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Venture Builders and the Creation of Scaleups

De-Risking Entrepreneurship to Drive High-Growth Companies

Paola Belingheri
Christian Lechner

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Paola Belingheri
Luiss University
Rome, Italy

Christian Lechner
Luiss Guido Carli University
Rome, Italy
Luiss Business School
Rome, Italy

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CHAPTER 1

Introduction

Although entrepreneurship has long been the focus of many countries' and institutions' innovation and economic growth policies, studies are increasingly demonstrating that it is rapidly growing firms, and not the founding of new companies, that are responsible for sustained innovation, job creation, and economic growth (Henrekson and Johansson 2010; Isenberg 2012; Bos and Stam 2014; Fetsch 2016; Isenberg and Onyemah 2017; European Investment Bank 2020). For example, between 2002 and 2008, half of the new jobs created in the UK were within the 6% of high-growth firms in the country or in those companies' national supply chains. This trend was persistent across different geographical areas and market sectors (National Endowment for Science, Technology and the Arts 2009) and encompassed both startups, around 20% of the sample, and more mature firms. These rapidly growing firms are not only essential for regional economic growth but tending to them has also proven to increase the intensity and success of entrepreneurial ventures in the region (Isenberg and Onyemah 2017).

Although venture capital (VC) funding for startups has risen considerably in the past years, for example, increasing tenfold in Europe over the last decade from the one before to reach \$426B equivalent (European Commission 2025), this funding growth is not translating into the efficient creation of rapidly growing firms. For instance, the number of new European unicorns per year increased until 2021 and then actually decreased to 2024, while overall valuations remained stagnant as firms

such as Klarna and SumUp underperformed with respect to expectations (Groszkowska 2023; Tarhuni et al. 2024). Current estimates indicate that Europe creates one unicorn on average every €270 M of VC investment,¹ while in the USA, there is one unicorn every \$2.05B of VC funding.² Therefore, increasing VC funding has thus far not proven to be an efficient solution for creating more rapidly growing firms.

As a result, a global movement, originating in the USA and rapidly spreading across Europe and Latin America, is now dedicated to supporting firms—both startups and existing companies—in their growth, according to a set of core principles that have at their center support for the scaling process (Isenberg 2016; European Scaleup Institute 2023).

Dubbed “Gazelles” in the 1980s (Birch and Medoff 1995), rapidly growing firms are currently referred to as scaleups if they are emerging from the startup phase, or (mature) high-growth firms if they are older. According to the OECD, which has dubbed them “scalpers,” they are “enterprises with average annualized growth greater than 20% per annum, over a three-year period, and with ten or more employees at the beginning of the observation period” (OECD 2021, 17).

This explosive growth, however, is more likely to be found in younger companies, i.e., those closer to the startup phase (Henrekson and Johansson 2010; Czarnitzki and Delanote 2013; Haltiwanger et al. 2013; Wiens and Jackson 2014; Fetsch 2016; Monteiro 2019), which often exhibit a higher propensity for rapid scaling and high growth. Their inherent organizational agility enables swift adaptation to evolving market demands and technological advancements, fostering innovation and responsiveness (Coad 2009). This adaptability is crucial for capitalizing on emerging opportunities and navigating competitive landscapes. Additionally, many young firms adopt scalable business models from the outset, allowing for expansion without proportional increases in costs, thereby enhancing operational efficiency (Davila et al. 2010). The pursuit of high growth is a defining characteristic of startups, which are designed to grow rapidly by leveraging technology or innovative practices (Autio

¹This is calculated taking the estimate of €96B VC invested in 10 years (Drosin 2023) and 350 unicorns created over a decade (Goldman Sachs 2025).

²This is calculated taking the estimate of venture capital investment in 10 years of \$1561.5 M (Hutchinson 2024; Kokalitcheva 2024; Statista Research Department 2024; Berdousis 2025; Gowder 2025; Leonard et al. 2025; Oyedeji 2025; Statista Research Department 2025a; Wikipedia 2025; Silicon Valley Institute for Regional Studies, n.d.) and 760 unicorns over the past decade (Statista Research Department 2025b).

and Ács 2015; Dahlqvist et al. 2000). This growth orientation differentiates them from more established companies that often prioritize stability over rapid expansion (Brown et al. 2014). Furthermore, younger companies often attract investment capital seeking high returns, providing the necessary resources and the motivation to fuel rapid scaling (Norbäck et al. 2024). This infusion of capital is critical for professionalizing and scaling operations, entering new markets, and enhancing product development (Gompers and Lerner 2002; Hellmann and Puri 2002; Lerner and Nanda 2020). Collectively, these factors contribute to the propensity of younger companies to achieve high growth rates and transition into scaleups.

Many national innovation policies and regional ecosystems are therefore refocusing their efforts from only supporting the creation of startups to capitalizing on high-growth startups (Stam 2015; OECD and Danish Business Authority 2013). This requires a fundamental shift in how entrepreneurship is viewed and managed, reframing the focus away from company survival and valuation as success metrics (Kuckertz et al. 2023; Giardino et al. 2023), and focusing instead on growth in terms of employment, sales, and revenues (Fetsch 2016; Isenberg and Onyemah 2017) or productivity and value added (Daunfeldt et al. 2014; Stam 2015). This focus on creating scaleups highlights the dichotomy between pursuing quantity over quality in startup creation (Dee et al. 2011; Stam 2015). Indeed, research indicates that, in Europe, nearly 90% of startups fail early (Mahr 2020) and thus never reach the scaleup phase. Of those who survive, only 5% become scaleups. Similarly, a study in the USA reported that only 4.6% become scaleups, whereas the remaining companies stagnate or grow very slowly (Startup Genome 2023a). Therefore, creating startups that are able to scale requires both a focus on the characteristics that make startups scalable and a focus on supporting their ability to scale (Isenberg 2016; Isenberg and Onyemah 2017; Lange et al. 2023). The discourse is therefore shifting toward how to select and accompany startup companies to maximize the presence of scaleups in the market.

Traditional startup support systems, such as incubators, have taken note of this trend and marked a shift in their focus, from the survival of startups that need to overcome their liability of newness, to providing value-adding services for their growth (Dee et al. 2011). In line with this shift in focus, the venture building or startup studio model has emerged as an innovative approach to entrepreneurship support, distinct from traditional incubation and more recent acceleration models (Kohler and Baumann 2015; de Alvarenga et al. 2019; Szigeti 2019; Mittermeier et al.

2022; Coelsch-Foisner et al. 2024; Patel and Chan 2024). In a venture building model, a central organization creates and scales multiple startups in parallel, with a focus on increasing the chances of success for each venture (Sarasvathy 2001). This model is characterized by shared infrastructure, resources, and expertise provided by the studio to nascent startups. Startups are typically co-founded by a team of experts, entrepreneurs, and operators within the studio, who contribute both capital and operational support. The key advantage of the venture building model lies in the ability to leverage centralized resources and reduce the risks associated with entrepreneurship. The studio acts as a co-founder, offering its experience in business development, hiring talent, marketing, and fundraising, which are often significant challenges for early-stage ventures during the scaling process (Abreu and Dario 2021; Monteiro 2019; Lange et al. 2023). This structure allows for a more efficient allocation of resources across various projects, providing startups with the foundation necessary to scale rapidly. A comparison of the top 21 companies to emerge from venture builders with the top 21 companies that graduated from acceleration programs revealed that companies from accelerators raise 105% more money, but companies from venture builders have a 26% higher growth rate (Szigeti 2016). This may suggest that venture builders are indeed more efficient and adapted to creating scaleups. While an analysis on outliers cannot be considered representative of the overall success rate of venture building, which, similarly to startup creation, follows a power-law distribution with a very long tail of unsuccessful cases and a few very successful ones (Clauset et al. 2009), we agree with scholars who indicate how different design features of venture builders may be better suited to and thus more effective in producing successful companies (Chrisman et al. 2005; Cohen et al. 2019; Anderson 2023; Coelsch-Foisner et al. 2024; Malyy and Pog 2024a; Patel and Chan 2024) and contend that some of these design features could point to a higher probability of successfully creating scaleups.

This book, therefore, pursues two main objectives. The first is to identify and distill different models of venture building that have emerged during the past decades, comparing how startups are created and supported by different venture building models. The second is to match and compare these support structures with the prerequisites, inputs, strategies, support structures, and KPIs for startup scaling, offering insights into which venture building models are better suited to foster scaleups and thus contribute meaningfully to innovation and economic growth.

The information contained in this book is based on several sources besides scientific and practitioner literature. It draws from desk research of 32 venture builders in Germany, the Netherlands, the UK, and Spain, and interviews conducted between 2023 and 2024 of 6 venture builders in Italy and Greece, where we used the owners and managers of the venture building programs as key informants. This research was funded by the H2020 ENTREPRENEDU Project,³ and detailed results can be found in the project deliverables (Belingheri and Lechner 2023; Lechner et al. 2023). The desk research and interviews enabled us to explore different components of the actors' venture building model following Szigeti (2016) and Mittermeier et al. (2022). From individual cases, we derived different archetypical models of venture builders. In addition, this volume contains the first record of venture builders' focus on scaling, obtained through an AI-based website scraper in combination with the Venture Studio Index database (Malyy and Pog 2024b). Together, these data sources support the development of propositions that express which venture building models may be better suited to producing scaleups rather than simply startups.

To achieve this goal, Chap. 2 presents an in-depth overview of the scaling literature, identifying key definitions, conditions, resources, and strategies necessary to scale, as well as the role of entrepreneurial ecosystems to support scaling, and related scaling success metrics. In Chap. 3, the venture building phenomenon is examined in detail. First, it is contrasted with other startup support organizations to highlight the distinguishing features that make it a distinct model from incubation, acceleration, and venture capital. Next, the rapid emergence and global nature of venture builders are explored, highlighting their increased importance worldwide. Through the examination of seven key characteristics, venture building models are characterized, and preliminary archetypes are described. Finally, the characteristics that determine venture builders' success are summarized. Chapter 4 examines venture builders and scaling. First, it summarizes existing research on venture builders and scaling and examines how a global sample of venture builders describe their scaling practices.

³Funded by the European Union under the Grant Agreement 101100507. The concept of ENTREPRENEDU is focused on closing the innovation and educational gap between different regions of the EU, causing unbalanced business activity and fewer job opportunities in less developed entrepreneurial ecosystems. <https://entreprenedu.eu/>

Next, it argues which characteristics of venture builders may support or hinder scaling in the ventures they create and uses these arguments to hypothesize how different venture builder archetypes are suited to producing scaleups or where their practices may be counterproductive. Chapter 5 presents some conclusions, as well as highlighting three key research propositions that we encourage researchers and practitioners to explore further.

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Transitioning from Startups to Scaleups

2.1 DEFINING SCALING

Scaling is a crucial phase in the life cycle of a startup, where the transition from initial product-market fit and early-stage survival to rapid growth takes place. The term encompasses a range of definitions, processes, and activities, all of which are aimed at enabling a startup to expand its operations, increase its market presence, and enhance its profitability (Palmié et al. 2023).

The most-used definition for scaling is the one by the OECD: “enterprises with average annualized growth greater than 20% per annum, over a three-year period, and with ten or more employees at the beginning of the observation period” (OECD 2021, 17). The European Scaleup Institute (2024), although adhering to this definition, adds several nuances that can be helpful in distinguishing between startups and incumbent firms. Also considering companies with at least 10 employees at the beginning of the scaling process, it dubs them “Scalers” if they have an average annualized growth rate of more than 10% over a 3-year period, and high-growth firms (HGFs) if the annualized growth rate is more than 20%. If this high growth is present over at least two out of three years, they are called consistent HGFs. If these consistent HGFs are 10 years or younger, they are dubbed Gazelles; alternatively, they are called mature HGFs. Even more rapidly growing firms are called Consistent Hypergrowers if they grow more than 40% for two out of the last three years. Finally, Consistent Hypergrowers are called Scaleups if they are younger than

10 years and Superstars if they are older. Therefore, as this volume is concerned with startup scaling, according to the above definitions, we are interested in Gazelles and Scaleups, which we will all refer to as the latter for simplicity.

An alternative definition, proposed by Startup Genome (2023b, 2), specifically for tech startups, includes three key metrics: 1) has achieved product-market fit; 2) has figured out its unit economics: CAC, LTV, Contribution Margin (CM), and Payback period (PP), and if scaled, its business model is sustainable; 3) has proved that it has repeatable and scalable sales. According to the authors, this definition helps overcome a reliance on employment figures, which can be either lagged or unreported for many startups or can be misleading because startups sometimes scale very quickly without proportionally increasing their workforce. In addition, according to their empirical study, startups that scale generally achieve annual growth rates of 50% to 100% or higher. The most exceptional 10% grow even faster, exceeding 100% growth per year and typically employing 50 or more people.

In this vein, researchers also talk about hypergrowth, where principally technology-based firms use scaling to achieve network effects and increase their odds of survival in a marketplace, outpacing competitors in securing a strong market position, thereby achieving economic sustainability. For these startups, scaling is not a consequence of success, but it is an intrinsic part of their market entry and competitive strategy (Moedt et al. 2024).

Indeed, in the entrepreneurial context, scaling is often contrasted with growth, where scaling represents a specific type of growth that occurs when a firm's ability to increase its revenues outpaces the increase in costs required to sustain those revenues (Lopez-Garcia and Puente 2012; Cavallo et al. 2019; Palmié et al. 2023). Therefore, scaleups have been defined as high-growth firms "whose accelerated cycle of growth and wealth creation is fundamentally based on the scalability intrinsic to its business model" (Moedt et al. 2024, 2). This definition highlights the relationship between market growth and operational capacity, as the scalability of a firm hinges also on its ability to optimize resources, processes, and systems. In this sense, scaling is not simply about increasing sales, employees, or revenues (Coviello 2019; Genedy et al. 2024) but about growing in a manner that leverages existing resources and capabilities efficiently (Palmié et al. 2023). A high-growth firm or scaleup, therefore, is one that grows significantly, while its cost structure does not increase at the same pace, making the growth sustainable in the long term. This represents "a positive and substantial deviation from a venture's previous

growth trajectory” (Genedy et al. 2024, 2). Indeed, new companies can be distinguished based on whether they are still in the startup phase or in the scaleup phase.

Some definitions emphasize the notion of “fit” between a firm’s product, market, and operations, where transition to the scaleup phase happens once the firm achieves product-market fit (Sanasi et al. 2023). In this regard, scaling is seen as a response to validated demand. It combines a product or service that has found a sufficient market niche, and a company with the necessary resources to meet that demand at a larger scale (Lopez-Garcia and Puente 2012). This focus on product-market fit aligns with the understanding that startups need to develop scalable business models before attempting to scale. Only when these conditions are met can a startup begin the scaling process without overextending its resources or compromising on its product or customer experience (Lee 2014; Shankar and Clausen 2020; Sanasi et al. 2023).

Moreover, additional perspectives highlight the interaction between a firm’s internal capabilities and its external environment. HGFs are seen as those that strategically develop and leverage their internal capabilities, including human resources, capital, and technological infrastructure, to capitalize on external opportunities for growth (Colombelli et al. 2014). The scaling process, in this view, is as much about the external market environment as it is about the internal capacity to absorb and respond to this market demand (Wiklund et al. 2009). Understanding scaling from this perspective requires considering how firms build dynamic capabilities to exploit market opportunities and respond to competitive pressures (Coviello and Munro 1995; Smith et al. 2001; Mohr et al. 2014; OECD 2021; Wiklund et al. 2009).

These previously mentioned perspectives all derive from a resource-based view of the firm (Penrose 1959), which considers managerial capabilities and resources possessed as the cornerstones of firm growth. In this vein, rapid growth is fueled by time constraints, relentless change, and resource scarcity. Companies thus undertake an extremely rapid and massive resource acquisition to sustain market expansion, which may create imbalances and bottlenecks as different essential resources grow at different paces. The most recent literature thus posits that achieving scaling is ultimately about overcoming bottlenecks in resource acquisition and use, while navigating a chaotic process and a balancing act between different growth phases of the firm and the resources, capabilities, and mindsets that each phase requires (Genedy et al. 2024; Moedt et al. 2024).

2.2 MODELING SCALING

From the above, it's evident that research on scaling has yet to produce a unified model regarding inputs, conditions, and outcomes (Wiklund et al. 2009).

In a review of 55 papers on high-growth firms, Barringer et al. (2005) highlight how early research has focused on enablers such as founders' traits, firm attributes, business practices, and human resource practices in scaling. Wiklund et al. (2009) consider that the growth attitude of managers, the entrepreneurial orientation of the firm, and the dynamism of the external environment are three key attributes to examine to understand rapid growth. More recently, Palmié et al. (2023) distinguish four applications of the scaling concept that Genedy et al. (2024) further refine into external and internal perspectives. From the external viewpoint, financial scaling encompasses the study of economies of scale, and market scaling refers to expansions in the served customer segments or geographical reach. From the internal company perspective, organizational scaling studies activities, processes, and managerial capabilities, whereas volume scaling refers to the increase in production levels of the firm.

A recent stream of literature moves away from considering only antecedents of scaling and delves into the immediate consequences, also named "growing pains," that massively growing companies must face because of their growth, and that they must overcome for the growth to be successful. Starting from the main difficulty reported by scaleups, which is attracting talent, Moedt et al. (2024) consider that the principal growing pains manifest in the human resources domain. On this front, scaleups must contend with rapidly expanding job demands, massive hiring, changing leadership requirements, and evolving organizational culture.

A key intersection with the study of startups, which are the focus of this book, is on considering scaling as a process (Leitch et al. 2010; Palmié et al. 2023; Jansen et al. 2023). Jansen et al. (2023) conceptualize scaling as a dynamic capability, which implies that it is a process that involves expanding, replicating, and synchronizing resources and practices over time. The authors identify five scaling strategies that capture different actions and choices involved in scaling: scope refers to the breadth of a firm's scaling efforts; mode refers to whether scaling occurs through internal development, alliances, or acquisitions; locus refers to the unit of scaling, such as a product, technology, resource, or business model; dynamics refers to the speed and pace of scaling and the value capture logic refers to how a firm monetizes its scaling efforts.

