do not necessarily have to be successful serial entrepreneurs.

Interviewees explained that they prefer entrepreneurs with a failed startup since these types of entrepreneurs know the startup process and highly value the contributions of the startup studio.

5.3.3. The "Educator" Startup Studio

The educator model has a somewhat more altruistic view on venture building. While the majority of the startup studios focus on the development of the ventures, the educator model focuses on the development of individuals. The educator startup studio uses a combination of cohorts and frequent mentoring to teach first-time entrepreneurs how to build a startup successfully. This model more closely resembles the main philosophy of traditional business incubators that also try to educate entrepreneurs on how to manage their startups. However, the educator startup studio is distinctly different from these incubators since aspiring entrepreneurs do not enter the incubation entity with their own ideas, founding teams are assembled internally — that afterward create an idea together with the studio—, and the startup studio owns a major stake of the startup's equity. The educator startup studio often recruits a significantly larger number of founders compared to other startup studio types due to people dropping out of the startup studio and the higher failure rate associated with first-time entrepreneurs.

Table 8 *Typology of startup studios summarized*

INDEPENDENT STARTUP STUDIOS	**PERFORMANCE MODEL**	**BOOTSTRAP MODEL**	**EDUCATOR MODEL**
Archetype description	*"Accelerated venture building to maximize return on investments."*	*"Bootstrapping ventures with entrepreneurs out of personal passion."*	*"Developing individuals as a means of venture building."*
Strategic Focus	Streamlined venture development	Supporting in venture building	Teaching the venture building process
Entrepreneur selection	Experienced serial entrepreneur	Experienced entrepreneur	Aspiring entrepreneur
Funding structure	Equity, Investor funded	Equity, Privately funded	Equity, Investor funded
Cases	*Builders*	*Mamazen, adVentures*	*Holland Startup*
Suggested cases	eFounders, Rocket Internet, Blenheim Chalcot	Drukka, Innonic	Founders Factory, Entrepreneur First

5.3.4. The "Subsidiary" Startup Studio

The subsidiary model closely resembles other independent startup studio types in terms of operations. However, the underlying business model and incentive are quite different. The subsidiary startup studio is owned by a bigger corporate. From this corporate, the studio receives its studio funding and funding to invest in the startups. The main objective of this type of studio is to build startups that benefit the parent company. The subsidiary model can be used as a form of corporate venturing, where ideas that do not fit the core business of the corporate are passed on to the startup studio. The internal operations of these types of studios generally try to emulate the performance builder's approach to build ventures in the most efficient way possible. Entrepreneurs are often selected on their expertise and drive for a particular startup. The influences that the corporate have on the studio make risk-averse entrepreneurs generally more suited compared to entrepreneurs with high risk-taking tendencies.

Table 8 *(continued)*

CORPORATE STARTUP STUDIOS	**SUBSIDIARY MODEL**	**AGENCY MODEL**
Archetype Description	"Startup studio which is owned by and builds ventures for a corporate."	"Corporate affiliated startup studio that supports corporates in the venture building process."
Strategic Focus	Building ventures for the main shareholder as a form of corporate venturing	Helping corporates with innovation challenges and corporate venturing
Entrepreneur selection	Industry knowledge	Experienced or internal staff
Funding Structure	Funded by corporate owner	Funded through corporate fees
Cases	*Lab Box*	*Aimforthemoon, Bundl, Stryber,*
Suggested cases	Fraunhofer Ventures, Leap Venture Studio	Etventure, Rainmaking, OneUp, BCG Digital Ventures

5.3.5. The "Agency" Startup Studio

The agency startup studio operates independently as a service business and thus differs the most from independent startup studios. Their core service is building corporate startups together with the client. The studio often does not own any shares of the venture it helps to create and instead charges fees for their services. The agency startup studio often uses its internal staff to temporarily function as the CEO of the new venture until the venture becomes a spin-in or spin-off of the corporate client. At that point, employees of the corporate or outside entrepreneurs take responsibility for the venture. Although less common, there are exceptions to this approach where outside entrepreneurs are put in charge of the ventures from the start. However, this would mean that the entrepreneur would become an intrapreneur in the case of a spin-in.

