Faculty of Business Economics

Master of Management

Master's thesis

Corporate Venturing: What are the motives for start-ups to (not) accept a corporate investor?

Thomas Driesen

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization Strategy and Innovation Management

SUPERVISOR :

Prof. dr. Bart LETEN

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This master thesis was written during the COVID-19 crisis in 2020-2021. This global health crisis might have had an impact on the (writing) process, the research activities and the research results that are at the basis of this thesis.

Preface

This master dissertation has been written in order to complete the master of management at Hasselt University. After completing my first master, the choice to start a second one was the right option. I had the chance to extend by knowledge about economics and in particular *strategic and innovation management* over the last two years.

First and foremost, I would like to express my special gratitude to my supervisor, professor Bart Leten, for his valuable guidance and support. Your constructive criticism and insightful comments throughout my master dissertation helped me to aspire for a greater quality of this research.

Secondly, I would like to thank all start-ups for taking time to be participants in this study. Their contributions were valuable in helping us obtain our research findings.

I wish to extend my special thanks to my parents who offered me tremendous support and encouragement during the entire dissertation process and who made it possible for me start my second master degree.

Thank you all!

Summary

This master dissertation addresses the topic of corporate venturing and more specifically corporate venture capital. They are investments of corporate funds in external start-ups. Companies cannot rely on themselves anymore and it has become important for start-ups and corporates to have access to external resources. Start-ups lack the resources and corporates are not always capable or not willing to invest in new products or technologies. In this relation, the role of start-ups cannot be underestimated. This research will go deeper into the motives of these start-ups to accept a corporate investor.

Several studies have investigated the different motives of corporates to engage with start-ups, but during this research, the start-ups are not just some kinds of toy they can play with. Start-ups have their reasons to accept a corporate investor or not. That is why the next research question forms the middle of this research: *Corporate venturing, what are the reasons for start-ups to (not) accept a corporate investor?*

Next to the motives of start-ups, this research addresses the possible risks, obstacles or pitfalls that can be considered as holdbacks for start-ups to accept a corporate investor. Each start-up needs to make a comparison of the pros and the cons. Do the advantages outweigh the disadvantages or not? The last sub question of this master dissertation reflects on the success factors, in head of the start-ups. Some elements need to be present to have a higher chance of success.

In order to achieve this purpose, we chose qualitative research method. Six start-ups were selected to explain their own corporate venturing activity. The first two start-ups have no experience with corporate venturing. The next two start-ups have already negotiated with a corporate investor to discuss a potential collaboration, but never reached an agreement. The last two start-ups have a corporate investor.

The key findings of this research imply that corporate venture capital is not the perfect term to describe this principle. Even if money is one of main reasons for some of them to work together with a corporate, the money will not fulfill all the needs of the start-ups. It also implies a strategic element. Start-ups are looking for a partner that can provide them a network, mentoring and business advice and even brand association. The money is decisive to make it all possible, but all strategic benefits are of a higher value to the start-up.

Start-ups are mostly reluctant against corporate venturing because of the autonomy they will lose. Corporate venturing implies an extra player at the table and not every entrepreneur is willing to give up his autonomy. They want to stay in charge of their 'baby'. Other risks or obstacles are of a minor importance and differs from start-up to start-up.

The entrepreneurs express the importance of a long-term commitment with clear goals as the biggest success factors of corporate venturing. Furthermore, some start-ups have experienced a political game before and during their collaboration. Corporate venturing can only be successful for the start-up when they are connected to the right people within the corporate. Their ideas need to be supported and protected

by people that believe in the start-up. Otherwise, corporate venturing is not the best way for a start-up to scale up.

Corporate venturing is not a battle between start-ups and corporates in which you need to join them if you cannot beat them, but it is more about finding the right ally to become successful. Both sides can benefit from corporate venturing, they only need to find the right partner they 100% believe in.