2.2.1 *Scaling as a Process*

Scaling, as a process, typically begins after a firm has passed the early stages of its life cycle, where the focus is on survival, establishing market presence, and refining the product offering. Once a startup has achieved product-market fit, the scaling process involves several critical steps. These include market validation and expansion, process optimization, resource acquisition and allocation, each of which requires deliberate strategy and often a reorientation of organizational priorities.

One of the first steps in scaling is acquiring additional customers. As a company scales, it often seeks to expand into new geographic regions or target new customer segments. This is particularly important for tech startups, where the potential for scaling is often tied to accessing global markets (Crnogaj and Rus 2023). Expanding beyond initial markets allows startups to capitalize on untapped demand, but it also brings its own challenges, such as understanding customer preferences beyond the early adopter segment, adapting to local regulations, and understanding the local culture (Birley and Westhead 1990). Thus, scalability is also about adapting the business model to new contexts while preserving or enhancing the core value proposition and competitive advantage that made the company successful in its initial market.

Another key component of the scaling process is operational scaling and process optimization. This refers to the internal changes that need to happen to efficiently handle the increased demand that comes with growth. The operational scaling challenges include resource acquisition and management, process optimization, and the need for continuous innovation in operations to support growth (Brush et al. 2002; Shankar and Clausen 2020). For startups, operational scaling often involves automating tasks such as production and logistics, improving processes such as customer service, and investing in technology to increase productivity without significantly raising costs (Sanasi et al. 2023). The ability to automate and streamline operations is a key enabler of scaling, as it allows companies to manage growing customer bases and increasing production demands without a linear rise in expenses (Jansen et al. 2023).

In parallel to streamlining processes and accessing new markets, scale-ups must—often dramatically—increase their pool of available resources. The acquisition of resources is a central aspect of the scaling process for startups, and it plays a key role in facilitating their growth from early-stage companies to more established organizations (Moedt et al. 2024). The

process of acquiring resources involves obtaining the necessary inputs—financial, human, technological, and relational—that enable startups to expand operations, optimize processes, and increase capacity. This resource acquisition typically requires both strategic foresight and operational effort from the founders and management team (Mason and Brown 2013; Brush et al. 2002).

To support these processes, scaling requires access to sufficient financial resources. As startups grow, they often need additional funding to invest in scaling, whether for product development, expanding operations, or hiring talent. While bootstrapping might be enough in the early stages, scaling requires external financing, typically from venture capital and angel investors. Access to finance is a significant challenge for many startups, and without adequate financial support, the scaling process can stall (Hözl 2009).

Acquiring and retaining talent is also a key resource for scaling companies. Talent must be able to address shifting needs in a chaotic environment, often with little time to learn the ropes and settle into the work (Moedt et al. 2024; Genedy et al. 2024). In addition, acquiring resources through networks and partnerships is an important avenue for scaling. Collaboration with other firms, mentors, or investors can provide valuable resources, including knowledge, access to markets, and complementary capabilities (Mohr et al. 2014; Cavallo et al. 2019). Startups that successfully leverage their networks are more likely to scale effectively, as these relationships provide both tangible and intangible resources that can support expansion efforts.

Importantly, the scaling process is not linear. Startups often face setbacks and challenges as well as bottlenecks as they grow, requiring them to remain agile and resilient. The definitions of scaling reflect different perspectives, but all emphasize the need for firms to expand efficiently, leveraging their capabilities while responding to external opportunities. Understanding scaling as a process requires considering the dynamic interaction between the firm's internal resources and its external environment, including market conditions, customer demand, and the broader entrepreneurial ecosystem. Ultimately, scaling is not just about increasing in size but also doing it in a sustainable and efficient manner, positioning the startup for long-term survival and success.

In line with the examination of scaling as a process, the next paragraphs revolve around the conditions that startups need to scale, the key inputs for transitioning to scaleups, the different scaling strategies available, the

role of the external environment, and specifically the entrepreneurial ecosystem, as well as public policy in enabling startup scaling, and finally measuring scaling and its impacts (Dumas et al. 2018).

2.3 CONDITIONS FOR THE TRANSITION FROM STARTUP TO SCALEUP

Scaling a startup from its initial stages to a thriving enterprise capable of sustained and profitable growth is a complex process. Several conditions must be met to enable this process to unfold successfully, without succumbing to the difficulties related to the rapid change that accompanies firms' expansion.

A fundamental prerequisite for startup growth is the existence of robust market demand for the product or service offered. Without a sizable market eager to adopt the solution, even the most innovative and well-executed ventures struggle to scale. Validating the business model by proving consistently growing demand or a higher interest in the value proposition from customers, i.e., traction, is crucial. This traction serves as a signal to investors and stakeholders that the business is on the right track and can attract further investment to fuel expansion (Cavallo et al. 2019).

However, market size is not enough; startups must also achieve product-market fit, meaning that their offering effectively meets the specific needs and preferences of their target market (Monteiro 2019). Barbero et al. (2011) emphasize the importance of achieving product-market fit early in the scaling process, as it enables startups to validate their offerings before investing in growth-related initiatives. Understanding user needs, particularly in digital ventures, is crucial, as a strong user base often precedes and enables the development of a loyal customer base (Cavallo et al. 2019). This is especially critical for high-growth firms, which prioritize rapid iteration and customer feedback to refine their products. Product-market fit also underpins sustained growth, as evidenced by Autio et al. (2000), who argue that startups need to continually assess and adapt to evolving market demands to maintain their competitive edge. This dynamic process ensures that the value proposition remains relevant and scalable, particularly in industries characterized by rapid technological change.

However, reliance only on market growth and customer acquisition has been shown to be detrimental to business survival if not accompanied by

a scalable business model (Crnogaj and Rus 2023). Examples abound of startups that experienced a rapid market expansion and a subsequent sharp increase in operating expenses, which they were unable to manage with their cash flow (George 2020; Patel 2020). A study by the Kaufmann Foundation and [Inc.com](https://www.inc.com) found that two-thirds of businesses that were highlighted by [Inc.com](https://www.inc.com) on their yearly “fastest growing” list had not managed to sustain the rapid growth, while the remaining profitable between 5 and 8 years later (Thibodeaux 2016). Scalable business models, thus, are characterized by activities that can be carried out across markets of increasing size without a proportional increase in costs. This allows the business to achieve economies of scale (Lange et al. 2023). A well-structured business model facilitates the replication of processes across markets, allowing startups to grow without compromising efficiency (Monteiro 2019; Crnogaj and Rus 2023). Scalability also refers to a company’s ability to standardize operations while remaining flexible to market variations. This delicate balance allows startups to scale geographically or across customer segments while retaining their core value proposition (Autio et al. 2000). Digital businesses are particularly well-positioned for scalability, as their reliance on digital infrastructures and dematerialized processes facilitates replication and expansion (Cavallo et al. 2019; Lange et al. 2023).

Leadership and vision are also critical determinants of startup scaling. Founders set the strategic direction, driving innovation, and building organizational culture (Moedt et al. 2024). Barbero et al. (2011) emphasize the importance of the founders’ competencies, including their ability to attract investors, make strategic choices, and inspire their workforce. In addition, successful scaling often hinges on a founder’s ability to evolve their leadership style as the company grows. Early-stage startups typically benefit from visionary leadership, while scaling requires more structured, managerial approaches, which represent a complete shift in mindset and management competences (Crnogaj and Rus 2023). For this reason, founders will need to delegate responsibilities, develop management systems, and align teams toward common objectives (Lange et al. 2023). Effective leaders are also adept at identifying, accumulating, and acquiring resources (Piaskowska et al. 2021). They understand the importance of building a strong startup team, securing funding, and navigating the challenges of rapid scaling (Piaskowska et al. 2021; Crnogaj and Rus 2023; Jansen et al. 2023). Founders who possess prior entrepreneurial experience, industry expertise, and strong networks are better equipped to manage the complexities of scaling (Autio et al. 2000). Their vision ensures

that the company remains focused on long-term goals, even amid the uncertainties and pressures of rapid growth.

The ability to tap into entrepreneurial ecosystems and networks is another vital condition for growth. Such networks provide startups with access to resources, mentorship, and collaboration opportunities that accelerate scaling. Autio et al. (2000) highlight that startups embedded in well-formed ecosystems benefit from knowledge spillovers and shared resources, which reduce barriers to entry and enhance their competitive positioning.

Strategic alliances and partnerships also help in overcoming resource constraints and entering new markets. Collaborative arrangements with established firms, suppliers, or distributors enable startups to leverage external capabilities while focusing on their core competencies (Crnogaj and Rus 2023). Barbero et al. (2011) and Brown emphasize that partnerships can accelerate scaling by providing startups with access to new customer bases, technological expertise, and operational efficiencies. Particularly, startups pursuing international expansion often rely on alliances to navigate cultural, legal, and logistical challenges (Autio et al. 2000; Mohr et al. 2014). Strategic partnerships also foster innovation, as collaborative efforts enable firms to combine complementary skills and share risks. For example, creating joint ventures in high-tech industries often results in accelerated product development and market penetration (Lange et al. 2023).

Further, Lange et al. (2023) and Barbero et al. (2011) highlight the importance of venture capitalists, angel investors, and incubators in fostering growth. These entities not only provide financial backing but also offer strategic guidance, industry connections, and credibility (Crnogaj and Rus 2023). Participation in ecosystems enables startups to build alliances, attract talent, and gain access to markets, thereby creating a virtuous cycle of growth.

The external regulatory and market environment also plays a significant role in determining a startup's growth trajectory (Holzl 2014; Crnogaj and Rus 2023). A supportive regulatory framework reduces administrative burdens, simplifies market entry, and incentivizes innovation. Barbero et al. (2011) note that startups operating in favorable regulatory environments are more likely to scale successfully, as they can focus on core activities rather than navigating bureaucratic hurdles. Conversely, overly restrictive or ambiguous regulations can stifle growth by increasing compliance costs and limiting market opportunities (Holzl 2014). Research by

Autio et al. (2000) suggests that high-growth firms often lobby for policy changes to stimulate entrepreneurship. This highlights the reciprocal relationship between startups and policymakers in fostering an ecosystem conducive to scaling.

Therefore, successful scaling requires not only internal capabilities but also external resources and support from ecosystems and partnerships. By addressing these conditions holistically, startups can position themselves for sustained growth in competitive markets.

2.4 INPUTS FOR THE TRANSITION FROM STARTUP TO SCALEUP

Scaling a startup requires the acquisition of several critical resources, such as human capital, financial resources, and innovation. As the startup is growing rapidly, these inputs need to be acquired at an increasing scale, often placing a strain on the firm's ability to absorb and use these resources effectively, creating bottlenecks and imbalances that need to be overcome. Literature has divided founders' capabilities into four groups: Generic capabilities refer to management skills and abilities applicable across various contexts. Industry-specific capabilities are related to knowledge and skills relevant to a particular industry. Firm-specific capabilities are unique to the company and its operations. These can include the ability to integrate or systematize new resources, which is essential for startups. Functional capabilities refer to expertise in specific areas of business, such as human resources, operations, marketing, and finance (Castanias and Helfat 1991; Barbero et al. 2011; Smith et al. 2001).

Generic Capabilities

Human capital is frequently emphasized as a cornerstone of startup scaling, both at the level of the founders and management and at the level of overall talent recruitment (Barbero et al. 2011; Genedy et al. 2024).

Regarding generic capabilities, founders' skills, experiences, and networks significantly influence the growth and success of startups. Founders often serve as the driving force behind a company's strategic direction, culture, and operational execution. The ability to scale hinges on their entrepreneurial vision, leadership capabilities, and the effective use of their human and social capital (Colombo and Grilli 2005; Moedt et al. 2024). Entrepreneurial traits such as motivation, ambition, and vision are

foundational in steering startups toward growth (Delmar and Wiklund 2008; Baum and Locke 2004). In addition, startups that achieve scale often have founders and leaders with the ability to manage large teams, delegate responsibilities, and maintain organizational culture as the company grows (Coviello and Munro 1995; Baum and Locke 2004; Colombo and Grilli 2005; Delmar and Wiklund 2008; Barbero et al. 2011). Moreover, founders' ability to set clear, strategic goals is a driver of scaling success. A clear vision enables founders to align their teams around common objectives, maintaining a sense of purpose and direction that is essential during the scaling process. Goal-setting also provides a framework for measuring progress and adapting strategies in response to challenges (Baum and Locke 2004). Founders' human capital, particularly their education, prior experience, and technical expertise, is also a significant determinant of scaling outcomes. Colombo and Grilli (2005) highlight how founders with strong educational backgrounds and industry-specific experience are better positioned to identify growth opportunities and mitigate risks. These competencies enable them to lead innovation efforts and make informed decisions that enhance a firm's competitive position. Founders with extensive professional networks and social capital can access critical resources, such as funding, mentorship, and partnerships. These networks also help in navigating institutional challenges and market uncertainties. Founders' ability to form strategic alliances with other firms, investors, and stakeholders significantly enhances their startups' scaling potential (Mohr et al. 2014; Cavallo et al. 2019). Moreover, founders who actively involve investors in strategic decisions gain access to both financial and nonfinancial resources. These interactions not only provide capital for scaling but also offer valuable insights into market dynamics and operational efficiencies (Cavallo et al. 2019).

Scaling also demands dynamic leadership and adaptability, because founders must adapt their roles and strategies as the company grows. They must support the scaleup in transitioning from a flat hierarchy with heavy communication between the founding team and the operations to a more structured entity, where increasingly specialized middle managers take on executive responsibilities (Davila et al. 2010; Moedt et al. 2024). This adaptability is crucial for responding to changing market conditions and evolving internal demands (Barbero et al. 2011).

In addition, scaleups must rapidly recruit, onboard, and ultimately retain qualified human resources that support scaling efforts and a quickly growing workload. Differently from the founding team, which typically

has more general capabilities and may take on broad tasks in the initial stages of startup creation, new recruits are often functional specialists and have more defined mandates that can, however, evolve rapidly as the startup scales (Moedt et al. 2024).

Functional Capabilities

Regarding functional capabilities, according to Barbero et al. (2011), these are among the most important for startup scaling, as they enable the different functional areas of the firm to operate more effectively and thus withstand the strains of scaling. In addition, strength in different functional capabilities is associated with different growth strategies.

High levels of human resources capabilities are positively related to the implementation of market expansion and product innovation strategies. This involves attracting and retaining talent, effective selection processes, adequate training, and incentives that align with company objectives (Barbero et al. 2011). Human resource management capabilities are significant for explaining growth via new products, supporting the idea that innovation depends largely on the appropriate management of the firm's human capital (Barbero et al. 2011; Genedy et al. 2024). As startups scale, the organizational demands evolve, and founders must rapidly recruit individuals with complementary skills to fill gaps in operational and technical capabilities (Autio et al. 2000; Piaskowska et al. 2021). The creation of new work specifications, or of new functional or organizational sections, defies traditional workforce planning logics and places a strain on internal coordination. In addition, work overload and stress, when there is a shortage of (the right) people to sustain growth, place a strain on retention. Lack of time to train and onboard new recruits also requires new hires to proactively insert themselves into a dynamically evolving environment (Moedt et al. 2024). Therefore, firms must attract talent that can work in dynamic, fast-paced environments, which is crucial as the firm navigates through the challenges of scaling. This capability to hire and retain the right people is one of the distinguishing features of companies that are successful in scaling (Mohr et al. 2014). Finally, retaining talent becomes both difficult and critical during scaling, as high employee turnover can disrupt momentum and continuity (Genedy et al. 2024).

Organizational capabilities, including planning, coordination, resource allocation, and information management, are critical for market expansion and innovation. Establishing adequate organizational models is a key

component of growth, including professionalized management systems and processes. However, organizational capabilities may be equally important, regardless of the growth strategy implemented, and possession of more or fewer organizational capabilities may not be related to the methods employed to try to achieve growth (Barbero et al. 2011).

Marketing capabilities and market orientation are important, especially in the early stages of firm growth. This includes adapting to current and future client needs, as well as salesforce management (Barbero et al. 2011).

Financial capabilities, including financial planning, are important to maintain sustainable growth. Adequate financial management is crucial for market expansion and product development. Developing financial capabilities may require concentrating on developing budgeting, cashflow, and cost control systems, and financial statement analysis. Access to financial resources is another critical input for scaleups. Rapid growth often requires significant investment in infrastructure, marketing, and talent acquisition. For those startups that have achieved market traction, venture capital (VC) and angel investments may provide not only the capital required for scaling but also access to valuable networks and strategic guidance (Cavallo et al. 2019). For others that are too small or too early-stage, public funding may be needed to bridge the gap toward the market (OECD and Danish Business Authority 2013). Startups that secure adequate funding at early stages are better positioned to scale sustainably. However, the timing and structure of financial investments are equally important. As Stam (2015) notes, misaligned funding strategies—such as overfunding or premature scaling—can lead to operational inefficiencies and wasted resources. Entrepreneurs must carefully evaluate the trade-offs between rapid scaling and maintaining financial stability. Additionally, financial planning and resource allocation play a significant role in the scaling process. Smith et al. (2001) suggest that startups should adopt disciplined budgeting practices to prioritize investments that directly contribute to scaling. This involves balancing short-term operational needs with long-term growth objectives, ensuring that financial resources are utilized efficiently.