Agency startup studios are often involved in the general innovation strategy of the corporates they have as clients. Therefore the agency model also provides services that are not strictly linked to the creation of ventures. This could be services like setting up an internal innovation program or helping the corporation find the right innovation strategy. These activities are similar to what you might find at consulting firms. This begs the question to what extent the agency startup studio actually is a startup studio if the type does not own startup equity, does not invest their own capital, often uses its internal staff to function as founders, and primarily intends to make their startups spin-ins at corporations.

Despite these points of critique, the agency model seems to be flourishing in the industry, with some of the largest startup studios adhering to this model. However, the question remains of how this model should be perceived in the context of business incubation.

5.4. Venture Building as a Service

If we look at venture building as an incubation model, then it should to some degree provide the five main elements that are generally related to business incubation: (1) Access to physical resources, (2) Office support, (3) Access to financial resources, (4) Entrepreneurial startup support, and (5) Access to networks (Carayannis & Von Zedtwitz, 2005). Carayannis & Von Zedtwitz (2005) argue that only offering four out of the five services could still be considered an incubator in the "weak sense of the term". The authors further argue that offering less than four of these elements should not be considered as a form of incubation but rather falls in the realm of consultancy firms, accountancy firms, and other support organizations.

Evaluating the subsidiary startup studio type on the basis of these criteria shows that the subsidiary model falls under incubation since it often provides all five elements. The model could be seen as venture building as a form of corporate venturing and could be an alternative to the Corporate Private Incubator described by Grimaldi & Grandi (2005). Even in the case that the corporate would provide one of the aforementioned elements, then the subsidiary model can still be considered part of incubation in the "weak sense of the term".

The agency startup studio cannot be considered an incubation model since agency startup studios do not provide all five defining incubation services from their own organization. When building ventures, agency startup studios often make use of the corporate's physical resources, financial resources, and networks. Therefore, the agency startup studio is not an incubation model in the sense of the academic definition due to the fact that the startup studio is not the entity that provides these services to the venture. However, neither should the agency model be considered a consulting company since the model provides corporates with office support and entrepreneurial support in ways that are not found in consulting practice. Instead, the agency startup studio could be seen as a hybrid model which provides *Venture Building as a Service*.

Compared to other startup studios, the agency startup studio is similar in their approach towards the venture creation process, but rather than using their own resources to build these ventures, they provide the process as a service for corporates. The success of the model in the industry should not go unnoticed, and further research in the agency startup studio model should provide insights into the implications and value of venture building as a service.

6. Discussion

This research has several implications for theory, managers, entrepreneurs, and future research.

6.1. Theoretical Implications

First, this research contributes to the general call from incubation literature for insights on the differences between incubation models. The design of the startup studio can be summarized based on four general themes that have been identified in a cross-case analysis (strategic focus, benefits & services, venture creation, and funding structure). The identification of the themes and the underlying constructs helps with understanding the general design of startup studios. By having this understanding, specific aspects of the startup studio can be researched to gain an improved comprehension of the concept. For example, in prior literature entrepreneur selection criteria showed to be an important aspect for the performance of incubators (Aerts, Matthyssens, & Vandenbempt, 2007). Similar performance indicators in the startup studio model can be explored on the basis of the identified constructs, which in turn will help startup studios improve their performance. Therefore, the findings of this research provide the much-needed foundation for further research on startup studios.

Second, a common definition of the startup studio model has been provided to resolve the conflicting definitions that previously existed in startup studio literature. Having this consensus is vital since it ensures that researchers are talking about the same kind of organizations and thus makes their findings comparable. The definition and common understanding support further research on the startup studios' role within the general startup landscape and entrepreneurial process. The empirical findings also indicate that the startup studio provides a unique form of entrepreneurship which could mean that the startup studio might become a valuable contribution to entrepreneurship literature as well.

