

Entrepreneurial Behaviour Series

# European Venture Toolbox

The path for SMEs  
to grasp and defend  
opportunities

Nicholas H. Kirk  
Lamberto Zollo

# EUROPEAN VENTURE TOOLBOX

# ENTREPRENEURIAL BEHAVIOUR

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This series is dedicated to communicating innovative and multi-disciplinary new research that advances theory and practice in *Entrepreneurial Behaviour*. The series is focused on expanding the scope of *Entrepreneurial Behaviour* theory and analysis and enriching practice by encouraging multi-theoretical, multi-cultural and multi-disciplinary approaches.

Key issues explored in *Entrepreneurial Behaviour* include cognition, decision-making, organisational behaviours, and identifying, creating, and exploiting opportunities concerning new products, services, processes, innovations or ventures from an entrepreneurial perspective.

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# EUROPEAN VENTURE TOOLBOX

The Path for SMEs to Grasp and  
Defend Opportunities

BY

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INVESTOR IN PEOPLE

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# PREFACE

Dear reader,

This book is written by a theoretician and a practitioner in Europe. Despite all the manuals around, many first time entrepreneurs don't bring practicality into their passion, and fail for so many reasons. There are patterns to these, and many are avoidable, generic pitfalls, while others are very Europe-specific.

We bring experience into the equation and try to explain all the basics to go for, as well as all that has to be avoided. No matter if you are a student, first year entrepreneur, or practitioner in the field: in the following pages you'll find many strategic "tools" which, both in theory and practice, will help you better understand how to grasp and defend the entrepreneurial opportunities present in your market of choice.

Our objective is to:

1. Increase chances of success of first time European entrepreneurs via a practical guide to new venture creation tailored to today's context in Europe
2. Enable the reader to understand practice directly via emblematic case studies
3. Provide insights on the entrepreneurship phenomenon as a whole, mainly applied to European markets in crisis, via new theoretical advances mixed with practitioner experience.

Many European entrepreneurs, given the abundance of influential American companies and books, are prone to the rhetoric of company building based on the following factors, among others later discussed:

- fast-growing startup survivorship bias: seeing a few companies scale does not imply a general possibility for many
- abundance of circulating capital bias: both end customers and investors do not have the budget magnitude that American ecosystems developed
- market addressability restrictions: due to language and regulatory aspects, the market your service can access is not the Europe-wide ecosystem

- difference in European fiscal systems: location of company founding and its ecosystem is fundamental for the business viability in the first years from launch.

*Let us define European entrepreneurship:* given its internal diversity, as it currently stands it can be mainly defined in contrast to US theory and practice on the points mentioned above. However, what we can do is talk about the *European objective*, which is to maintain and expand upon its current points of leverage, such as being the largest Gross Domestic Product (GDP) block in the world.<sup>1</sup> In order to do this, the major backbone of EU entrepreneurship, currently Small-to-Medium Enterprises (SMEs), needs to find novel structures to survive and thrive in crises. For this, we provide frameworks for the European entrepreneur, to let her/him focus on consolidating strategies, and only then to proceed toward grasping wider financial opportunities.

Our unique value:

- 1) *Part I:* a series of conceptual chapters comprising examples, giving you an overarching understanding of what business value actually is, how it is created, and how it is conveyed. In particular:
  - *Chapter 1:* The rationale for entrepreneurship, why this is close to us, and what model can navigate us through structured business opportunity discovery and implementation
  - *Chapter 2:* customer-orientation and problem-scouting for formulating a business idea
  - *Chapter 3:* identifying value gaps, what solutions exist and which are feasible with the current team and resources, describing the characterized value in a narrative
  - *Chapter 4:* the importance of testing for payment with a first product prototype to probe for value perception according to the customer
  - *Chapter 5:* how can we structure our business in terms of who is the perceived value for, when, and in which context?
  - *Chapter 6:* how do the concepts of entrepreneurship learned so far compare in Europe and US in detail?
- 2) *Part II:* a deep case study on a practical business idea and all the questions that come to mind, narrated from the perspective of two fictional characters who are young first year entrepreneurs, as well as how to go about beating

the initial mental fog and proceed to execution; in other words, all the pro and cons related to turning an initial business idea into practice

- 3) *Part III*: several “practitioners’ notes,” which discuss pitfalls and hands-on wisdom. Concise as possible, they are meant as off-the-shelf references readable when necessary, on different sequential topics, specifically:
- *Practitioners’ note 1*: why people start companies; what impact is intended; company aim characterization
  - *Practitioners’ note 2*: understanding where to start the iterative business development process in the market; the comparison between solution-first, problem-first, and niche-first approaches
  - *Practitioners’ note 3*: identifying what value actually is; aiming for its quantification in time-cost factor reductions; the importance of focusing on high-billable priorities
  - *Practitioners’ note 4*: understanding people as the central element of any business, and how relationships are built; the importance of rapport creation and responsiveness; the first 3Cs filter for hiring
  - *Practitioners’ note 5*: the importance of a financial urgency sense; estimating business viability on the basis of customer acquisition costs and customer lifetime value; understanding KPI construction
  - *Practitioners’ note 6*: understanding return and risk as the fundamental inseparable pair to be estimated in all business decisions; concept of opportunity cost
  - *Practitioners’ note 7*: the basics of selling, identifying the main decision makers in a sale; the importance of customer qualification
  - *Practitioners’ note 8*: the traditionally known phases of investment and its prerequisites
  - *Practitioners’ note 9*: the mental models and approaches necessary to drastically improve decision-making quality and quantity.

May you enjoy reading as we enjoyed writing. And above all, may you proceed to execution and create a successful European venture.

Yours faithfully,  
Nicholas Kirk & Lamberto Zollo

## NOTE

1. The following references provide evidence for the European Union alone; the aggregation of other countries in geographical Europe increases such estimate: [https://trade.ec.europa.eu/doclib/docs/2013/december/tradoc\\_151969.pdf](https://trade.ec.europa.eu/doclib/docs/2013/december/tradoc_151969.pdf); <https://ec.europa.eu/trade/policy/eu-position-in-world-trade/>.



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