Innovation and product development are also essential in the scaling process. Startups that succeed in creating unique value propositions are more likely to achieve rapid growth. Innovation enables startups to differentiate themselves in competitive markets and capture larger market shares. This differentiation is often achieved through continuous investment in research and development. The scaling process, however, requires startups to adapt their innovation strategies to match changing market

demands. Startups must transition from early-stage experimentation to scaling production and distribution without compromising product quality or innovation capacity (Colombo and Grilli 2005). For instance, incremental innovations during the scaling phase can help startups refine their products while expanding their market reach. Building scalable products also requires startups to integrate customer feedback into their development processes. Successful startups often adopt iterative development approaches, leveraging data from early adopters to improve product-market fit (Smith et al. 2001). This customer-centered approach not only improves product quality but also forges customer loyalty. Innovation may also benefit from strategic partnerships with suppliers, distributors, and other stakeholders. Stam (2015) notes that collaborations can accelerate innovation by providing startups with access to complementary resources and expertise. Such partnerships enable startups to focus on their core competencies while leveraging external resources to drive growth.

2.5 STRATEGIES FOR THE TRANSITION FROM STARTUP TO SCALEUP

Although each startup's journey to growth is different, research identifies several common approaches that enable startups to scale. This analysis focuses on five key strategies mentioned in the literature: market expansion, new product development, partnerships and alliances, operational scaling, and strategic growth models.

Market expansion is a cornerstone strategy for scaleups, that includes geographic expansion, demographic expansion, and product-market diversification (Barbero et al. 2011). It involves first identifying new markets where a startup's products or services can gain traction and second, delivering offerings effectively. Market expansion allows startups to tap into larger revenue pools and activate potential economies of scale. Once startups achieve product-market fit, they typically start to target new customer segments. Identifying underserved or adjacent markets allows startups to grow their customer base without compromising existing relationships. Startups focusing on niche markets initially can expand into broader segments as they scale, leveraging their established reputation and expertise (Autio et al. 2000). The pursuit of geographic expansion is also often central to high-growth startups. This can include targeting different segments within the same country or internationally (Reuber et al. 2021). Early internationalization may be a driver of growth, particularly for

knowledge-intensive firms (Autio et al. 2000). Early entry into international markets can amplify a firm's competitive advantage by preempting rivals and locking in key customers. However, this process requires firms to adapt their offerings and operations to diverse cultural, regulatory, and market conditions. Moreover, scaling internationally often involves leveraging local ecosystems. Brown highlights the importance of engaging local networks, such as regional accelerators and investors, to navigate challenges related to foreign market entry. Startups must also assess the scalability of their business models in target markets to ensure alignment with customer expectations and regulatory environments.

In addition, product-market diversification or new product development through innovation is another strategy to achieve market expansion (Barbero et al. 2011). Firms can achieve growth by introducing complementary products or services, enabling cross-selling opportunities and higher customer retention. The introduction of new products must align with the startup's core competencies to ensure successful execution (Barbero et al. 2011).

To favor market expansion, strategic partnerships and alliances are often pivotal for startups aiming to scale efficiently. Collaborating with external organizations allows startups to leverage complementary capabilities, share risks, and accelerate growth. Collaborative arrangements provide startups access to resources they may lack, including distribution networks, technological expertise, and capital. Partnerships are especially valuable for startups expanding into international markets, where navigating regulatory and logistical barriers requires local expertise (Autio et al. 2000). Similarly, alliances with established corporations are a way for startups to gain credibility and access to customer bases they would otherwise struggle to reach (Lange et al. 2023). Partnerships also enable startups to drive innovation by pooling knowledge and expertise. This collaborative innovation can result in new product development, process improvements, or market insights that enhance scalability. Barbero et al. (2011) highlight that partnerships with research institutions, technology providers, and even competitors can bring about innovative breakthroughs that can sustain firm growth. Entrepreneurial ecosystems support startups to build networks of external partners, including suppliers, distributors, and investors. These networks can be leveraged for mentorship, funding, market entry, and operational support (Autio et al. 2000). Startups embedded in strong ecosystems thus tend to scale faster, as they can tap into shared knowledge and resources (Lange et al. 2023).

Scaling operations involve developing internal processes and structures that can support growth without compromising efficiency. This aspect of scaling focuses on optimizing resources, automating internal and supply chain processes, and ensuring that the organization is prepared to handle increased market demand. For instance, startups must invest in scalable infrastructure that supports larger operations. In this context, technology adoption in internal processes has been identified as a critical enabler of operational scaling, particularly in sectors like e-commerce and software-as-a-service (SaaS). Automation tools, cloud computing, and data analytics have recently emerged as tools for streamlining workflows and managing complexity as organizations expand (Lange et al. 2023). Operational scaling also requires standardizing processes to maintain quality and efficiency. Startups must design repeatable and scalable processes for production, sales, and customer support. These processes should be robust enough to handle increased volumes while remaining flexible to adapt to market changes (Barbero et al. 2011). Managing human capital is a critical component of operational scaling. Hiring skilled employees and building cohesive teams are essential for supporting growth (Autio et al. 2000), and these efforts need to be aligned with organizational goals, ensuring that new hires contribute to scaling efforts rather than creating inefficiencies (Lange et al. 2023). Effective financial management also underpins successful operational scaling. Startups must balance the need for investment in growth with prudent cost control. Literature cautions against overextending resources, which can lead to cash flow challenges and jeopardize long-term sustainability (Barbero et al. 2011).

Finally, implementing proven strategic growth models allows startups to de-risk scaling by avoiding common issues and pitfalls. These models provide a roadmap for achieving growth, balancing risk, and aligning efforts across the organization. The lean startup methodology, popularized by Ries (2014), advocates for iterative experimentation and data-driven decision-making. Startups leveraging this approach can test assumptions, pivot quickly when necessary, and allocate resources effectively. Lean methodologies are particularly useful for identifying growth opportunities and mitigating risks associated with scaling (Lange et al. 2023). A focus on customer needs is integral to strategic growth models. Startups must prioritize customer satisfaction and loyalty as they scale, ensuring that growth does not come at the expense of the user experience. This involves continuous feedback loops, personalized engagement, and the development of solutions that address evolving customer demands

(Barbero et al. 2011). Scaling benefits from designing platforms or business models that benefit from network effects, where the value of the platform increases as more users join, creating a virtuous cycle of growth (Jansen et al. 2023). Platforms, in particular, allow startups to scale rapidly by leveraging user-generated content, peer-to-peer interactions, and data insights (Lange et al. 2023). However, scaling a platform requires critical mass, which can be achieved through strategic partnerships and targeted customer acquisition campaigns. In addition, because network effects fuel rapid growth, if the customer acquisition costs exceed the value received from each new customer, platforms can quickly escalate financial losses and can require large capital upfront to achieve profitability (Iansiti 2021). Finally, strategic growth models must incorporate dynamic capabilities—organizational processes that enable startups to adapt to changing environments. Research stresses the importance of agility in decision-making, resource allocation, and market response. Startups with strong dynamic capabilities are better equipped to navigate uncertainties and seize emerging opportunities (Barbero et al. 2011; Lange et al. 2023).

2.6 THE ROLE OF PUBLIC POLICY AND ENTREPRENEURIAL ECOSYSTEMS IN THE TRANSITION FROM STARTUP TO SCALEUP

There is an ongoing debate in the literature on how best to support startups in their scaling efforts through entrepreneurial ecosystems. This also encompasses policy measures that regions can identify and implement in their quest to pursue scaleups. In addition, the role of incubators, accelerators, and venture builders in creating scaleups is debated.

Entrepreneurial ecosystems comprise a network of interconnected actors and resources, including investors, mentors, advisors, academic institutions, and industry clusters (Cavallo et al. 2019). These ecosystems create an environment conducive to innovation and growth by enabling startups to access the financial, human, and intellectual resources they require to scale (Khalil and Olafsen 2010). A strong ecosystem fosters collaboration, knowledge transfer, and shared learning, which are indispensable for startup success (N. E. Coviello and Munro 1995). Government initiatives that address systemic barriers to growth and provide targeted support for high-growth firms play a pivotal role in fostering entrepreneurial ecosystems and scaleups. Policies that reduce bureaucratic hurdles, provide tax incentives, and offer grants or subsidies are instrumental in

creating a conducive environment for scaling (Djankov et al. 2002; Autio et al. 2014). For example, streamlined regulatory processes can significantly reduce the administrative burden on startups, allowing them to focus on growth. Similarly, tax incentives for investors and entrepreneurs encourage greater risk-taking and investment in high-potential firms (Wilson and Silva 2013).

Ecosystems also act as catalysts for innovation by facilitating knowledge transfer among firms. Proximity to other innovative companies, research institutions, and thought leaders enables startups to stay abreast of emerging trends and adopt best practices. Shared learning environments, such as conferences, workshops, and meetups, encourage collaboration and foster a culture of continuous improvement. The dynamic interplay of competition and cooperation within entrepreneurial ecosystems further accelerates the pace of innovation (Audretsch and Belitski 2017). Finally, strong ecosystems also provide access to a skilled workforce with technical, business, and entrepreneurial skills to support startup growth (Monteiro 2019). In this vein, policymakers can support scaleups by addressing issues such as talent shortages, infrastructure needs, and market access. For instance, programs that promote workforce development and skills training can help startups overcome talent shortages (Motoyama and Knowlton 2016). Investments in infrastructure—such as high-speed internet, transportation networks, and innovation hubs—further enhance the competitiveness and scalability of entrepreneurial ventures (Aschauer 1989; Chatterji et al. 2014). Public policy can also foster scaleups by encouraging cross-border collaboration and market access. Trade agreements, export promotion programs, and international partnerships enable startups to expand into new markets and tap into global opportunities. Such initiatives are particularly important for startups in small domestic markets seeking to achieve scale (OECD and Danish Business Authority 2013).

Access to financing is another area where public policy can make a difference. Government-backed loans, equity programs, and innovation grants may provide startups with the capital needed to scale, especially when they haven't yet reached the critical mass to be considered for private investments (OECD and Danish Business Authority 2013). These programs are particularly valuable for startups operating in capital-intensive industries or those pursuing disruptive innovations that require substantial upfront investment (Bertoni et al. 2019; Zhao and Ziedonis 2020). In addition, local ecosystems facilitate connections between entrepreneurs

and a variety of private funding sources (Cavallo et al. 2019). Angel investors, venture capitalists, and private equity firms often concentrate their activities within entrepreneurial hubs (Nanda and Rhodes-Kropf 2013), offering startups the financial resources needed to expand operations, develop new products, and enter new markets. Beyond capital, investors frequently provide strategic guidance and industry connections, helping startups align their scaling strategies with market opportunities (Mohr et al. 2014; Cavallo et al. 2019; Lange et al. 2023). Mentors and advisors within entrepreneurial ecosystems bring valuable experience and domain expertise to startups. They play a crucial role in navigating the uncertainties of scaling by helping entrepreneurs identify and address key challenges. Their guidance in areas such as leadership, operational efficiency, and market positioning is particularly important for high-growth firms seeking to avoid common pitfalls (Cavallo et al. 2019).

2.7 THE ROLE OF STARTUP SUPPORT ENTITIES IN THE TRANSITION FROM STARTUP TO SCALEUP

Among ecosystem actors important for creating scaleups, literature has also focused on specialized organizations that provide structured support to startups. These entities, such as incubators and accelerators, offer a combination of resources, mentorship, and strategic guidance tailored to the needs of young firms (Dee et al. 2011). Incubators offer a structured environment where startups can develop and refine their business models. These organizations provide physical space, shared resources, and access to professional networks, enabling startups to focus on scaling without being burdened by administrative and operational constraints (Aernoudt 2004). In addition, incubators and accelerators may provide tailored support for high-growth firms. This may encompass specific needs more closely related to scaling, such as navigating regulations and policies, managing innovation and intellectual property, and internationalization. More specifically, these support systems are often important in supporting scaleups to quickly identify relevant experts in the business landscape (OECD and Danish Business Authority 2013). Incubators also connect startups with early-stage investors, creating pathways to secure the funding needed for scaling (Clarysse and Bruneel 2007). Indeed, some authors specifically define incubators as “a process to support the development and scaling of growth-oriented, early-stage enterprises” (Khalil and Olafsen 2010, 2).

Regarding specifically accelerators, whose declared objective is to boost startup growth and expansion (Kondrak 2023), their primary influence on the survival and growth of new ventures is linked to the support services they offer, including educational programs, networking opportunities, mentorship, and entrepreneurial training (Gonzalez-Uribe and Leatherbee 2018). The training especially encompasses both training about how to navigate the startup world, but also what to do from a strategic perspective when confronted with decision-making (Cohen et al. 2019).

However, literature shows contradicting results on incubators boosting growth and scaling (Lukeš et al. 2019; Muathe and Otieno 2022). For instance, Stokan et al. (2015) conclude that incubators have a significant positive impact on job creation by startups, whereas Lukeš et al. (2019) find that incubation seems to boost sales revenues but not job creation in the long term. In addition, incubation seems to be becoming less efficient, with the cost per job created steadily rising since 2005 (Dee et al. 2011).

Indeed, before such support systems can be effective, a key question that remains unanswered is whether firms with high-growth potential can be screened and identified early on to maximize the efficiency and effectiveness of the resources allocated to their support (Dee et al. 2011). Criteria adopted by programs focusing on high-growth firms vary widely, including newness, size and past growth, estimated growth potential, R&D intensity, or explicitly defined growth strategy (OECD and Danish Business Authority 2013; Cohen et al. 2019). However, Freel (1998) concluded that startup performance can only be assessed ex-post, and any selected criteria will be arbitrary. This conundrum suggests that, rather than focusing on selection criteria, programs wishing to support scaleups may need to focus their efforts on the program design and the support provided, to ensure that potential scalers can fulfill their growth aspirations (OECD and Danish Business Authority 2013).

Currently, there are no peer-reviewed articles that specifically connect venture builders and scaling. However, case studies and anecdotal evidence are starting to emerge. This knowledge gap will be further addressed in Chap. 4 of the book.

2.8 MEASURING SCALING AND ASSESSING ITS IMPACT

Growth metrics are quantitative indicators that track the performance and trajectory of a startup as it scales. Accurate measurement and assessment of scaling impact are vital to understanding whether a startup is achieving

its goals effectively (Brown and Mawson 2013). However, there is a range of criteria used to depict and measure scaling that further adds to the uncertainty surrounding this phenomenon.

Revenue growth is one of the most popular indicators of a firm's scaling success, following its operationalization by the OECD (2021). Rapid revenue growth, for example, considering the Monthly Recurring Revenue (MRR) signals that a business is effectively capturing market demand (Blank and Dorf 2012). This may also be reflected in metrics related to the market share and its expansion. However, these metrics provide no immediate indication of whether the company is only growing rather than scaling, for instance, by adjusting pricing below sustainable levels (Coviello 2019).

Similarly, employment growth is another popular metric that highlights the ability of a startup to scale its workforce in line with its market expansion. According to industry reports, high-growth firms account for a disproportionate share of net job creation (Holzl 2014). Monitoring headcount increases can help evaluate whether a company's scaling trajectory aligns with its operational capacity. However, a rapid employment growth may reflect venture capital availability and inflated valuations rather than scaling capacity (Kuckertz et al. 2023).

Therefore, combining market share data with revenue and employment growth, instead of considering them separately, offers a first view of a startup's scaling trajectory and long-term viability.

While quantitative metrics provide a foundation, additional performance indicators offer a nuanced understanding of a startup's ability to sustain growth over time. These indicators often include profitability and operational efficiency. Profitability is a fundamental measure of financial health and a critical benchmark for scaleups. While early-stage firms may prioritize growth over immediate profits, sustained profitability is a hallmark of successful scaling and a reliable predictor of long-term survival and success (Holzl 2014). Operational efficiency measures a company's ability to deliver products or services effectively while minimizing costs. Scaling firms often face challenges in maintaining efficiency as they expand. Metrics such as cost per unit, production cycle times, and supply chain efficiency provide valuable insights into operational performance during scaling.

Quantitative metrics alone cannot capture the full scope of scaling impact. Qualitative metrics, for example, customer satisfaction, brand loyalty, and the scalability of business models, provide deeper insights into

the effectiveness of scaling strategies. Customer satisfaction is an important qualitative measure that reflects the perceived value of a company's offerings. High levels of customer satisfaction indicate that a firm is meeting or exceeding customer expectations, which is essential for building a loyal customer base (Sanasi et al. 2023). Regular feedback mechanisms, such as surveys and reviews, can help monitor customer satisfaction levels. Similarly, brand loyalty signals the strength of a company's relationship with its customers. Scaleups often invest in brand-building initiatives to foster loyalty and differentiate themselves in competitive markets. Positive brand perception enhances customer retention and contributes to long-term success (Jansen et al. 2023). Startups that excel in innovation are better positioned to navigate challenges and seize opportunities.

Evaluating the outcomes of scaling efforts requires a combination of ongoing performance reviews, scaling-readiness assessments, and strategic adjustments based on market feedback. Regular performance reviews help identify the strengths and weaknesses of scaling strategies. By analyzing key metrics and indicators, firms can determine whether their initiatives are yielding the desired results. This process also enables companies to benchmark their progress against industry standards (Lopez-Garcia and Puente 2012).

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The Venture Building Phenomenon

3.1 VENTURE BUILDER DEFINITION

The venture building model is the latest type of startup supportive organization to emerge in the entrepreneurial landscape. In contrast with traditional business incubation, acceleration, and venture capital programs, which support existing startups—that already have a founding team and an idea—with resources and networks, venture builders are concerned with creating new startups from scratch, starting only from an idea (Kohler and Baumann 2015; Pauwels et al. 2016; Mittermeier et al. 2022; Patel and Chan 2024). They represent an innovative approach to entrepreneurship. These entities systematically ideate, launch, and scale new ventures by leveraging shared resources, expertise, and infrastructure. As an emerging phenomenon, venture builders are subject to varying definitions and conceptualizations in academic and professional literature, reflecting the diversity of perspectives from which scholars and practitioners view them.

At their core, venture builders function as organizational entities dedicated to creating multiple startups from within. They are typically established, led, and financed by serial entrepreneurs who bring together teams of seasoned investors, skilled executives, and talented engineers. These teams collaborate closely to conceive, validate, develop, fund, and launch several promising new business ideas annually with a focus on effectiveness and efficiency (Hamida 2020). They often use a factory metaphor to symbolize the churning out of startups that they have “built,” over time through systematic and repeatable processes (Patel and Chan 2024).