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1. Introduction

“If you cannot beat them, join them”. The time that a firm did everything on its own is definitely over. Nowadays, firms operate in environments that are characterized by fast changes in technology and business models. It is impossible to rely only on the firm’s resources and capabilities to build a long-term competitive advantage (Kötting, 2018). Innovative capability is the key determinator. It enables a corporate to continuously maintain, defend and expand its unique market position against other competitors and potential entrants (Schumpeter, 1942). In the open world we live today, firms need to be able to continuously explore and exploit new opportunities as in the last decades, innovation and R&D in business strategy have become vital to survive (Cuntz, 2008; Kötting, 2018).

The problem for corporates is that the exploration and exploitation of possible new opportunities is a costly and time-consuming activity. The one-million-dollar idea they are aiming for, will in advance entail a lot of experimental activities for which the firm needs to handle with failures. The development of a new technology will not occur within one day. Besides, the developed routines, innovation process and customer centered value networks of a corporate will be beneficial to exploit and refine existing competences but can be very detrimental for the initiation and successful undertaking of exploration activities (Leten & Vandijck, 2012).

On the other hand, there are several start-ups, i.e., a young firm strongly focused on innovation and fast growth (Molly et al., 2019). They are specialized in a certain technology but lack the needed resources to exploit it in the market. These start-ups are often unable to make all of it possible completely on their own, this because of the limitations they face as being a small firm. Start-ups often do not succeed it on their own. Help from the outside can be a way to successfully exploit their best ideas (Kötting, 2018).

Corporate venturing is a broad concept which entails many possibilities (Chesbrough, 2002; Narayanan et al., 2009; Battistinietal, 2013 and Lerner, 2013). This research will be limited to corporate venture capital, the practice of directly investing corporate funds into external start-up companies (Yang et al., 2014). It refers to the investment in opportunities that are new to a corporation (Burgelman, 1983). Corporates create an independent organization unit, the corporate venturing unit (CVU), separated from the established company, so that these units can work without being influenced by the established company (Sharma & Chrisman, 1999). This unit is given a mandate and resources to investigate the market for possible investments in new technological and business opportunities. It became a vital tool that was used by firms to manage innovations and complement internal research and development (R&D) activities (Sharma & Chrisman, 1999 MacMillan et al., 2008).

Corporate venturing has taken root as a concept for exploring new resources (e.g., Covin & Slevin, 1991; Narayanan et al., 2009 and Kötting, 2018). In general, it is an interesting way for corporates to invest in start-ups that are specialised in those things the corporate is not capable of or not willing to do. Most of the literature states that in those cases, start-ups can help the corporate to accomplish its needs (Leten & Vandijck, 2012; Battistinietal, 2013 and Dauderstädt, 2013). In this way, most of the literature focuses on the benefits for the corporate and in which way the start-up can help them to achieve it. Less attention has been paid to the real motives for start-ups and why they want to cooperate with a corporate. What is in it for them, because when the benefits are only flowing in the direction of the corporate, not so many start-ups will be eager to cooperate. This research will help to close the gap and focus more on the start-up instead of the corporate. It is a mutual relationship in which both parties are important and the start-up factor cannot be underestimated.

An important question remains how to do this in the best way possible to make this cooperation a success for both the corporate and start up. The purpose of this research is to go deeper into the motives of start-ups that decide to cooperate with a corporate in the sense of corporate venturing. Why is corporate venturing booming nowadays and are a lot of start-ups willing to work together with a corporate (Siota et al., 2020)?

Most of the time, corporates can even take minority stakes in start-ups. This capital injection or corporate venture capital is only one way start-ups can benefit. There are several other ways the start-up will benefit from the cooperation. We need to approach this concept more broadly as a structural partnership between both parties to accelerate and stimulate mutual innovation and growth (Mohout & Van Peteghem, 2018). In that way, all kinds of motives for the start-ups in all kinds of industries can be discussed.

On the other side, corporate venturing is not functionable in only one industry. It can be interesting for start-ups from different industries. For this research, all start-ups in Belgium are possible candidates. All interviewed companies can come from different industries in which it becomes interesting to see the different benefits for start-ups, depending on which industry they are in.