Third, this thesis confirms that the startup studio model can be considered an incubation model since most startup studios offer the five elements considered key to incubation. Furthermore, three differentiating factors have been identified that distinguish the startup studio model from other incubation models. Confusion in the startup studio model is further reduced by distinguishing between startup studios as an incubation model and startup studios that provide venture building as a service. By having the startup studio identified as a new incubation model, research can be conducted on the model's performance compared to other incubation models. The three differentiating factors help researchers in identifying startup studios, and the additional distinction between venture building as a service and venture building as an incubation model supports researchers in making a proper sample selection for future research.

Fourth, the internal differences between startup studios have been determined on the basis of several differentiation variables, with the most prominent distinction being between independent and corporate startup studios. Furthermore, the main philosophy and objective of the startup studio have been identified as one of the most important variables that influence the rest of the startup studio's design. Based on these distinctions, a preliminary typology of startup studios has been made. With the typology, specific directions in the startup studio model can be researched, and conflicting findings in the general startup studio trend can be resolved by clarifying how these conflicts are the result of the internal heterogeneity of the startup studio model. The identification of the different types of startup studios and their characteristics also fulfills the requests from incubation scholars to have this typology in order to research an incubation model's performance (Barbero et al., 2014; Mian, 1997).

Fifth, this research introduces a new concept for business incubation research: Venture Building as a Service. Even in the industry, confusion about the independent startup studios and startup studios that build ventures as a service for clients exist. From the insights of this research, I conclude that the latter does not identify as an incubation model since many of the services considered key to business incubation are not provided by the startup studio itself but rather come together in a partnership with the corporate client. Instead, I propose that this form of venturing building should be considered as a separate concept which will require further in-depth research. This future research can ultimately provide important contributions to corporate venturing and corporate innovation literature.

6.2. Managerial & Entrepreneurial implications

The identified startup studio themes and constructs can be used by the management team of the startup studio to improve their positioning in the incubation industry compared to other incubation models. Furthermore, the preliminary typology of startup studios helps startup studio managers improve their internal and external alignment in the startup studio industry (Vanderstraeten & Matthyssens, 2012). Moreover, the distinction between the venture building as a service and the startup studio as an incubation model should resolve the current confusion surrounding the agency startup studio. Managers of agency startup studios can use this insight to their benefit by improving their outward communication to potential clients.

Aspiring or experienced entrepreneurs can use the insights in the startup incubation model to decide if the startup studio is the right kind of incubation model for them. Being provided with a validated business idea and salary can be quite enjoyable. However, in this decision, aspects such as equity ownership and the high level of involvement of the startup studio are essential to keep in mind. If the startup studio is the right option, then the typology can help the entrepreneur in picking the startup studio that best fits their needs. In this decision process, the entrepreneur can use the same decision criteria as proposed by Isabelle (2013) in the context of startup studios. Furthermore, the insight of this research showcase that the startup studio can facilitate a unique form of entrepreneurship, where a clear development structure is laid out and risks associated with entrepreneurship are drastically reduced. The model could help more risk-averse entrepreneurs flourish and might promote a whole new generation of entrepreneurs.

6.3. Limitations & Further Research

As for any research, this research has some limitations that have to be considered. First, the findings in this study can suffer from generalization issues. For this research, eight European startup studios within the Netherlands, Belgium, Germany, France, and Italy have been researched. The geographical context of these startup studios can substantially affect the startup ecosystem surrounding the startup studio and the studio's organizational design (Levie, Autio, Acs, & Hart, 2014). Furthermore, in business incubation literature, it is commonly noted that no two incubation entities are exactly the same, which makes it difficult to generalize any findings (Allen & Mccluskey, 1990). While the research strives to form a consensus on startup studios as an incubation model, the findings are likely limited to Europe. Further research should focus on researching other geographical areas. Second, the selected cases might not be representative of startup studios that fall outside of the sample. The insights of this research can be used to create an enhanced approach for future research that captures a wider variety of startup studios. Third, although the initial findings have been discussed with an independent researcher, the data has only been reviewed by one sole researcher who also conducted the interviews. Both can contribute to insider bias, which could be solved in future research with multiple researchers employing an insider-outsider approach (Gioia, Price, Hamilton, & Thomas, 2010).