The early venture building models probably drew upon the existing models used to create corporate spinoffs and to commercialize R&D exiting company labs, a common feature of pharmaceutical companies. Typically, pharmaceutical corporations would pinpoint a costly medical issue, assemble a team, secure funding, and acquire relevant patents to establish ventures focused on addressing the problem and related challenges (Bariller et al. 2018), creating a systematic and repeatable process. In the startup world, these systematic and repeatable processes can be traced back to Paul Graham's Y-Combinator, which, although not a venture builder in the strict sense, laid the foundation for more structured entrepreneurial ecosystems (Spigel et al. 2023). Graham's focus on small, rapid iterations to develop scalable startups has been cited as a precursor to the systematic approaches seen in venture builders. However, unlike Y-Combinator's reliance on external entrepreneurs, venture builders maintain control over the ideation and execution process (Graham 2012). Indeed, Kohler and Baumann (2015) describe venture builders as "organizational platforms that apply industrialization principles to the startup process," emphasizing the structured processes that allow for simultaneous scaling of multiple ventures. These structured processes often emerged from the experience of previously successful founders, who were the first to ideate and implement the venture building concept (Hamida 2020) and rely on the lifecycle model, often applied to entrepreneurship, to describe the venture building processes. Rocket Internet in Germany, the first European venture builder, epitomizes the "startup factory" adopting a copycat model, with a focus on rapidly replicating proven business models in emerging markets (Kohler and Baumann 2015; Baumann et al. 2018). Rocket Internet systematically assembles new ventures by procuring and combining essential components in-house. The firm identifies promising business models to "clone," adapts them for local markets, and builds teams from its talent pool of data-driven, execution-focused recruits, often business school graduates with consulting or finance backgrounds. With financial backing, off-the-shelf legal entities, infrastructure, and tailored IT systems, Rocket Internet enables new ventures to focus on execution while it handles administrative and operational tasks. The company's emphasis on operational scalability and speed differentiates it from other venture builders (Baumann et al. 2018).

In contrast, other researchers highlight venture builders as entrepreneurial ecosystems, focusing not only on the integration of digital tools and platforms to accelerate innovation, but also on the perspective that

venture builders attempt to recreate an ideal startup ecosystem with their own and their partner's resources (Mittermeier et al. 2022; Coelsch-Foisner et al. 2024). This perspective thus highlights the comprehensive approach and holistic nature of the services provided to transform an idea into a business, including financing, active participation in development, operation, and scaling (GreenTec Capital Partners 2024). Similarly, Patel and Chan (2024) focus on the capacity of the venture builder to support multiple startups internally, providing the entire ecosystem of investors, developers, and entrepreneurial skills, which are scaled across multiple ventures, thereby optimizing transaction costs that typically exist in other support models such as incubators and accelerators. These definitions operate from a resource-based perspective, describing venture builders as platforms that bundle critical entrepreneurial resources—capital, human talent, operational infrastructure, and strategic guidance—in a unique configuration that creates a competitive advantage.

The rapid growth of venture building models has created a plethora of different names, such as Business Builder, Company Builder, Startup Creation Venture, Startup Factory, Startup Foundry, Startup Nursery, Startup Studio, Tech Studio, Venture Building Company, Venture Lab, Venture Production Studio, Venture Studio (Gutmann 2018; Lawrence et al. 2019; Mittermeier et al. 2022). Some of these concepts are synonymous with venture builder, others, particularly the “startup studio,” are sometimes contracted with the original venture builder concept to indicate some nuances in how they perceive different model components. Below, we report some of the key differences highlighted by practitioners on these two models, although noting that many scholars still use them as synonymous.

In addition, venture builders often may seem to overlap conceptually with other entrepreneurial support entities, such as accelerators, incubators, and corporate venture capital. However, their distinguishing features provide a unique framework (Coelsch-Foisner et al. 2024), which will be clarified in the following paragraphs.

3.1.1 Venture Builders Versus Startup Studios

Venture builders and startup studios share the objective of generating successful startups; however, according to some scholars, they differ significantly in focus, idea generation, risk approach, investment model, revenue model, structure, and operational structure (Table 3.1). This distinction is

Table 3.1 Comparison between venture builder and startup studio characteristics

<i>Feature</i>	<i>Venture builders</i>	<i>Startup studios</i>
Primary focus	Internal ideation & execution, sometimes aligned with a parent company's goals	External collaboration with entrepreneurs to co-create startups
Idea generation	In-house development of startup ideas	A mix of in-house and external founder-driven ideas
Risk approach	Controlled risk, as ideas are internally developed and managed	Higher risk variability due to external partnerships
Investment model	Often backed by a parent company, retaining equity in created ventures	Operates with venture capital-style funding, sharing equity with startups
Revenue model	Equity stakes in ventures and strategic synergies with parent organizations	Relies on external investors and venture capital funding
Operational structure	Structured, top-down approach with predefined processes	Entrepreneurial, decentralized, and flexible culture

critical for navigating the entrepreneurial landscape or seeking to adopt these models for business growth.

According to some publications, the defining characteristic of a venture builder is its internal focus on ideation and execution, often aligned with a parent company's strategic goals. In contrast, startup studios are external-facing entities that collaborate closely with entrepreneurs to co-create startups. While some studios may also generate their own ideas, a significant portion of their model involves partnering with external founders—even without their own team—who bring novel concepts. Startup studios provide capital, mentorship, and infrastructure to accelerate the growth of these ventures.

A key operational difference between venture builders and startup studios is their approach to risk and investment. Venture builders tend to have a more controlled risk environment as they originate ideas in-house and maintain oversight throughout the venture development process. Their systematic approach often allows for better risk mitigation. On the other hand, startup studios assume higher variability in risk by collaborating with external entrepreneurs, whose ideas may be less aligned with the studio's core competencies.

Another significant distinction lies in their revenue models. Venture builders frequently derive income from equity stakes in the companies they create and may also benefit from strategic synergies with their parent organizations. Conversely, startup studios often operate with venture capital-style funding models, relying on external investors and sharing equity with their portfolio startups. Studer (2025) outlines that this funding model makes startup studios more sensitive to market dynamics and venture capital trends.

The cultural and organizational structures of venture builders and startup studios further distinguish these models. Venture builders typically operate with a top-down, structured approach where internal teams follow predefined processes to develop ventures. Startup studios, in contrast, often foster a more entrepreneurial and decentralized culture, conducive to experimentation. A report by the Global Startup Studio Network (Zasowski 2020) emphasizes the creative and dynamic environment fostered by startup studios.

Given these distinctions, it is essential for practitioners to consider the contextual factors influencing the adoption and success of each model. Industries with high regulatory barriers and complex value chains may benefit from the controlled and structured approach of venture builders, while rapidly evolving sectors such as technology and digital media may find the agile and collaborative nature of startup studios more advantageous. Understanding these models provides valuable insights for companies, investors, and entrepreneurs seeking to foster innovation and growth.

In the venture building literature, the distinguishing elements between venture builders and startup studios are included in the key features used to model different venture builders (Sect. 3.4). Therefore, we will refer only to venture builders, and the distinction between models will be provided by the configuration of the different features.

3.1.2 Venture Builders Versus Other Startup Supportive Organizations

Venture builders are sometimes equated with, or confused with, other startup supportive organizations (Moiana et al. 2024). However, research converges toward considering them as separate models.

Venture builders are often compared with accelerators, as they are both relatively newer entries among entrepreneurial support modalities (Kreusel et al. 2018; Bariller et al. 2018; Cohen et al. 2019; Moiana et al. 2024).

The first acceleration program, Y-combinator, was started in 2004. The term “acceleration” refers both to the speed at which startups emerge and operate (Shankar and Shepherd 2019) and the speed of change in the broader entrepreneurial context (Hutter et al. 2021). The programs typically use a lean methodology that compresses years of experience and best practices to fast-track startups’ entry into the market, aligning with sponsoring growth-related goals and outcomes (Dempwolf et al. 2014; Kanbach and Stubner 2016; Connolly et al. 2018). They thus intervene closer to the scaleup phase in offering acceleration and consulting services to existing startups aiming to scale their operations (Rathgeber et al. 2017).

While both accelerators and venture builders are designed to scale startups, a key distinction therefore lies in the source of ideation and the stage at which the organizations intervene in the startup process. Accelerators typically work with external entrepreneurs, providing a fixed-term program to refine and grow pre-existing ventures (Cohen and Hochberg 2014; Rathgeber et al. 2017). Venture builders, on the other hand, often ideate internally, leveraging proprietary research and market analyses, or incorporate ideas sourced externally but at a preliminary phase before the transition from invention to innovation has started (Blank 2022; Hamida 2020; Bariller et al. 2018). For example, the venture builder Antler bridges the gap between venture builders and accelerators by sourcing talented entrepreneurs and co-developing ideas with them (Oak 2024). This hybrid model challenges the traditional dichotomy between internal ideation and external entrepreneurship. They brand themselves as “day zero investors” to distinguish themselves from those programs, such as accelerators, incubators, and venture capital, that invest when the startup is more developed.

Regarding incubation, venture builders do not provide long-term physical resources or office space for startups, and concentrate on promoting business development through intensive, time-limited support (Miller and Bound 2011; Rathgeber et al. 2017). In this, they differ from incubators that focus on providing long-term nurturing for startups, often in physical spaces that facilitate co-working and collaboration (Clarysse et al. 2011). However, venture builders often maintain an ownership stake in the startups they build, ensuring a long-term commitment to their success (Bariller et al. 2018). In addition, incubators tend to take a small percentage of company shares, whereas venture builders usually hold a majority stake (Gutmann 2018).

The venture builder model also differentiates itself from other approaches through its distinct risk preferences among entrepreneurs and investors. Unlike traditional venture capital, which relies on a few exceptional successes to generate returns, venture builders typically involve lower risk and commitment due to their flexibility in reallocating resources and pivoting between projects. This adaptability appeals to entrepreneurs seeking diverse entrepreneurial experiences rather than committing to a single idea. Indeed, according to venture studios' research, those who apply to be CEOs of new firms stemming from venture builders are keen to solve a particular problem and willing to engage with venture builders as a means to accelerate the commercialization of solutions (Moran 2022). Compared to corporate accelerators and incubators, which offer structured safety nets and milestone-based funding, venture builders are less risk-averse and provide a more dynamic environment for venture creation (Bariller et al. 2018).

Finally, we address the potential overlap between venture capitalists and venture builders, which stems mostly from both models providing funding to startups (Blank 2022). However, the two entities have different roles in the startup's lifecycle. Venture capitalists provide mainly funding, as well as some support in terms of networking and strategic direction in the form of board membership. They address later stages, once the startup has been created and tested in the market (Hellmann and Thiele 2015; Wang 2024), while venture builders intervene at the very beginning, when the startup does not yet exist, and are heavily involved in the daily operations and execution (Bariller et al. 2018; Bentvelsen 2022; Coelsch-Foisner et al. 2024; Moiana et al. 2024). For this reason, while venture builders monetize their investment through the equity they own in the startups they create, venture capitalists invest in high-growth startups and exit through acquisitions or IPOs (Bariller et al. 2018; Gutmann 2019).

Therefore, venture builders fulfill a new purpose within entrepreneurship support, which has been named "organizational co-founding" (Coelsch-Foisner et al. 2024, 3) and which makes them a distinctly recognizable entity with respect to all other models (Bariller et al. 2018; Hamida 2020). Some authors go even further, stating that venture builders go beyond startup supportive organizations, because of their active role in co-founding and developing the startups (Moiana et al. 2024).

3.2 THE EMERGENCE OF VENTURE BUILDING

The origins of the venture builder phenomenon can be traced back to the mid-1990s in Silicon Valley, where Bill Gross founded Idealab in 1996 (Moiana et al. 2024). Gross envisioned Idealab as a dedicated space where innovative ideas could be explored and transformed into companies. Idealab pioneered a model that focused on generating ideas internally, testing their viability, and then launching them as separate entities (“Idealab,” n.d.).

In the late 2000s, the success of Idealab inspired a first wave of organizations to adopt and adapt the venture builder model (Moiana et al. 2024). These first venture builders capitalized on digital technologies and scalable business models (Réseau Capital 2023). For example, Rocket Internet,¹ founded in Berlin in 2007, focused on replicating successful business models from the USA and rapidly scaling them in emerging markets. The company became a launchpad for numerous successful ventures, including Delivery Hero, Zalando, and Jumia. Meanwhile, Betaworks² in New York City emerged as a pioneer in the digital media and technology space, creating companies such as Giphy and Bitly.

As the venture building model gained notoriety, the early 2010s saw a rapid increase in the number of venture builders across the world. By 2015, there were more than 65, with 17 founded since 2013 (Chernova 2015). This marked a significant shift as more investors and entrepreneurs, also thanks to the emergence of accelerators, recognized the value of a systematic approach to startup creation. The venture builder model offered a compelling solution to some of the inherent challenges of entrepreneurship, such as resource constraints, market validation, and the high failure rate of early-stage companies (Miller and Bound 2011; Sgambati 2022). The rapid expansion of venture builders continued into the late 2010s and early 2020s. By 2022, the number of venture builders had surged to more than 720 globally (Celen 2022). By September 2024, this number was estimated at 1107 (Malyy and Pog 2024a), with 427 of them established in the preceding six years (Schulpen 2024). This third wave sees increasing differentiation in venture building models and experimentation on different formats (Réseau Capital 2023); however, it is also a

¹<https://www.rocket-internet.com/>

²<https://www.betaworks.com/>

time of consolidation, as more venture builders are being shut down than new venture builders opening (Malyy and Pog 2024a).

The rapid expansion of venture builders highlights their perceived effectiveness in creating successful startups and their ability to adapt to changing market conditions. This growth was driven by several factors, including increased access to technology, the rise of remote work, and the growing appetite for innovation across industries (Lawrence et al. 2019).

The USA, a globally recognized hub for entrepreneurship, has emerged as a major hub for venture builders. Together with Europe, it hosts almost 70% of all venture builders worldwide (Malyy and Pog 2024a).

In Europe, the venture builder ecosystem has also flourished, with Germany, France, and the UK leading the way. In addition to the previously mentioned Rocket Internet, other prominent European venture builders include Hexa³ (previously eFounders) in France, which specializes in Software-as-a-Service startups, and Entrepreneur First⁴ in the UK, which focuses on assembling teams of talented individuals to create technology companies from scratch. The European venture builder landscape has been marked by a diverse range of industries and a strong emphasis on collaboration with corporate partners. By 2019, Europe had already caught up with the USA in terms of the number of venture builders, and these had collectively raised as much venture capital as was available to traditional startups exiting accelerators (Alhokail et al. 2019).

Asia has seen a remarkable rise in venture builders, particularly in countries such as China, India, and Singapore (IMS Digital Ventures 2021; Startup Studio Insider 2023; Taufik 2023). In China, the venture builder model has been embraced by organizations such as Integrated Management Systems (IMS Digital Ventures 2021; Malyy and Pog 2024b), a digital transformation company that also supports its customers in creating ventures. Another example is 36Kr,⁵ which runs a startup accelerator, co-working space, and media platform. It specializes in nurturing companies in the consumer internet, enterprise software, and fintech sectors. India has also witnessed the growth of venture studios, with examples such as Antler India,⁶ a venture capital company who has created a venture builder

³ <https://www.hexa.com/>

⁴ <https://www.joinef.com/>

⁵ <https://www.36krglobal.com/>

⁶ <https://www.antler.co/location/india>

to nurture its investment pipeline (Oak 2024), Axilor Ventures,⁷ founded by previous Infosys co-founders, and T9L⁸ in Mumbai, have played a pivotal role in nurturing early-stage companies. Singapore has also emerged as a regional hub for venture building, thanks to its strategic location, supportive government policies, and vibrant startup ecosystem (Startup Studio Insider 2023).

The Latin American startup ecosystem has also seen venture builders becoming a rising trend. Although the region's studio landscape is less developed compared to the USA and Europe, several notable players have emerged. Magma Partners,⁹ present in Mexico, Chile, Colombia, and Argentina, as well as the USA, supports B2B, fintech, and insurtech ventures. In Brazil, Superjobs¹⁰ has made its mark by focusing on HR and recruitment (Startup Studio Insider 2023).

Africa, though relatively new to the venture builder scene, has shown increasing interest. The continent's growing tech ecosystem and increasing access to mobile technology have created fertile ground for venture builders such as Founders Factory Africa,¹¹ with hubs in Johannesburg, Nairobi, and Lagos, which partners with corporates to create and scale tech startups, and GreenTec Capital,¹² which operates across the continent, focusing on sustainable and impact-driven ventures. These organizations aim to play an important role in addressing local challenges through technology and innovation.

The current landscape of venture builders underscores their growing importance in the global startup ecosystem (Alhokail et al. 2019, 2023). According to recent estimates, these venture builders combined have launched over 1700 entrepreneurial ventures (Patel and Chan 2024).

Looking ahead, the future of venture builders appears promising. As technology continues to evolve and new market opportunities emerge, venture builders are well-positioned to drive innovation and create value (Sgambati 2022). Indeed, the myriads of ways in which venture builders are being implemented internationally offer a useful set of experiments to identify the best support systems to systematically create and scale startups. However, the decrease in absolute numbers (Malyy and Pog 2024a)

⁷ <https://www.axilor.com/>

⁸ <https://www.t9l.com/#about-us>

⁹ <https://magmapartners.com/>

¹⁰ <https://superjobs.vc/>

¹¹ <https://foundersfactory.com/>

¹² <https://www.greentec-capital.com/>

may point to a first wave of disillusionment with the model, and an increasing urgency to identify key success characteristics and the relevant boundary conditions for new venture builders to thrive.