2. Research questions

Most of the literature focuses on the motives from a corporate perspective to engage with start-ups (Chesbrough, 2004; Battistini, 2017; Nedeljkovic, 2018 and Ladnar & Zureck, 2019). This research addresses the gap and investigates the real reasons for start-ups to collaborate with corporates. Corporate venturing has been booming heavily in the last decade (Battistinietal, 2013). If start-ups would not benefit from their relationship with the corporate, this would never be the case. One the one hand it is important to know if the corporate is just using the start-up to increase its own profit. Do they really matter? And on the other hand, are those start-ups only interested in monetary remuneration or can the relationship with the corporate ensure that the start-up will benefit in the long term from its relationship with the corporate in many ways? This research will investigate the next main research question:

"Corporate venturing: What are the motives for start-ups to (not) accept a corporate investor?"

This research question consists of different parts. The main research question can be subdivided into several sub questions.

In the first subquestion, the possible risks and obstacles for start-ups will be discussed. There will definitely be reasons why start-ups are holding back and do not want the interference of a corporate investor. The entrepreneur has different options and needs to consider the most suitable option for start-up. This is why the next sub question will evaluate the different causes for start-ups to be reluctant to accept a corporate investor:

"What are the risks or obstacles for start-ups in a corporate venturing relationship with a corporate investor?"

The next sub question is related to the previous one. It will go deeper into the mechanisms of a start-up to mitigate the risks and challenges of having a corporate investor where it provides solutions for possible risks. It focuses on the solutions to accept a corporate investor for those who were initially reluctant. They can overcome their concerns about corporate venturing which could lead to a successful cooperation with a corporate investor. The next research question will be investigated:

"What are the mechanisms for start-ups to mitigate the risks of having a corporate investor?"

In the last subquestion, I will take a closer look at the success factors of corporate venturing from the point of view of the corporate investor and the start-up. Leten & Vandijck (2012) have pointed out some factors that will contribute to a better cooperation between the corporate investor and the start-up. Only if there is a clear understanding of these factors on both sides, corporate venturing can give the solution to all kinds of problems the corporate and the start-up are struggling with on their way to success. This will lead to the following sub question:

"What are the success factors of corporate venturing?"

3. Literature review

3.1 Corporate Venture Capital

3.1.1 Corporate venturing

Corporate venturing is the umbrella term for all entrepreneurial activities of corporations (Dushnitsky 2005, 2006; Maula 2001; Keil, 2000, 2004; Chesbrough 2002; Dauderstädt, 2013 & Siota, 2020). Within corporate venturing, internal and external corporate venturing can be distinguished. They are not alternatives but do complement each other (Keil, 2004).

Internal corporate venturing refers to the investments and sometimes foundations of ventures that are situated within the corporate border, while external corporate venturing exists out of all entrepreneurial activities outside that corporate border. Internal corporate venturing refers to investments in technologies and business ideas that originate from within firm boundaries. It is a tool to retain high potential employees and their know-how. This is typically done by companies with a large research staff, such as IBM or Alcatel-Lucent (Leten & Vandijck, 2012). Corporates like to invest their capital in different ways, e.g., in stocks, bonds and also start-ups. In return for their capital, the corporate can receive an equity stake in the company. These investments can result in impressive returns, although the failure rate of start-ups is high and the investments are by design very risky. The returns naturally depend upon the growth of the invested company. The success of the start-up will lead to a bigger return for the corporate (Van Peteghem & Mohout, 2018).

Corporate venturing is a way for the firm to enhance profit. Instead of competing with start-ups and looking for ways to neutralize them as future competitors, they can better put some effort and money to work together with them. "If you cannot beat them, join them" is a very famous line that is definitely appropriate to express corporate venturing activities. Not only for the corporate that is setting up a self-managed fund, but also for the start-ups that often have difficulties to compete with the big players in the industry. Today, Corporate venturing is the manner in which a firm can fight off the constant threat of corporate annihilation and prepare themselves for the trends three, five or even ten years in the horizon (Martinez de Azagra, 2020).