In this research, several interesting research avenues for further research on startup studios have been identified. First, the venture creation process showed to be an essential differentiation aspect of startup studios compared to other incubation models. However, there is limited research on the venture creation processes of incubation models in general. Therefore, future research should investigate the venture creation process of startup studios and other incubation models in order to better understand the differences between the incubation models. The insights will support startup studios with improving their processes. Additionally, other incubation models could learn from the startup studios' approach towards incubation.

Furthermore, the empirical findings of this research confirmed that startup studios look for distinct kinds of entrepreneurs to function as the founders of the startup studios' ventures. The founder's personality in the context of startup studios could have notable differences compared to other entrepreneurs due to the different incentives and reduced risks associated with startup studios. Further research on the entrepreneurs in startup studios can contribute to the existing literature on founder characteristics and personalities (de Jong, Song, & Song, 2013).

The last and biggest new research avenue is the startup studio as a form of corporate venturing. In this research, two types of corporate affiliated startup studios have been observed: the subsidiary and the agency startup studio. Both contribute to the corporate venturing process, where one functions as a separate innovation unit for the corporate and the other operates as a strategic venturing partner. Both models can have significant contributions to future research in corporate venturing.

7. Conclusion

This research set out to create clarity in the startup studio model by verifying the concept as an incubation model, identifying differentiating factors of the startup studio model compared to other incubation models, and providing a first typology of the startup studios' internal heterogeneity. The empirical findings of this research verify that the startup studio can indeed be categorized as an incubation model with an important exception of the agency startup studio, which does not identify as an incubation model since this startup studio type does not provide elements essential to incubation from their own organization. Furthermore, the startup studio has been identified as a significantly different incubation model, thus justifying the startup studio model as an entirely new incubation model. Lastly, a typology has been made that captures the internal heterogeneity of the startup studio. This typology highlights that different startup studio designs exist, which influence the kind of entrepreneurs they attract and the startup studio’s approach towards the new venture creation process.

The findings of this research support scholars in their effort to advance business incubation literature by laying the necessary foundation of the startup studio concept and by providing frameworks to create more coherent findings in future research efforts.

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Appendix A: Interview guide

Introduction (5 min)

- Provide background information of the researcher and the goal of the research
- Ask consent for recording the interview & declare that data will be anonymized
- Explain how the interview is structured
- If you have any questions, feel free to intervene

Interview part 1 (10 min)

Introduction

1. Could you briefly describe your organization and your role in the organization?
2. What aspects make your organization unique compared to other startup support organizations?

Vision, strategic focus & objectives

3. How would you describe the vision and mission of your organization?
4. What are some of the most important strategic objectives of your organization?

Case comparison exercise (15 min)

- Show case description of their company and two random ones
- Read the descriptions

5. In what ways is your organization similar?
6. In what ways is your organization different?

Labeling

- Show overview of the full sample

7. How would you group the companies in this overview and what descriptive title would you give these groups? (e.g., incubator, startup factory, venture builder)

Interview part 2 (10 min)

8. On what industries does your organization focus? Why?

Selection criteria for ideas, entrepreneurs & staff

9. How are startup ideas generated or acquired by your organization?
10. How are suitable startup ideas selected?
11. How do you limit risks in developing the ideas further on?
12. How are the members of the founding team selected?
13. What members and skills are essential in the founding team?
14. What other skills are provided by staff from your organization?
15. How are the members of your staff selected?

Services & support

16. In what ways do you support the founding teams?
17. What and intangible services to provide to the founding team?
18. To what kind of networks does your organization provide access for startups?
19. What kind of funding opportunities does your organization provide?
20. What range of equity stakes does your organization often ask for the services provided?

Stakeholder network

21. What direct stakeholders is your organization involved with? (e.g., investors, corporate clients, exited startups)
22. What makes your organization's network unique and why should startups join?

Value for the entrepreneur

23. What types of entrepreneurs do you look for?
24. Why should an entrepreneur join your organization?
25. When should an entrepreneur go for another startup support organization?