The characteristics that define venture builders have remained mostly consistent across regions. They typically follow a systematic approach to generating and developing business ideas internally. This involves identifying market opportunities, testing concepts, and rapidly iterating until a viable product or service is created. Once a concept is validated, the venture builder provides the necessary resources, including funding, mentorship, and operational support, to accelerate growth (Bariller et al. 2018; Coelsch-Foisner et al. 2024; Patel and Chan 2024). However, this proliferation of venture builders has created a large heterogeneity in the actors who are engaging in venture building, including venture capitalists and business angels (Bariller et al. 2018; Hamida 2020), private companies or corporations (Bariller et al. 2018; Peter 2018; Gutmann 2019; Fischer 2020; Frick and Meusburger 2021; Mittermeier et al. 2022; Hafner and Sabzevari 2023; Pillay 2024), universities (e.g., MIT's Proto Ventures,¹³ Stanford's Venture Studio,¹⁴ and the GRIP program from Nanyang Technological University in Singapore¹⁵), and government actors (e.g., the Homeland Security Startup Studio¹⁶ or FedTech Startup Studios¹⁷). Recently, venture builders such as GowValley¹⁸ have been created using public-private partnerships between government actors and entrepreneurial actors (Jamal 2025). In addition, a venture-builder-as-a-service model has emerged, mainly catering to established enterprises who are willing to outsource the venture building process, providing problems and technologies for the venture builders to invest in and work on (Bariller et al. 2018). Adopting this model are established consultancy companies that see business opportunities to combine their expertise in business with private firms' industry and domain expertise, such as the venture building arm of the Boston Consulting Group called BCG Digital Ventures,¹⁹ or groups of individuals with strong startup expertise like in the case of

¹³ <https://protoventures.mit.edu/>

¹⁴ <https://www.gsb.stanford.edu/experience/learning/entrepreneurship/beyond-classroom/venture-studio>

¹⁵ <https://www.ntu.edu.sg/innovates/venture-building-programme>

¹⁶ <https://www.dhs.gov/science-and-technology/homeland-security-startup-studio>

¹⁷ <https://www.fedtech.io/startup-studios>

¹⁸ <https://www.gv.studio/>

¹⁹ <https://www.bcg.com/x/>

Venture Bottega,²⁰ an Italian venture builder created by a multidisciplinary group of experts in technology, innovation, and entrepreneurship.

These different venture builders encompass a variety of design features that differ according to the vision, strategies, and objectives of their founders, i.e., what kind of support the company-builders provide to whom (Alhokail et al. 2019; Szigeti 2019; Mittermeier et al. 2022). These different models may have an impact on the growth rates and the ambitions of startups that are born through the venture building model, thus impacting the number of startups and scaleups that can emerge and thrive in the market (Cohen and Hochberg 2014; Patel and Chan 2024).

3.3 ENABLING FACTORS FOR VENTURE BUILDING PERFORMANCE

Having examined the expansion of venture builders across the world, it's paramount to identify which factors drive the performance of venture builders. Literature indicates that venture builders are designed to de-risk the entrepreneurial process in several ways.

Venture builders may generate ideas internally, but especially validate ideas internally, allowing for greater control over the development process and customization to meet each startup's specific needs (Tariq and Gaare 2024). In addition, studies highlight venture builders' ability to identify and validate business ideas more efficiently than traditional startups. They excel in idea validation and market research, enabling them to pivot quickly and reduce the time between ideation and product launch. This ability is highlighted when serial entrepreneurs with previous exits are involved in entrepreneurship, and more specifically when they have previous experience in testing, launching, scaling, and exiting companies (Anderson 2023).

The startup stage follows rigorously outlined processes, where the venture building team supervises and actively engages with the startups through thorough idea and solution validation steps to mitigate potential failures and de-risk the startup process (Sgambati 2022; Anderson 2023; Patel and Chan 2024). Following proven entrepreneurial strategies such as the lean startup methodology or a stage-gate process with multiple reviews helps to keep the startups on track toward achieving product-market fit (Kohler and Baumann 2015). Repeatable processes and “playbooks” covering market research, product development, branding, and

²⁰ <https://www.venturebottega.com/>

go-to-market strategies allow standardization and quick replication of successful models, accelerating time to market and increasing the chances of success (Mittermeier et al. 2022; Abreu and Dario 2021).

The venture building team is also directly involved in the ventures, taking a hands-on approach, utilizing in-house resources, human capital, and networks to manage ventures from start to finish. This active involvement contrasts with the more passive support offered by traditional entrepreneurial support organizations like accelerators and incubators (Tariq and Gaare 2024; Moiana et al. 2024). The longer this operational involvement (Moedt et al. 2024, 2), the more consistent the created venture growth.

Venture builders use rigorous screening procedures and focus on team composition, which are essential for improving startup performance (Tariq and Gaare 2024). They may cultivate large talent pools that they can draw on to build capable teams for each startup idea. Building several ideas at a time in a repeatable fashion improves resource allocation for talent and capital, which can be redistributed between different startups as the projects advance and either fail, pivot, or continue. This may soften the stigma of failure (Bariller et al. 2018) thereby encouraging more innovative bets as it allows for quicker experimentation (Bariller et al. 2018; Patel and Chan 2024).

Another key characteristic of venture builders is their focus on portfolio diversification. By developing multiple startups simultaneously, they spread risk and increase the likelihood of improving startup performance. Venture builders thus create an environment for experimentation, emphasizing learning from failure. Systems are put in place to quickly shut down failures and recycle resources and talent (Blank 2022; Cohen et al. 2019).

In addition to the team, which is an essential resource for any startup's success, venture builders also provide financial resources, attracting them both through their network and through their reputation in the funding (and founding) landscape. A study found that venture builders typically procure higher amounts of seed funding for their companies, compared with traditional venture capital, incubators, and accelerators. The range of funding amounts is also wider, suggesting that venture builders' high involvement in the ventures enables them to personalize investments and target the correct amount to each startup, resulting in a higher efficiency in managing their funding (Malyy and Pog 2024b).

By implementing these strategies, venture builders aim to reduce the uncertainties and risks typically associated with launching new ventures.

3.4 THE VENTURE BUILDER MODEL FEATURES

Scholars and practitioners are still attempting to identify the core elements of its organization and success, resulting in several attributes selected to distinguish or categorize them. First, Alhokail et al. (2019) identified six dimensions that can be used to describe different archetypes that have emerged over the years. These six dimensions are named focus, idea, guild (which we rename “service package” for clarity), volume, funding, and control. These preliminary elements are further refined by Mittermeier et al. (2022) through a series of interviews with 20 digital venture builders, creating a detailed analytical framework to map their differences (Fig. 3.1). The analysis is organized across three primary dimensions: “Who,” “How,” and “What.” Each of these dimensions encompasses several sub-dimensions that illustrate the unique characteristics of venture builders, which partially overlap with Alhokail et al.’s model. In particular, the analytical framework also considers the focus, the ideas pursued, the service package, and the governance. In the idea component, they introduce an interesting angle, considering the degree of innovativeness of the ideas that varies from core improvements to transformational initiatives. In addition, they consider the type of startups created and the corresponding exit strategies that the venture builder may adopt in each case. From these two models, we thus distill seven variables named focus, idea, service package, volume, funding, control and governance, and output and report the key choices and tradeoffs that venture builders operate in each dimension.

3.4.1 *The Focus*

Venture builders can choose to operate across many or a few different sectors, business models, or customer groups. The first approach is called the “generalist,” while the second is called “specialist” (Alhokail et al. 2019; Moiana et al. 2024). The first approach creates a critical mass of diversified investments that can mitigate overall risk, while the second approach benefits from a strong specialization of resources and know-how that leads to synergies and economies of scale that can be exploited by all startups in the program. In addition, focus helps to establish targeted networks, as well as enabling them to leverage past expertise and better pinpoint market needs. The second approach relies on having a very strict playbook and structured processes, which are where ultimately the benefits will accrue across multiple startups (Alhokail et al. 2019; Moiana et al. 2024).

Support Dimension		Characteristics								
WHO	Type of Entrepreneur	 <i>Visionary</i>		  <i>Mature</i>		 <i>Intrapreneur</i>				
	Main Supporting Logic	  <i>Incubation</i>		  <i>Excubation</i>		<i>Consultation</i>				
HOW	Degree of Supporting Service	 <i>Essential</i>		  <i>Extended</i>		 <i>Full</i>				
	Governance Structure	 <i>Market-like</i>		  <i>Hybrid</i>		 <i>Hierarchy-like</i>				
	Degree of Standardization	 <i>Low</i>		 <i>Medium</i>		  <i>High</i>				
	Main Type of Routine	 <i>Partnering</i>		 <i>Accelerating</i>		  <i>Innovating</i>				
	Main Value Proposition	 <i>Entrepreneurial Know-How</i>		 <i>Entrepreneurial Ecosystem</i>		 <i>Leveraging Corporate Assets</i>		 <i>Innovation Insourcing</i>		
	Main Role of TT in entrepreneurial operations	<i>Facilitator</i>		<i>Mediator</i>		<i>Outcome</i>		    <i>Ubiquity</i>		
	Level of Innovation Newness	<i>Core</i>			   <i>Adjacent</i>			 <i>Transformational</i>		
	Domain of Innovation Newness	 <i>Opportunity-Driven</i>			 <i>Market-Driven</i>			  <i>Tech/Topic-Driven</i>		
WHAT	Main Nature of Business	  <i>Digital Technology</i>				  <i>Digital Business</i>				
	Locus of Opportunity	 <i>Founder/and or DCB</i>		 <i>Mostly DCB</i>		  <i>DCB and Corporate</i>		<i>Mostly Corporate</i>		
	Main Output	  <i>VC Case: New Venture</i>			 <i>New Business Unit/Venture</i>			 <i>Not Fixed</i>		
	Selective Codes		Axial Codes							
 Founder-centric DCB  Portfolio-centric DCB  Industry-centric DCB  Corporate-centric DCB										

Fig. 3.1 Taxonomy of digital venture builders. Source: (Mittermeier et al. 2022)

First, venture builders can decide whether to operate across a broad spectrum of technologies and markets, or they may operate vertically in a specific sector or on a specific technological solution (e.g., Artificial Intelligence or Deep Tech). In addition to the sectoral focus, venture builders have also specialized in specific business models, such as software-as-a-service, or have targeted specific markets to exploit commonalities in marketing and sales (Moiana et al. 2024). Venture builders report having struggled in defining this perimeter, with some reflecting on potentially refocusing their efforts on a single industry, also to facilitate network-building for startup exit (Bentvelsen 2022).

If the venture builder decides not to focus on the above parameters, it will often specialize in the startup process itself, which is more akin to the accelerator model. The approach that the venture builder uses for the actual creation of the startups, also referred to as the playbook, can constitute a key asset in the startup's creation, especially when the founders are external and may lack entrepreneurial capabilities (Szigeti 2019; Moiana et al. 2024). The degree of standardization in the venture creation process ranges from low to high. High standardization ensures speed and efficiency, while lower levels of standardization allow for deeper ideation and customization (Mittermeier et al. 2022). Several authors focus on the steps that venture builders undertake to create and nurture startups. One model categorizes the venture building process into five steps: ideate, validate, create, portfolio, and scale (Bentvelsen 2022). Ideation involves creating an idea for a venture, investigating its merit, and defining the value proposition. Validation involves mapping out early product or service specifications and obtaining evidence that the idea is valid. The venture builder then proceeds to create the first product with necessary specifications to provide value. The portfolio stage encompasses building a diversified portfolio of companies to nurture and, finally, the scaling phase involves growing the company.

Another model divides the process into seven stages as follows (Rathgeber et al. 2017): First, the business project is aligned with the venture builder's focus and defining framework conditions. Then, customer problems are identified, and business model hypotheses are developed. Next, the venture builder is concerned with validating assumptions and hypotheses with potential customers, followed by building a minimum viable product, recruiting a founding team, and scaling up the business. Finally, further financing or an exit is pursued.

By focusing on the startup creation process and its optimization, venture builders thus systematically de-risk the startup creation process, and therefore ensure that there is an efficient path to identifying ideas which have a proven product-market fit in a promising market (Szigeti 2019; Moiana et al. 2024).

3.4.2 *The Idea*

Idea generation is a critical component of the business model of venture builders. Sourcing might be done externally or internally (Bariller et al. 2018; Moiana et al. 2024).

Internal sourcing, also called team-driven, may be based on the venture builders' expertise, often employing specialized employees—which may overlap with the founders—to generate new ideas (Moiana et al. 2024; Coelsch-Foisner et al. 2024). This sourcing is very often problem-driven, i.e., based on trying to solve specific industry or consumer problems (Bariller et al. 2018; Coelsch-Foisner et al. 2024) and is less structured and more intuition-based than external ideation (Bariller et al. 2018). In corporate venture builders, which use only internal ideation, this is achieved by encouraging the employee base of the company to come up with solutions that may strengthen the company's market position and financial sustainability (Rathgeber et al. 2017). The level of innovation present in the ideas may vary from core improvements to transformational initiatives. Core-focused ventures seek to enhance existing corporate operations or products, while transformational initiatives aim to create entirely new business models and markets (Mittermeier et al. 2022).

External idea sourcing may take several forms. It too is often problem-driven, in this case receiving input from external partners, corporations, and universities (Coelsch-Foisner et al. 2024). In innovation-driven search, venture builders network and scan the external environment for mature scientific research from universities, hospitals, and research centers (Bariller et al. 2018; Coelsch-Foisner et al. 2024), or scan the market for the best ventures to produce a copycat (Sgambati 2022; Moiana et al. 2024). This requires active scanning capabilities and the cultivation of relationships with a network of researchers and their institutions (Bariller et al. 2018).

In the external case, the venture builder may also seek out or employ a specific type of entrepreneur. Visionary founders are driven by personal ideas and seek environments that offer essential resources and strategic guidance to push their ideas to market. Mature entrepreneurs are individuals who have prior experience in founding startups but may now seek stability due to personal or family commitments and thus may adhere to venture builders as entrepreneurs-in-residence. Finally, intrapreneurs are corporate employees capable of driving and managing the creation of new ventures within an established company. They often have decision-making authority and access to company resources, making them well-positioned to bring new business ideas to life (Mittermeier et al. 2022).

Once an idea has been identified, it also needs to be evaluated before being ultimately selected to join the venture builder's cohort. Venture builders generally use a phased evaluation process to determine idea

viability, comprising an analysis of market demand, technical feasibility, and the competitive landscape (Coelsch-Foisner et al. 2024), but they also evaluate the fit with the venture builder's strategic focus and outlook (Hafner and Sabzevari 2023; Gutmann 2018). To do so, they often use proven managerial methodologies such as rapid prototyping or the lean startup method. Underscoring the importance of this ideation phase, a venture builder reportedly took 13 weeks only to evaluate the idea before further pursuing its development (Coelsch-Foisner et al. 2024).

3.4.3 *The Service Package*

The Service Package comprises all the infrastructure, staff, and services that venture builders supply to their startup companies. It includes the entrepreneurs-in-residence and team members who will form the core of the new ventures, technological know-how, financing, and physical spaces (Alhokail et al. 2019; Mittermeier et al. 2022). The degree of supporting service provided by company builders varies significantly. At one end of the spectrum, essential support includes basic services such as office space, infrastructure, and limited consulting. At the other end, full support includes comprehensive venture-building teams consisting of venture architects, UI/UX designers, and operational experts (Mittermeier et al. 2022).

First, venture builders assign a strong importance to the team, devoting considerable resources to not only recruiting or headhunting individuals who can take the lead in the startups but also recruiting team members with specialized know-how to form a complete and cohesive startup team. The venture builder founders themselves may take an active and leadership-oriented role in most of the startups, especially if they are serial entrepreneurs (Hamida 2020; Tariq and Gaare 2024). Among the competences offered, the venture builders often point to functional competences such as sales, web design, marketing, engineering, business, and industry knowledge (Coelsch-Foisner et al. 2024). In addition to team members who cover essential company expertise, venture builders may provide access to lawyers, accountants, human resources, and experts who may need to be consulted on an irregular basis by the companies (Rathgeber et al. 2017; Baumann et al. 2018; Hamida 2020).

Networks comprised other incubated startups and experts are also part of the support offered to startups, which can leverage these for learning and resource acquisition (Hamida 2020; Tariq and Gaare 2024) as well as using them to identify co-investors (Baumann et al. 2018).

The service package often also comprises tools and systems that may help the startups support their business growth, e.g., e-commerce tools or CRMs (Bariller et al. 2018), and physical spaces (Baumann et al. 2018; Hamida 2020).

The Service package may be shared horizontally between different startups in the portfolio to increase cost-effectiveness, or it can be distributed vertically for each business. For instance, Rocket Internet had a common IT service and common IT platforms that could be deployed across different startups to support different digital business models (Baumann et al. 2018). Corporate venture builders also use the corporation's resources at the service of newly built startup companies (Hafner and Sabzevari 2023).

It's important to highlight that while most venture builders advertise the service package as one of the advantages of entering their program, other venture builders believe that being too generous with the service package could ultimately result in startups that are not self-sufficient once left to provide for themselves, and thus prefer to offer fewer, essential resources rather than a broad package (Rathgeber et al. 2017).

3.4.4 *The Volume*

Startup studios can develop a few or many businesses concurrently (Meijer 2019; Moiana et al. 2024). This is one of the most challenging choices to make when designing a venture builder's business model. On the one hand, undertaking a small number of ventures lessens the benefits and the synergies of the studio model, while on the other hand, overseeing too many initiatives concurrently degrades both the quality and number of human resources available to the service package for individual ventures. As a result, being able to balance resources and the number of ventures is a key success factor for startup studios (Alhokail et al. 2019; Moiana et al. 2024). Several studies found that most venture builders will work on between one and eight startups at a time, but often ultimately bring less than four all the way to market (Moiana et al. 2024; Patel and Chan 2024). However, some venture builders reported creating up to 20 ventures per year (Bariller et al. 2018; Gutmann 2019).

The more experienced venture builders tend to attempt raising the number of startups created per year over time; however, those venture builders who maintain high equity stakes in the startups tend to keep the numbers smaller (Moiana et al. 2024).

3.4.5 *The Funding*

Venture builders use various funding sources for their ventures, namely, founders' wealth, other venture investors, family offices, and corporate investors, venture capitalists and business angels, and government entities (Bariller et al. 2018). Regarding the venture builders that are created by serial entrepreneurs, often they rely on their personal wealth that they reinvest in the startups created (Bariller et al. 2018). Hybrid solutions are, however, common, with external partners piggybacking onto the funding that the venture builders make available for the startups. This can occur in both private venture builders and company venture builders (Bentvelsen 2022; Pillay 2024). As external sources, the venture builders may rely on venture capital, business angels, and family offices (Bariller et al. 2018; Coelsch-Foisner et al. 2024). Some venture builders, especially in the early years, reported difficulties in obtaining institutional investments from the venture capital sphere (Bariller et al. 2018). However, the success of venture builders is now encouraging venture capitalists to create their own (Hamida 2020), which constitutes a sign of mainstream acceptance of the model also within this category. As additional external funding sources, corporate investors tend to fund venture builders with a strong focus on their industry (Bariller et al. 2018). Finally, some venture builders are also supported by governmental entities (Coelsch-Foisner et al. 2024).

Not all venture builders raise funds before deciding which startups to invest in. In some cases, the funding structure is decided on a case-by-case basis, with different funding partners according to the startup idea pursued (Bariller et al. 2018).

Finally, venture builders don't always raise the funding themselves, but may be a "dual entity" relying on external entities, that follow a similar structure to venture capital funds, to collect capital to invest in the startups they create (Moiana et al. 2024).

3.4.6 *The Control and Governance*

Venture builders use two main mechanisms to exert control over the startups they create, namely, through equity stakes and active involvement in strategic decision-making (Coelsch-Foisner et al. 2024).

Venture builders typically retain an equity stake in their ventures, which is commensurate with their co-founder role (Coelsch-Foisner et al. 2024; Patel and Chan 2024). The percentage of equity taken can vary but is typically in the high range with respect to other forms of entrepreneurial

support. Malyy and Pog (2024a) find ownership stakes ranging from 5.5% to 36%. Vault Fund reports identifying ownership stakes between 21% and 43% (Anderson 2023), Coelsch-Foisner et al. (2024) report equity stakes from 30% to above 50%, Patel and Chan (2024) report stakes between 30% and 80%, while Moiana et al. (2024) have found equity stakes ranging from 15% to 90%. In general, when internal ideation takes place, venture builders will retain higher proportions of equity to reward the conceptualization, whereas they may share this when providers of external ideas are present who bring their valuable intellectual property to the venture (Coelsch-Foisner et al. 2024).

Venture builders have different rules governing the equity they hold in startups, according to their coaching intensity and required degree of control. Venture builders who own significant amounts of equity also have higher control over their startups' strategic decisions and may coach the startup for longer periods, even beyond graduation from the venture builder program itself (Rathgeber et al. 2017; Moiana et al. 2024). This high level of control allows venture builders to steer the startup's direction, implement best practices, and leverage the studio's resources and expertise to improve the chances of success (Coelsch-Foisner et al. 2024).

Regarding decision-making, the operational and governance structures employed by company builders determine how ventures are supported and guided. Governance structures range from market-like forms, where entrepreneurs maintain ownership of key assets and make independent decisions, to hierarchy-like structures, where decision-making authority resides with superiors, including the venture builder itself, or the parent company in case of corporate venture builders (Mittermeier et al. 2022).

3.4.7 *The Output*

Finally, the main output of company builders can take different forms. Venture capital backed new ventures, new business units, or ventures for existing companies, or other forms that may evolve based on market dynamics (Mittermeier et al. 2022).

3.5 VENTURE BUILDER ARCHETYPES

Based on the elements in the previous paragraph, researchers have attempted to distinguish different archetypes of venture builders. Several authors have attempted simple distinctions based on a few categorizations.

Others have attempted to create a holistic description of the different models present, based on in-depth interviews and multiple case studies.

First, Mocker and Murphy (2014) distinguish three different venture builder types based on the funding sources and the type of support offered to nascent ventures. The “operator” model is self-funded by experienced entrepreneurs and focuses on developing ventures from internal ideas, the “agency” model is funded by external customer contracts but tends to use internal resources for the creation of the ventures, while the “VC” model is funded by venture capitalists and provides many more resources internally such as functional expertise and office space. Along the same lines, Bariller et al. (2018) try to distinguish between the mission of the venture builders, on the one hand, placing the “pure-play” models whose mission is solely to create new ventures, and more “hybrid” forms that have emerged from venture builders or incubators integrating vertically, or those initiated by corporations and consulting companies (the as-a-service model) as a complement to their existing business models.

Alongside these initial thoughts, other authors have explored more process-oriented modeling, such as the input-process-output methodology to evaluate how venture builders operate (Moiana et al. 2024). The inputs include the idea source and the focus of the venture builder, which ranges from specialist to generalist. “Specialists” may focus on specific technology, industry, business model, revenue model, or target customer, concentrating expertise and pursuing economies of scale. “Generalists” may accept ideas from several or all these domains but, in contrast, often have stricter processes in place on how to create the ventures in a repeatable manner, thus achieving efficiencies across the creation process rather than the required knowledge bases. Within the process, an important first aspect is the degree of control that the venture builder exerts over the startups it creates, which is very closely related to the other two aspects, namely, the funding structure and the revenue generation logic. Finally, the outcome refers to the new ventures created and their performance.

Two further models, based on a series of in-depth interviews and desk research, take opposite approaches. The first starts from the nature of the founding entity of the venture builder and examines how these entities operate with respect to key features of venture builders, identifying four types of founder-based archetypes (Belingheri and Lechner 2024). The second one, instead, groups digital venture builders according to their characteristics and identifies four archetypical clusters that make similar choices in terms of their inputs, operations, and outputs (Mittermeier et al. 2022).

3.5.1 *Founder-Based Venture Building Archetypes*

Recognizing that there are different types of founding entities for venture builders, the following description attempts to distill key differences in venture-building archetypes, grouped by founder type. It explores venture builders set up by universities, institutions, corporations, and venture capitalists or business angels. The models were derived from a series of 6 in-depth interviews and desk research on a further 34 venture builders. The venture builders used to create these models reside across Europe, in both highly innovative and low innovative regions. They typically concern high-tech industries and digital technologies, although there are also some generalists that have no particular focus (Belingeri and Lechner 2024).

Venture builder archetypes vary significantly depending on the type of entity leading the initiative, with universities, institutions, corporations, and venture capitalists each adopting distinct approaches. Universities prioritize high-volume venture creation with a focus on student-led innovation, while institutions facilitate regional entrepreneurship without exerting direct control. Corporations leverage internal talent and resources to develop strategically aligned startups, emphasizing quality over quantity. Venture capitalists and angel investors, on the other hand, take a hands-on, sector-specific approach, prioritizing financial returns and long-term support. Collectively, these models illustrate diverse pathways through which venture builders intervene in the startup building process.

3.5.1.1 *University Venture Builders*

University-led venture builders primarily draw on their internal communities, forming teams composed of students, researchers, faculty, and alumni. Unlike other venture builder models, universities do not typically provide external or expert CEOs and key personnel. They also exercise no direct control over the startups they create. The idea generation process is largely internal, with students playing a leading role in developing concepts. While universities provide limited financial support—typically in the form of small grants or awards, sometimes in collaboration with external partners—they focus on high-volume venture creation, accommodating numerous entrepreneurial students. These programs generally culminate in a final competition, where the most promising ideas and executions are recognized. As multidisciplinary institutions, universities take a generalist approach to venture building, often aligning their entrepreneurial initiatives with their strongest research disciplines. Many universities integrate venture building into their broader “third mission” initiatives, measuring

success based on the number of startups launched, student participation levels, and the cumulative market value of the businesses they have helped create.

3.5.1.2 Institutional Venture Builders

Institutions, such as municipalities or public organizations, take a different approach to venture building by engaging external participants to form teams while refraining from providing key staff. Unlike corporations or venture capitalists, these institutions do not maintain control over the startups they support. Idea generation is typically left to the entrepreneurs themselves, with institutions playing a facilitative role rather than a directive one. Funding is often limited to seed capital or support for the acceleration phase, ensuring early-stage sustainability without long-term commitments. Institutional venture builders operate at a medium-to-high volume, launching several ventures concurrently. Their focus remains generalist but is often guided by regional or municipal priorities, such as smart cities, transportation, or tourism. Their primary motivation is to accelerate local innovation and integrate new technologies into existing ecosystems. These institutions rely heavily on partnerships with key local actors to establish and sustain their venture-building programs.

3.5.1.3 Corporate Venture Builders

Corporate venture builders follow an internally driven model, leveraging in-house talent to staff their new ventures. Unlike universities or institutions, corporations often maintain partial control over the startups they create, ensuring alignment with their strategic goals. Idea generation is an internal process, with employees and managers contributing to the innovation pipeline. Corporations provide initial seed funding and, in select cases, continue to finance the most promising startups. Their venture-building initiatives tend to focus on small to medium volumes, emphasizing quality over quantity. Corporations usually operate within their established markets and technological areas, prioritizing ventures that can capitalize on existing knowledge and resources. The overarching objective is to unlock latent internal expertise to explore new markets and revenue streams. External partnerships play a role, particularly in the early stages, when specialized knowledge is required to build a sustainable venture-building program. Corporations fund these programs independently, ensuring their ventures align with long-term business goals (Mittermeier et al. 2022).

3.5.1.4 Venture Capitalist and Angel Investor Venture Builders

Venture capitalists and angel investors approach venture building with a distinct model that emphasizes sectoral expertise and financial sustainability. Unlike universities and institutions, venture capitalists actively provide CEOs and other key personnel, often drawing on their personal networks to staff leadership roles. They typically assume partial ownership of the startups they support, ensuring a return on their investment. Idea generation occurs externally, with VCs scouting promising concepts from research institutions, industry professionals, and entrepreneurs. They provide initial funding but also seek external investment from other venture capitalists, banks, and private companies. Credibility plays a crucial role in attracting funding, as successful track records in venture building enhance investor confidence. They operate at very low volumes, given their deep involvement in each venture and the hands-on approach they take. They maintain a highly specialized focus, often concentrating on specific sectors where they possess strong expertise and reputational standing. Venture building for venture capitalists or business angels is not just about fostering innovation but a business model, where financial returns depend on assembling all the necessary components for successful startups.

3.5.2 Digital Venture Builder Archetypes

The previous taxonomy recognized that many venture builders are active in the digital technology space, and this model is used rather less in non-digital fields. A study by Mittermeier et al. (2022) identifies four types of digital venture builders that distinguish themselves based on the who, i.e., the type of entrepreneur they support, the how, i.e., the venture building process, and the what, i.e., the output of the venture building process. They illustrate four typologies named founder-centric, portfolio-centric, industry-centric, and corporate-centric.

3.5.2.1 Founder-Centric Company Builders

Founder-centric company builders primarily support visionary entrepreneurs by providing essential services that help bring their ideas to life. These company builders operate under market-like governance structures, allowing for flexibility and independence in decision-making. They emphasize innovating routines, focusing on ideation and prototyping to develop

novel concepts. Given their focus on supporting independent founders, they tend to have a lower degree of standardization in the venture creation process, allowing for greater customization. Founder-centric builders typically support digital technology ventures, leveraging founder-driven ideas to shape new business opportunities. Their primary output is VC-backed startups that can grow independently with external investment.

3.5.2.2 Portfolio-Centric Company Builders

Portfolio-centric company builders cater to mature entrepreneurs, offering extended to full support services aimed at accelerating venture development. They operate with hybrid governance structures, balancing elements of market-like flexibility with structured oversight. Their primary focus is on accelerating routines, which involve scaling, HR, and operational support to ensure rapid business growth. These company builders favor high standardization in their processes, ensuring efficiency across multiple ventures. They typically support digital business ventures, particularly those in e-commerce or SaaS, where economic-driven opportunities prevail. Portfolio-centric builders aim to create a diverse and profitable portfolio of VC-backed startups, driven by investment returns and scalability.

3.5.2.3 Industry-Centric Company Builders

Industry-centric company builders focus on solving specific industry challenges by developing tailored business solutions. They adopt a hybrid governance structure that combines hierarchical oversight with elements of market-driven flexibility. Their primary operational routine involves partnering with industry stakeholders, investors, and experts to create well-integrated solutions. These builders maintain a low degree of standardization in venture creation to allow for deeper ideation and customization, enabling them to craft highly specialized business models. Industry-centric company builders often support ventures that explore new business models or market opportunities within established sectors. Their main output includes new business units or corporate ventures that align with industry needs and trends.

3.5.2.4 Corporate-Centric Company Builders

Corporate-centric company builders operate within structured environments to develop ventures on behalf of existing companies. They cater to intrapreneurs by providing full support services to meet corporate

objectives. These builders follow hierarchy-like governance structures, ensuring alignment with corporate strategies and goals. They prioritize accelerating routines, focusing on rapid development, scaling, and integration within the parent company. High standardization is a key feature of their approach, ensuring efficiency and repeatability in venture creation. Corporate-centric builders typically engage in corporate-influenced innovation, identifying internal problems and leveraging technology to develop solutions. Their main output consists of new business units or internal ventures designed to enhance the competitive edge of established corporations.

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Venture Builders and Scaleups

Venture builders are often equated with rapidly scaling companies. Some venture builders consider it their mission to create new companies that they then accompany from startup through scaleup to exit (Bentvelsen 2022). Indeed, the first venture builder, Idealab, had a strong focus on exiting firms through IPOs, which generally takes place once the firm has scaled and adopted a solid and recognized position in the marketplace. The emphasis that most venture builders place on scalable business models (Anderson 2023; GreenTec Capital Partners 2024) indicates a focus on startup scalability, though the venture builder itself may not accompany the startup all the way through the scaling process.

Contrary to this, however, not all venture builders are willing to engage with startups all the way to the scaleup phase (Bariller et al. 2018). Indeed, because they have a stronger focus on each startup, they may have lower risk profiles than traditional venture capitalists. For this reason, rather than pursuing “unicorn” companies, some concentrate on lower-risk, lower-return ideas that may have a midrange growth target. Indeed, venture builders often specialize in the phase of opportunity discovery and product-market fit. They pride themselves on identifying more promising ideas and de-risking their implementation in the early stages of startup creation through their processes and resources provision (Coelsch-Foisner et al. 2024).

To better understand whether and how different venture builders are approaching startup scaling, a preliminary study was performed on a

sample of venture builders present in the Venture Studio Index (Malyy and Pog 2024b), currently the largest available dataset of venture builders worldwide. The database was fed into an AI-based web scraper tool to identify all information regarding startup scaling on the individual venture builders' websites. The final dataset contains information on a diverse set of venture builders across 37 countries, detailing their strategies for startup creation, funding, and scaling. Out of the original 406 venture builders present in the Venture Studio Index database, data was found on a representative sample of 294 venture builders,¹ founded in the USA (47% of the sample), the UK (8.8%), France (7.5%), Germany (6.8%), Canada (3.4%), and other countries. The founding years of these venture builders range from the early 2000s to 2023, with notable clusters forming in the mid-2010s. This suggests an increasing interest in the venture builder model as a means of fostering innovation and business growth.

The data reveals notable heterogeneity in how venture builders approach the challenge of creating scaleups. Overall, 58% of the venture builders in the dataset include an explicit scaling objective, but this emphasis varies significantly by both geography and founding period. In the USA, a high proportion (75%) mention scaling—reflecting perhaps a mature market with robust mechanisms for venture support. In European countries, there is a wider variability, with the top five countries, such as Germany, the UK, and France, having between 65% and 86% of their venture builders mentioning scaling (Table 4.1). Similarly, newer venture builders (founded 2015–2019) are more likely to incorporate scaling objectives (74%) compared to their earlier counterparts (45% for those founded between 2010 and 2014).

These findings not only underline the diversity in operational models among venture builders but also suggest that market context and time of founding play crucial roles in shaping strategic priorities. For managers and policymakers alike, these insights offer a nuanced perspective on the conditions that favor a scaling-oriented approach. Moreover, the differences across regions might inform targeted strategies for fostering scalable startup ecosystems, particularly in regions where the scaling objective is underrepresented.

Regarding the results of these scaling efforts, preliminary studies of venture builders seem to point to performances which are above and

¹The sample is representative of the original dataset in terms of geographical regions and founding years of the venture builders.

Table 4.1 Total number of venture builders per country in sample and percentage mentioning scaling

<i>Country</i>	<i>Total venture builders</i>	<i>Venture builders mentioning scaling (%)</i>
USA	140	77
UK	26	73
France	22	86
Germany	20	65
Canada	10	70
Netherlands	9	89
Singapore	7	43
Australia	6	100
India	6	50
Belgium	4	100
Italy	4	75
Spain	4	75

beyond those achieved by traditional incubation and venture capital support systems, also performing better than more innovative acceleration services. In a study of 140 venture builders across the world, Vault Fund concludes that venture builders have an internal rate of return of their funds of 60%, which is almost double the return of venture capital, estimated at 33% (Anderson 2023). In addition, a one-year study of venture builders by Malyy and Pog (2024a) reports that 84% of startups launched by venture studios secure seed funding, and 72% of these progress to Series A rounds, in contrast to 42% of traditional startups. Additionally, 60% of all startups from venture studios receive Series A investments. Finally, a comparison of the top 21 companies created by venture builders with the top 21 companies that graduated from acceleration programs reveals that companies from accelerators raise 105% more money, but companies from venture builders have a 26% higher growth (Szigeti 2016). It would seem, therefore, that venture builders are indeed more successful in creating scaleups.