Concluding Remarks (2 min)

- Thank the interviewee for their time
- Any questions or comments from the interviewee
- Ask about availability for further clarifications if required
- Ask if contact details for a founding CEO can be shared
- Ask if any contact details to other startup studios would be available

Appendix B: Company cases

Case A (Rocket-Internet)

Rocket Internet rapidly assembles and scales new internet-focused startups. Rocket Internet does so by looking for startup ideas outside of the company, which often means replicating proven business models and recruiting experienced entrepreneurs to form the founding team. The company provides an internal team of developers that support the development of the startup's product and also provides a large worldwide network of industry professionals and private investors.

(Based on: Baumann et al., 2018)

Case B (Holland Startup)

Holland Startup enables first-time entrepreneurs to start their own company. Holland Startup looks for ambitious aspiring entrepreneurs to join their program. Idea generation is done internally together with the entrepreneur at the start of the program. The company provides a structured program with daily coaching and financing from day one. To provide the right support, the company primarily focuses on SaaS and platform ideas. The company is funded with an investor's fund from which it invests in its startups. Additional external funding opportunities are also provided.

(Based on: Holland Startup, n.d.)

Case C (Builders)

Builders aims to support companies as a third co-founder would. They ensure excellent execution of the startup process, allowing startups to perform their best and grow earlier. The company focuses on B2B SaaS startup ideas that they either ideate internally with an experienced entrepreneur or acquire by looking for experienced entrepreneurs who want to build their startup idea together with the company. The company supports its startups with management, financial support, marketing support, product management, and provides several opportunities for external funding.

(Based on: Builders, n.d.)

Case D (Mamazen)

Mamazen strives to enhance the success rate of every startup they build and to create sustainable businesses which can have a long-term labor impact. Mamazen puts startup ideas through a thorough development process. Only after a proven MVP is built the company sources potential co-founders for the new startup. Mamazen provides startups with office space, full-stack development capabilities, and valuable talent attraction. The company is funded by the private funds of the founder.

(Based on: Mamazen, n.d.)

Case E (Stryber)

Stryber supports corporate clients by building new businesses from their ideas. Together with their clients, Stryber finds the right innovation strategy to successfully digitalize business models and create sustainable growth. They do so by creating a long-term strategy with the client, building MVPs to test with customers, and growing the venture when the business model is feasible. In addition, the company provides clients with a team of entrepreneurs, analysts, marketeers & product professionals.

(Based on: Stryber, n.d.)

Case F (adVentures)

adVentures builds innovative startups that create value and ultimately contribute to the common good. adVentures looks for young high-potential talents and seasoned entrepreneurs with whom they ideate business ideas and build technology-driven ventures focusing on global niche markets. The company supports ventures with a structured agile program, risk management, expert networks consisting of scientists & engineers, and by allowing the entrepreneurs to learn & to grow in the program. They invest in their ventures with a fund which is supported by private investors.

(Based on: adVentures, n.d.)

Case G (Aimforthemoon)

Aimforthemoon combines corporate scalability with entrepreneurial execution to build the venture of tomorrow. The company aims to increase entrepreneurship within corporates by launching corporate startups next to corporate's existing business and by managing a portfolio of innovations and corporate startups for the corporate. Together with their clients, Aimforthemoon tests, builds, and scales future-proof business models. The company supports corporates in this process by sourcing entrepreneurs, developing digital tools, and setting the right innovation strategy.

(Based on: Aimforthemoon, n.d.)

Case H (Lab Box)

Lab Box aims to develop new mobility solutions that will make cities more liveable and enjoyable in the future. Lab Box does so by gathering promising startup ideas in mobility, quickly testing ideas with an MVP, and then matching both experienced and inexperienced entrepreneurs with the new startup. The company provides the startup founders with anything they might need by providing coaching, legal support, accounting support, fundraising, or bringing in the right people for the problem. The company and its startups receive funding from the mother company D'Ieteren Auto.

(Based on: Lab Box, n.d.)

Case H (Bundl)

Bundl aims to beat startups at their own game by combining their entrepreneurial methodologies with corporate assets to build new ventures for their clients. At Bundl the internal staff function as entrepreneurs. The staff of Bundl guides intrapreneurs at the corporate client through the venture building process. They do so by providing a variety of services from exploring new innovation opportunities, to building and scaling the business operations, to recruiting leadership for the venture.

(Based on: Bundl, n.d.)