4.1 KEY APPROACHES TO SCALING

Our data suggests that venture builders employ different approaches to scaling, depending on their market focus, industry, and operational philosophy. Some focus on high-growth technology sectors such as artificial intelligence, fintech, and healthtech, while others prioritize

industry-specific innovation in sectors such as sustainable energy, consumer goods, or enterprise software.

Operational philosophies also differ, with some venture builders emphasizing rapid iteration and lean startup methodologies, while others prioritizing long-term development through extensive research and deep industry integration. Approximately 45% of venture builders emphasize reaching a significant growth phase or establishing market presence before scaling further. This group emphasizes that a startup must first reach a robust growth phase or establish a strong market presence before considering an exit or further scaling actions. For example, Betaworks' description highlights guiding startups until they reach a "significant growth phase," and Cache Ventures,² a US-based generalist venture builder founded by former entrepreneurs, stresses that its startups must achieve "sustainable growth" before entering scaling operations or seeking acquisition.

Around 30% of venture builders, instead, adopt tailored exit strategies after reaching a critical milestone such as product-market fit. These tailored exit strategies or strategic pivots occur after a period of intensive market validation and relationship building. The venture builders set milestones around the achievement of product-market fit to trigger further scaling. Boulton & Watt,³ a New York-based venture builder that specializes in vertical SaaS and infrastructure, explicitly refers to partnering with best-in-class operators to reach a "second founding moment"⁴ when the startup is ready to transition to a scaleup. The remaining 25% of venture builders use hybrid models that focus on iterative validation and strategic partnerships. Here, venture builders combine internal resources with external partnerships to address technical bottlenecks and market-readiness. The phased approach by Deep Science Ventures⁵ and Vault Innovation's focus on MVP testing and rapid iteration illustrate this model. These milestones are more common in regions where venture builders seek to leverage corporate or syndicate funding to accelerate scaling once certain operational criteria are met.

²<http://cacheventures.com>

³<https://www.boultonwatt.com/>

⁴According to Boulton and Watt, a second founding moment happens when the startup is ready to transition from startup to scaleup, requiring a change in the key skills required to bring the scaleup forward (<https://www.boultonwatt.com/>).

⁵<http://deepscienceventures.com>

Following these different interpretations of scaling, three predominant scaling strategies emerge: structured growth through cohort-based programs, selective and high-intensity scaling, and a network-based model.

Some venture builders, such as Founders Factory,⁶ a venture builder supporting fintech, health, climate, and deep tech startups from external ideators, utilize a structured, cohort-based approach where multiple startups are developed simultaneously. Founders Factory states: “We support the concurrent development of more than 300 startups across five continents, ensuring scalability through rigorous operational frameworks.” These structured approaches include standardized playbooks for product development, dedicated mentorship programs, predefined milestone-based funding rounds, and access to shared services such as marketing, legal, and HR support. Additionally, these venture builders often leverage industry partnerships and corporate collaborations to accelerate the scaling process. This model allows for systematic support and network-driven expansion, ensuring that startups can quickly refine their business models and gain traction in their respective markets.

Other venture builders adopt a selective, high-intensity model, working with fewer startups on which they ensure deep market penetration. For example, previously mentioned Boulton & Watt follows a focused strategy: “We build one company at a time with focused execution and high success rates.”⁷ This approach prioritizes long-term development over rapid expansion by offering tailored mentorship, deep integration with industry-specific networks, and extensive validation phases before committing to large-scale market entry. Additionally, this model often involves iterative feedback loops with early adopters and structured growth roadmaps that emphasize profitability and sustainable operations over premature scaling.

Many venture builders integrate external investors and corporate partnerships into their scaling strategies. Deep Science Ventures,⁸ a UK-based venture builder that focuses on combining scientific knowledge and founder scientists to create high-impact ventures, highlights its phased scaling methodology: “We work closely with value-added investors to address technical and commercial bottlenecks, ensuring startups scale efficiently.” Unlike the structured cohort-based programs that rely on

⁶ <https://foundersfactory.com/studio>

⁷ <https://www.boultonwatt.com/>

⁸ <http://deepscienceventures.com>

standardized frameworks, hybrid models are more flexible, tailoring support based on the specific needs of each startup. These models often combine strategic corporate alliances, syndicated investment rounds, and sector-specific mentorship programs to refine and implement scaling strategies effectively. Hybrid venture builders also emphasize strategic exits, ensuring startups reach a maturity level attractive to institutional investors or acquirers before transitioning out of direct support structures. This combination of adaptability and external leverage allows hybrid models to scale startups in highly specialized or capital-intensive industries.

The analysis highlights the diverse strategies venture builders adopt to facilitate startup scaling. Structured cohort-based programs leverage standardized processes, shared resources, and network-driven acceleration, ensuring startups benefit from rigorous frameworks for growth. Selective, high-intensity scaling emphasizes deep mentorship, industry integration, and meticulous validation before committing to rapid expansion, favoring long-term sustainability over speed. Hybrid models, meanwhile, balance flexibility with external partnerships, enabling venture builders to tailor scaling support based on specific industry demands. The increasing prevalence of scaling as an objective, especially among venture builders founded after 2015, indicates an industry-wide shift toward structured, yet adaptable, scaling frameworks. Future research should investigate the comparative success rates of these approaches to determine which best fosters sustained scaling across different sectors and markets.

4.2 VENTURE BUILDER CHARACTERISTICS AND STARTUP SCALING

We previously reported that, according to the literature, there is no definite way of knowing in advance whether a startup can scale. Creating scalable startups requires a focus on key characteristics, such as the scalability of the business model, a sound product-market fit, and a large enough market to sustain a rapidly expanding market. On the other hand, additional focus is required on supporting a startup's ability to scale, mainly through overcoming resource bottlenecks in human resources, funding, operational capabilities, and innovation. The defining characteristics of venture builders and their different interpretations intervene both on the characteristics that make startups scalable and on their ability to scale. The following paragraphs reprise the Alhokail et al. (2019) model in its enhanced version present in the previous chapter, discussing which aspects of each dimension may be positively or negatively related to scaling.

4.2.1 *The Focus*

A fundamental decision regarding venture builders is whether to specialize in a specific market, industry, or business model, or whether to remain generalists on the startup offering and rather focus on developing a strong playbook that can be applied across different industries, markets, and business models. This strongly influences what type of knowledge the venture builder provides to its startups and how the remaining complementary knowledge is accessed.

As startups need intensive knowledge and resources to scale, the more relevant the resources are to be provided to startups, and the better they can be leveraged across different startups, the more efficient it could be for successive scaling. Indeed, venture builders that started off in a generalized fashion have reported pursuing a greater focus, which can also facilitate building the most relevant networks for startup success. Indeed, no matter how rich the service package that the venture builders provide, scaleups will always need to acquire resources, and potentially knowledge, from outside the venture builder for their success.

Literature has pointed out how particular types of functional capabilities, especially related to human resources management, finance, marketing, and operations, are important with regard to scaling (Barbero et al. 2011). Industry-specific venture builders will tend to provide the startup with in-depth knowledge about key technologies, as well as supply chains, competitors, and markets. They may be company executives in a particular field or may be serial entrepreneurs who have successfully exited startups in the given industry. In this case, complementary know-how will have to be gained by the startup in more generic skills such as human resources management and finance. Similarly, venture builders who identify proven business models and scale them in new markets will reduce market risk since the business models, and thus the necessary operations, are already validated, but will require complementary capabilities in human resources management, finance, and marketing. Market-specific venture builders will tend to have in-depth knowledge of the marketing component, but may need complementary skills in human resource management, operational, and finance aspects.

The playbook offered to the entrepreneurs may complement some of this knowledge. Indeed, venture builders privilege customer-driven problem identification and the use of proven methodologies such as the lean startup to achieve product-market fit. By employing a systematic and repeatable startup creation process, venture builders guide ventures

through a carefully defined sequence, from ideation and validation to minimum viable product development, recruitment, and eventual scaling, thereby ensuring that each phase is approached with methodical rigor and continuity. This structured progression not only minimizes operational disruptions but also standardizes practices across multiple startups, fostering a consistent environment for innovation and expansion. This may compensate for some firms' weaknesses, as well as providing clues on operational knowledge through the identification of a scalable business model.

In addition, the literature on scaling offers the solution of leaning on entrepreneurial ecosystems for human resources and financial resources. Strong ecosystems will offer access to more skilled managers and employees, thereby enabling startups from more specialized startup studios to incorporate additional resources. These well-functioning ecosystems also provide access to funding, which can be exchanged for other resources on the market.

Therefore, we contend that the more specialized venture builders will better contribute to creating scaleups if they operate within strong entrepreneurial ecosystems with mature and active venture capital activity. Where ecosystems are weaker, the more specialized venture builders may find their startups struggle to acquire additional resources necessary for scaling and may need to revert to a more generalist approach, focusing on how their playbook can support the creation of scalable business models and efficiency in acquiring missing resources for the best ideas in a wider range of fields.

4.2.2 *The Idea*

Internal and external ideation start from two fundamentally different strategic considerations. Internal ideation typically occurs when the founders of the venture builder have a strong expertise in a specific technical or market field or have identified a promising type of business model that can be replicated across different industries. External ideation typically stems from the conviction that there are rich sources of untapped knowledge in educational and research institutions that don't make it to market due to their inventors or external providers of ideas not possessing the necessary skills to execute an entrepreneurial venture, and thus the venture builder can intervene to complete the team and provide essential complementary knowledge in entrepreneurship.

In the first sense, the superior knowledge of the venture builder in a specific sector, coupled with the rigorous playbook and de-risking techniques, could lead to rapidly churning out startups that are quick to scale in the immediate term. However, as technologies, markets, and business models evolve, these venture builders and their core ideation teams must make concerted efforts to remain abreast of changes, seek out emerging technologies and markets, while not remaining stuck in the worldview that informed their previous successes. Indeed, the first prerequisite for startup scaling is that a large market is present for the idea. If the venture builder's team cannot evolve, this may lead to short-term success at the expense of long-term sustainability of the venture builder itself.

External sourcing requires, instead, an open mindset and to seek out good ideas that can be rapidly matched to market needs. If a venture builder acquires the capability to rapidly discern emerging ideas, there can be an illimited source of new technologies, markets, and business models to capture. Moreover, the networks that they manage within research and academia could result in broader access to human capital needed in the scaling phase. However, this model requires significant resources to be invested into the screening and de-risking of ideas, potentially diverting resources from further scaling efforts of the startups created by the venture builder.

4.2.3 *The Service Package*

One of the main difficulties that startups encounter in scaling concerns the rapid growth in the resources required for the scaleup phase, as well as the fast pace of change that the startups must endure as they increase their market presence.

As startups transition into the scaleup phase, their need for resources increases dramatically. These resources, ranging from advanced human capital to strategic financial inputs, are typically accessed via the broader entrepreneurial ecosystem in which the venture builder is embedded, often facilitated by the networks of the entrepreneurs-in-residence or those that are tapped to lead the nascent ventures. This resource acquisition is particularly vital for high-tech sectors where specialized expertise is required for further development.

Additionally, the acquisition of specialized talent and expertise plays a fundamental role in accelerating product development, market entry, and

scaling. By curating expert teams to manage a portfolio of startups, venture builders ensure that each enterprise benefits from deep, domain-specific, or entrepreneurship-specific knowledge and insights, thereby enhancing both innovation and efficiency. It is worth noting, however, that the depth of scaling experience within these networks can vary significantly. Entrepreneurs with previous successful exits may not necessarily possess scaling capabilities if their exits occurred before the scaling phase, as is common in tech-intensive startups with promising intellectual property or advanced technologies. Conversely, if their past exits occurred at later stages, i.e., post-series C/D funding rounds, they may have valuable scaling expertise to guide their ventures through subsequent growth trajectories.

Venture builders may also contribute to startup scaling by offering structured support and shared operational resources. Some may be generic resources, such as IT services and administrative support. Others may provide more specialized resources, such as access to developers, IT tools and platforms, and industry or market-specific networks. In the initial phases of startup creation, these shared resources may alleviate early-stage burdens and enable founders to concentrate on product development and growth strategies. However, there exists a potential pitfall: while shared services offer immediate cost-effectiveness and operational efficiencies, over-reliance on such resources may impede the development of internal capabilities. For example, shared digital services may initially support cost savings across multiple startups, yet as market requirements diversify and expand, these systems may struggle to adapt, leading to possible technological and operational challenges when rapid market growth requires personalization or adaptation of those systems.

Finally, venture builders distinguish themselves by maintaining a high degree of flexibility and resource redeployability, which is crucial for rapid iteration and pivoting. Unlike traditional accelerators and incubators, their adaptable frameworks allow startups to swiftly modify business models in response to shifts in product-market fit and evolving consumer demands, a capability that is particularly valuable when scaling requires accessing different market segments.

In summary, while venture builders provide startups with an important array of resources, the ultimate success of the scaling process is contingent upon the maturity of both the managers' experience and the adaptive capacity of the internal systems that evolve beyond the shared service model.

4.2.4 *The Volume*

The scaling phase is often depicted as a struggle to overcome resource bottlenecks. In this sense, there are scalability trade-offs with the volume of startups that venture builders service at any time. Some venture builders focus on a high volume of startups but may not have sufficient resources to scale all successfully, especially if the service package is shared between them. Indeed, venture builders balance resource sharing and tailored resource provision to enhance the success rates of each startup.

In this case, further consideration may need to turn to the scalability of the service package itself. For instance, how flexible and scalable IT systems and shared tools are, and how they could accommodate both a rapid influx of customers and new, specific requirements for new customer segments. Although this concept isn't mentioned in the literature, it may make the difference between the ability of venture builders to build and scale an increasing number of companies at a time, capitalizing on shared resources and operational efficiencies along the way.

Literature reports that more experienced venture builders tend to raise the concurrent number of startups created at a time. This could reflect a desire to better capitalize on the service package between different startups, but it may also indicate gains in the service package's flexibility and scalability as the venture builders identify the most appropriate resources to support their ventures.

4.2.5 *The Funding*

Venture builders primarily rely on a dual funding strategy that combines internal equity retention with the mobilization of external financial resources. External funding is accessed through a broad network of financial channels within the entrepreneurial ecosystem. This external funding is often mobilized through personal networks of board directors and senior management, as well as established relationships with venture capital firms, angel investors, and other institutional investors.

Notably, startup control is often considered a critical currency that can be exchanged for other valuable inputs such as external funding and strategic partnerships (Wasserman 2017). The literature suggests that the extent of control retained by scaleup founders has implications for their ability to mobilize external resources. Specifically, the more dependent a scaleup becomes on external sources of capital and expertise, the greater

the necessity to relinquish control in exchange for these resources. This trade-off is particularly pronounced in models where venture builders maintain a substantial level of control over their startups. In such scenarios, the imbalance in control dynamics can hamper the startup's agility in acquiring the diverse and precious resources necessary at the scaleup phase, thereby potentially stifling its ability to respond to market dynamics effectively.

4.2.6 *The Control and Governance*

Venture builders distinguish themselves from other startup support models through a governance framework that is based on long-term commitment and equity-based incentives, a strategy that underlies a sustained and strategic involvement in the growth trajectories of the startups they nurture. Unlike accelerators that provide short-term, episodic support, venture builders typically retain equity stakes in the startups they create, thereby ensuring that their interests remain closely aligned with the long-term success of these ventures. This enduring equity stake, together with the staffing of the initial founding team, facilitates deeper engagement with the startups' strategic development, enabling a more comprehensive and sustained growth process compared to the more time-limited intervention of accelerator programs.

A central element of this approach is the high equity retention practiced by venture builders; by taking majority stakes in the startups, they not only secure a significant share of the financial upside but also maintain substantial control over strategic decisions. However, this concentration of equity and control can inadvertently constrain the autonomy of the founding teams, potentially dampening founders' motivation and hindering the evolution of leadership structures. Specifically, the dominance of venture builders in decision-making processes may slow down the critical transition from initial entrepreneurial leadership to a more formalized middle management structure, which can hinder the overall efficiency of the organization and postpone the execution of key strategic decisions at scale (Moedt et al. 2024). This phenomenon is further compounded by the fact that entrepreneurs with previous successful exits do not necessarily possess robust scaling experience, thus raising concerns about the long-term operational independence of these startups once they eventually exit the venture-building ecosystem.

Moreover, the highly structured and hands-on approach characteristic of venture builders, while providing essential support in the early stages, may also result in a limited degree of decision-making autonomy for founders. Indeed, some venture builders apply a hierarchical structure, where decision-making resides with the venture builder or the parent corporation. Startups that have become accustomed to extensive guidance and resource sharing within the venture building process may struggle to operate independently after leaving their initial support system. These contrast with market-like governance forms where the venture itself is responsible for strategic decision-making from the outset and may thus benefit from the flexibility to take rapid strategic decisions to accompany scaling.

In summary, while the venture builder model offers considerable advantages through its long-term equity retention and systematic support, these benefits must be weighed against the potential drawbacks associated with limited founders' independence and an overconcentration of control. The exchange of control for external resources, although often necessary for accessing capital and expertise, poses inherent risks to the startup's operational autonomy and its capacity to scale efficiently in the long run.

4.2.7 *The Output*

The final operating structure of ventures that emerge from venture builders may take on several forms, which may contribute to the startups' appetite and ability to scale. Those that are fueled by venture capital have strong incentives to grow and may access, through the venture capitalists and their networks, important know-how and resources dedicated to scaling. On the opposite end of the spectrum, ventures that are ultimately acquired by firms, becoming additional divisions, may be hampered in rapid scaling by the strategies, resources, and culture of their new parent company. Those that become corporate spin-offs may find themselves in a hybrid position, on the one hand being independent from the parent companies, but on the other, potentially constrained in the competitive and strategic moves they can make, especially if the parent company retains a significant ownership stake and board membership.

The analysis of venture builder characteristics in relation to startup scaling reveals a complex interplay between elements that promote scalability and those that potentially hinder it. On the one hand, aspects conducive to scaling include a strong focus on specialized knowledge and robust

playbooks that ensure systematic startup development. For instance, venture builders that concentrate on industry-specific expertise can rapidly address product-market fit by leveraging deep domain insights, established networks, and proven de-risking methodologies. This targeted approach may be particularly effective within mature entrepreneurial ecosystems, where active venture capital and skilled human resources are readily accessible. Moreover, the systematic progression provided by a standardized playbook—from ideation through to scaling—ensures operational consistency and cost-effectiveness, allowing startups to overcome early resource bottlenecks and efficiently transition into the scaleup phase.

Conversely, several factors may impede scaling. A highly specialized focus, while beneficial in niche markets, can become a liability in less developed ecosystems or when the venture builder's internal capabilities fail to evolve with shifting market dynamics. Over-reliance on shared operational services, such as generic IT platforms and administrative support, may initially lower costs but could later restrict the flexibility needed to customize processes in response to rapid growth. Additionally, an imbalance in control—where venture builders maintain excessive equity and centralize decision-making—can stifle entrepreneurial autonomy and delay the maturation of leadership necessary for sustaining long-term expansion. Similarly, the challenge of managing a high volume of startups simultaneously can dilute resources, making it difficult to provide tailored support that each venture requires during critical scaling phases.

Future research should test several propositions: whether industry specialization within strong ecosystems indeed accelerates scaling; how the balance between internal and external ideation impacts long-term sustainability; the optimal level of shared resource dependency versus the need for internal capability development; and the effects of control dynamics on startup agility. These inquiries are essential to understand how venture builders can optimize their models to better support scalable growth.

4.3 VENTURE BUILDER ARCHETYPES AND SCALING

The above considerations on venture building characteristics that may be conducive to scaling are present in different measures in the archetypical venture builders that have been identified by the literature. The following paragraphs examine different venture builder archetypes and reflect on their strengths and weaknesses regarding the creation of scaleups.

4.3.1 *Founder-Based Venture Builder Archetypes and Scaling*

The suitability of founder-based venture builder archetypes for creating scaleups depends on how well each model aligns with the characteristics deemed critical for scaling, such as a scalable business model, the capacity to overcome resource bottlenecks, and the strategic balance between control and autonomy, as outlined in the previous discussion of venture builder characteristics. In the following analysis, we explore how university, institutional, corporate, and venture capitalist/angel investor venture builders compare in terms of their potential to foster scaleups.

University venture builders are characterized by their high-volume approach to startup creation, leveraging the rich human capital inherent in academic environments. Their strength lies in mobilizing large numbers of entrepreneurial students, researchers, and alumni, which, by sheer volume—as entrepreneurial success follows a power-law distribution—increases the probability of identifying a venture that can eventually scale. However, despite their ability to generate numerous ideas and prototypes, university models often provide limited resources and financial support and minimal direct control over the ventures. This hands-off approach, while affording startups greater autonomy during the scaleup phase, may also leave them without the sustained strategic guidance and resource continuity necessary for overcoming scaling bottlenecks, particularly in areas such as advanced operational capabilities and market-driven innovation. Consequently, while university-led venture builders may be adept at seeding innovative ideas, their relatively low levels of experienced mentorship and funding might constrain the long-term scalability of their ventures. Indeed, they would benefit from external mentorship programs.

Institutional venture builders, typically backed by municipalities or public organizations, adopt a facilitative rather than a directive role. These models usually focus on regional or sector-specific priorities, such as smart city initiatives or transportation innovation, and rely heavily on external partnerships to mobilize the necessary resources. Their moderate involvement in the startup-creation process tends to leave founders with significant decision-making autonomy, a trait that is conducive to agile scaling once the venture exits the incubation phase. Nonetheless, because institutional venture builders provide only limited seed funding and often lack the deep operational expertise found in more commercially oriented models, they may fall short in addressing the comprehensive resource needs of a scaleup, particularly in competitive markets where rapid capital infusion and specialized knowledge are paramount.

Corporate venture builders leverage internal talent and strategic resources, aligning their startup initiatives closely with the parent company's long-term objectives. By integrating in-house expertise, these models can offer robust mentorship and a highly structured playbook for venture creation that are critical during the scaling process as they ensure operational consistency and effective resource management. However, the flip side of this approach is the degree of control exerted by the corporate entity. While a strong central control mechanism can de-risk early-stage operations, excessive control might hinder entrepreneurial independence when startups need to pivot rapidly or access external networks during the scaleup phase. Therefore, corporate models may be most effective if they strike a balance between leveraging internal resources and allowing sufficient freedom for founders to attract additional external investments and talent.

Venture capitalist and angel investor venture builders, by contrast, embody a highly specialized and hands-on approach. These models typically operate at very low volumes, concentrating on a few high-potential ventures and ensuring that each is infused with significant capital and sector-specific expertise. Their deep involvement in both the ideation and operational phases means that they can provide not only critical financial resources but also access to extensive industry networks and experienced leadership, which are instrumental in overcoming the scaling challenges identified in the literature. Nevertheless, the intensive control and oversight characteristic of these models, exercised through high equity ownership, may limit the operational autonomy of the founders. As the startup transitions to the scaleup phase, excessive oversight may impede the agility required to capitalize on emerging market opportunities. Thus, while VC-/angel-backed models are highly effective at de-risking early growth and securing robust financial backing and other resources through their networks, they may need to recalibrate control mechanisms as the venture matures.

In summary, each founder-based venture builder archetype exhibits unique strengths and limitations relative to the critical scaling characteristics. University models benefit from scale and volume, increasing the odds of identifying a high-growth venture, though they may lack sustained funding and mentorship. Institutional models offer flexibility and autonomy but might be resource-constrained. Corporate venture builders provide deep strategic support and operational consistency, yet risk-stifling founder independence through excessive control. Finally, VC/angel

investor models excel in specialized support and capital infusion, albeit at the potential cost of limiting strategic agility in later stages. Ultimately, the optimal suitability for creating scaleups depends on the ability of each archetype to balance internal resource provision with the necessary freedom for entrepreneurial adaptation during the critical scaling phase.

4.3.2 *Digital Venture Builder Archetypes and Scaling*

Digital venture builder archetypes offer a range of organizational approaches that can be differentially effective in creating scaleups. Their suitability hinges on how well their design elements align with venture building characteristics such as the clarity of focus, the robustness of the ideation process, the strength of the operational service package, the capacity for resource volume, the adequacy of funding, the balance of control and governance, and, ultimately, the quality of the output.

Founder-centric company builders in the digital realm typically center their operations around a strong entrepreneurial figure or a small group of digital pioneers. Their approach is characterized by high agility and a deep personal commitment to the success of each venture. This archetype tends to excel in generating innovative digital products and iterating rapidly to achieve product-market fit. In the context of scaling, such a model may be advantageous because the founder's vision often drives a strong culture of innovation and risk-taking, both of which are essential in the early stages of scaling. However, as ventures transition from startup to scaleup, the heavy reliance on the founder's input may become a liability if robust governance structures and scalable processes are not simultaneously developed. The inherent risk is that while initial innovation is high, the lack of formalized control mechanisms and diversified leadership may impede the systematic expansion necessary for scaleups.

Portfolio-centric company builders, by contrast, operate by simultaneously nurturing a diversified portfolio of digital ventures. This model leverages economies of scale through shared resources, standardized processes, and cross-venture synergies. The portfolio approach inherently spreads risk and provides a buffer against the idiosyncrasies of individual ventures. In terms of scaling, these builders are well-positioned to transition ventures from the startup phase into scaleups because they can implement uniform operational frameworks and robust performance metrics across their portfolio. Their design emphasizes resource volume and operational efficiency, two characteristics that are essential for sustainable

scaling. Nevertheless, the challenge for portfolio-centric builders lies in maintaining sufficient strategic focus for each individual venture. When resources are allocated on a broad scale, individual ventures may struggle to access the bespoke support they require to overcome specific scaling bottlenecks.

Industry-centric company builders narrow their focus to specific digital sectors, such as fintech, healthtech, or digital media. This archetype builds on deep industry expertise and established networks within a particular market segment. The alignment with a single industry allows these builders to offer tailored operational support, strategic market insights, and specialized technological know-how, which may directly address the unique challenges of scaling within that sector. The targeted approach not only streamlines the ideation process but may also enhance the startup's ability to overcome resource and regulatory bottlenecks. However, this concentrated focus can also be a double-edged sword; in times of sector-specific downturns or disruptive shifts, the lack of diversification might limit a venture's growth prospects or force a difficult pivot.

Corporate-centric company builders in the digital space are typically driven by established corporations seeking to leverage their significant financial and infrastructural resources to spawn new digital ventures. These builders benefit from the robust funding, extensive networks, and formalized control and governance mechanisms inherent in corporate structures. Such characteristics are highly conducive to the scaling process, as they ensure that ventures have access to capital and managerial expertise during critical growth phases. Nonetheless, the rigidity of corporate bureaucracy may sometimes stifle the entrepreneurial dynamism required during the early stages of scaling. Excessive control and an inflexible operational model can hinder rapid decision-making and adaptation, which are essential for responding to dynamic market conditions.

In conclusion, the digital venture builder archetypes each bring distinct strengths and vulnerabilities to the scaleup creation process. Founder-centric models foster high innovation and agile product development, but they must evolve robust governance structures to support scaling. Portfolio-centric models offer operational efficiencies and resource synergies that facilitate systematic scaling, though they must guard against dilution of strategic focus. Industry-centric builders provide specialized, market-tailored support that can decisively overcome sector-specific scaling challenges, yet risk overconcentration in a single market niche. Finally, corporate-centric builders bring formidable resources and disciplined

operational frameworks to the table, though their inherent bureaucratic constraints may limit the nimbleness required for digital scaleup success. The interplay between these design features ultimately determines the extent to which each archetype can transition a nascent digital venture into a sustainable, high-growth scaleup.

4.4 CONCLUSIONS

As highlighted in recent literature (OECD 2021; Isenberg and Onyemah 2017), high-growth firms are increasingly recognized as the primary engines of innovation, job creation, and sustainable economic development. As a result, governments and regional authorities have shifted their strategic focus from supporting nascent entrepreneurial activity to fostering the conditions necessary for scaling high-growth enterprises (Autio et al. 2014; OECD and Danish Business Authority 2013).

Unlike traditional startup approaches, which often emphasize mere survival and incremental growth, the venture-building model embeds scalability into its very design. This model is premised on systematic, resource-efficient processes that enhance the likelihood of generating ventures capable of reaching and implementing the scaleup phase.

This book starts by exploring the multifaceted nature of scaling, highlighting the distinctions between growth and scalable expansion. The analysis demonstrates that while traditional growth is often linear, scaling implies a qualitative shift wherein a firm's ability to expand its operations and market reach increases disproportionately relative to its cost base. This phenomenon is primarily driven by dynamic capabilities, which include agile decision-making processes, adaptive leadership, and the strategic management of critical resources such as human, financial, and technological assets while managing rapid change and avoiding bottlenecks (Lopez-Garcia and Puente 2012; Palmié et al. 2023). In other words, while growth may simply reflect an expansion in size, scaling is indicative of an underlying transformation in organizational processes and dynamic capabilities. This distinction has important implications, particularly in understanding why only a select few ventures transition into scaleups while many others plateau or falter (Jansen et al. 2023; Moedt et al. 2024).

Another central insight of the scaling literature is the critical role played by operational processes, leadership evolution, and organizational structure in mitigating the “growing pains” commonly associated with scaling (Moedt et al. 2024; Genedy et al. 2024). As ventures expand rapidly, they

encounter significant challenges in resource allocation, process standardization, and the need for adaptive governance. The evidence presented in this volume suggests that successful scaleups are distinguished by their ability to institutionalize best practices in operations, while simultaneously evolving their leadership paradigms from entrepreneurial improvisation to structured managerial oversight (Davila et al. 2010; Barbero et al. 2011). This transformation is essential for maintaining operational continuity and ensuring that the expansion of the enterprise does not compromise its core value proposition.

A recurring theme throughout the scaling literature is the indispensable role of rapid resource acquisition and deployment in enabling scalable growth. The process of scaling is contingent not only on the quantity of resources, be they human, financial, or technological, but also on the way these resources are integrated and managed. The study emphasizes that a firm's ability to secure capital, attract top-tier talent, and deploy advanced technological infrastructures is crucial for establishing a competitive edge. However, the mere acquisition of resources is insufficient; it is their strategic alignment with the venture's dynamic capabilities that ultimately determines the success of scaling efforts (Brush et al. 2002; Mohr et al. 2014).

This book then explores the definition of venture building and its importance in the current venture support landscape, highlighting different venture building models that have emerged over recent decades. It examines foundational characteristics of venture builders, combining research from Alhokail et al. (2019) and Mittermeier et al. (2022), to distill seven defining features that guide its operations and strategic choices. The focus dimension addresses whether venture builders adopt a generalist approach, spanning multiple sectors, or a specialist approach, concentrating on specific technologies, markets, or business models to harness synergies and economies of scale. The idea generation process, a cornerstone of the model, can be driven internally by expert teams or externally through partnerships with corporations, universities, research centers, or entrepreneurs. The Service package represents the support infrastructure, offering co-founders, team members, technological resources, and shared services that facilitate venture development. Venture builders must carefully calibrate the volume of startups they launch, balancing resource allocation with the need to maintain quality and scalability. Funding strategies typically combine internal equity retention with external capital from venture capitalists, business angels, and corporations.

Control and governance frameworks often feature high equity stakes and strategic oversight, aligning the venture builder's long-term interests with the startup's success. However, excessive control may constrain founders' autonomy and hinder the transition to independent leadership structures. The model's output can manifest as new ventures, corporate spin-offs, or business units designed to capitalize on emerging market opportunities. Ultimately, the Venture Builder model seeks to systematically de-risk startup creation, blending entrepreneurial expertise, operational efficiency, and strategic vision to foster scalable enterprises.

Based on these features, research distinguishes among founder-based venture builders (Belingheri and Lechner 2024), digital venture builders (Mittermeier et al. 2022), and related support mechanisms.

4.4.1 Research Propositions

The venture builder model represents a distinctive approach to startup creation, setting itself apart from other entrepreneurial support mechanisms such as accelerators, incubators, and venture capital. While accelerators typically engage with pre-existing startups to refine their business models and fast-track growth over fixed-term programs, venture builders intervene at a much earlier stage. They often originate ideas internally or co-develop them with selected entrepreneurs before the startup is formally constituted. This proactive approach grants venture builders greater control over the ideation and development phases, enabling them to tailor ventures according to predefined strategic objectives. A central proposition emerging from this distinction is that venture builders may yield higher success rates in producing scalable ventures compared to accelerators and incubators. The combination of systematic playbooks, operational support, and direct involvement throughout the startup lifecycle reduces the uncertainties typically associated with early-stage ventures. However, this effectiveness is not without trade-offs. The higher degree of control retained by venture builders may limit founders' autonomy, potentially hampering entrepreneurial agility in the long run. Future research could investigate whether the benefits of structured, hands-on support outweigh the drawbacks of constrained decision-making, particularly in the context of scaling.

The design features of venture builders may also play a pivotal role in determining their capacity to foster scalable ventures. Theory suggests that venture builders specializing in sector-specific domains may achieve

superior scaling outcomes by leveraging deep market insights and pre-existing networks. Moreover, the standardized processes embedded within venture builders' operational service packages—such as lean methodologies, rigorous validation steps, and systematic market testing—enhance the probability of startups reaching product-market fit efficiently. Nonetheless, the balance between operational standardization and customization remains an open question. Highly standardized processes may drive consistency and efficiency, but they could also stifle the creative flexibility necessary to adapt to dynamic market conditions. Another design feature with critical implications for scaling is the degree of shared resource dependency. Venture builders that provide extensive operational services—such as IT infrastructure, legal support, and marketing—can optimize resource allocation across multiple ventures. However, prolonged dependency on shared services may impede startups' capacity to build internal capabilities, potentially affecting their long-term scalability. Future studies should explore the optimal balance between shared resource provision and the development of autonomous capabilities within venture builder-supported startups.

Entrepreneurial ecosystems exert a profound influence on startup scaling and may therefore influence the relationship between venture builder models and scaling outcomes. Factors such as the availability of venture capital, access to skilled talent, regulatory frameworks, and market demand can amplify or constrain the scaling trajectories of startups emerging from venture builders. In mature ecosystems with abundant financial resources and deep talent pools, venture builders that adopt a highly specialized focus may achieve accelerated scaling by leveraging ecosystem synergies. Conversely, in less developed ecosystems, generalist venture builders with broader sectoral scopes may prove more effective by diversifying risk and tapping into a wider range of market opportunities. Additionally, the extent of collaboration between venture builders and external ecosystem actors, such as universities, corporates, and public institutions, may shape scaling outcomes. Partnerships with corporate partners can provide startups with privileged access to strategic resources and market channels, while collaborations with universities can fuel ideation through cutting-edge research. The effectiveness of such partnerships, however, may depend on the venture builder's ability to align stakeholders' incentives and manage collaborative dynamics. A promising avenue for future research involves investigating how ecosystem factors moderate the impact of venture builder design features on scaling. This line of inquiry could

yield valuable insights into the contextual contingencies that enhance or constrain the scalability of venture builder–supported ventures.

The propositions emerging from the venture builder model underscore the nuanced interplay between organizational design, entrepreneurial autonomy, and ecosystem dynamics. By systematically blending ideation, operational support, and strategic guidance, venture builders hold the potential to foster scalable ventures more effectively than traditional startup support mechanisms. However, this potential is contingent upon carefully balancing control with founder autonomy, standardization with customization, and internal resource provision with ecosystem collaboration. Empirical research testing these propositions would not only advance theoretical understanding but also provide actionable insights for policy-makers, investors, and practitioners seeking to harness the venture builder model as a catalyst for scalable entrepreneurship.

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