This research is built around the corporate venture capital, more specifically investments of corporate funds directly in external start-ups (Chesbrough, 2002). It is "equity or equity-linked investments by corporates in independent entrepreneurial ventures, i.e., relatively new, not-publicly-traded companies that are seeking capital to continue operation (Gompers and Lerner, 1998; Maula 2001; Chesbrough, 2002). Corporate venture capital is a key and popular component of activities around corporate venturing (Miles and Covin, 2002; Zahra, 2005).

3.1.2 The development of corporate venturing

The interest in corporate venturing has tended to increase and decrease in synchronization with the general venture capital climate. Corporate venturing has followed a strongly cyclical pattern of three waves. These corresponded with booms in venture capital investments (Lerner, 2012; Chesbrough 2004 and Van Petehegem & Mohout, 2018). In the 1960s and the early 1970s, several corporates had a corporate venturing program. According to Fast (1978) 25% of the fortune 500, which is a list of the most valuable firms of the US, had such a program.

The next wave was established in the early 1980. The independent venture capital market grew again and also many corporations renewed their interest in corporate venturing activities. The amount of money increased to even $6,7 billion in 1982, which led to an increased pool of capital available to entrepreneurs, bolstering the creation of start-ups and creating a positive feedback loop (Lerner, 2013; Van Peteghem & Mohout, 2018). This only lasted for a few years. These initiatives were again discontinued after the Black Monday, the stock market crash in October 1987. In the 1990s, the third wave was fueled by the dot com boom. The extended bull market gained momentum, and many corporations re-introduced their corporate venturing activities again. The collapse of the Internet "bubble" and the general downturn in the public equity markets made many corporations once more exit the venture capital market (Chesbrough, 2002). The hasty retreat in the economy made one-third of the companies, who were actively investing in corporate funds in start-ups in September 2000, had stopped making such investments 12 months later. The amount of corporate money that corporates had invested in start-ups fell by 80% (Battistini et al., 2013, Nedeljkovic, 2018; Van Pethegem & Mohout, 2018; Siota et al., 2020)

Even the deterioration in private equity investment, that was caused by the fall of the dot-com sector in 2000, did not hinder corporate venturing activities. It is still considered an important business activity in large business organizations (Gailly et al., 2014). The last, current, fourth wave (starting in 2002) is characterized by the emergence of the unicorn era. This refers to start-ups being valued at $1-billion or more (Poletti, 2016). It has substantially lost some interest after the recession of the late 2000s, but it did not disappear completely. The amount of the total of corporate venturing investments was still somewhere around $2 billion each year. Even the global financial crisis in 2007 could not stop the corporate venturing investments. During the last decade, CVC has grown tremendously (Batistini et al., 2013). There are more sophisticated tools and mechanisms that have emerged on the scene. It enhanced the corporate-start-up collaboration, such as hackathons, scouting missions, venture builders and venture clients. Currently those mechanisms are used extensively within corporations of different sizes around the world (Gassman, 2006). It plays a more prominent role in today's venture landscape. It has become important that engaging with venture capitalists and entrepreneurs offers access to the absolutely necessary external innovation (Battistini et al., 2013; Siota et al., 2020). The total value of corporate venture capital deals worldwide in 2019 was more than $134 Billion, which is four times more than the number in 2013 (Siota et al., 2020).

3.2 Structures of corporate venture capital

Corporate venture capital activities are organized through several structures that differ according to the degree of involvement of the corporation (Kötting, 2018).

The investment can either be made by *third-party funds*, *dedicated funds* or *self-managed funds* (Maula, 2001). The first two ones, the third-party funds and the dedicated funds are regarded as indirect investments that are administered by independent venturing capital investors (IVCs) (Keil, 2000). These investments are associated with limited control over them, and situated outside this research.

The third-party funds are traditional venture capital firms that manage the investment into the funds. In this form, several investors are engaged by the venture capital firm to contribute to a fund, which most of the time is directed at a specific technology domain or industry. The corporate acts as a limited partner and the venture capital firm will be the most important partner of the start-up (Maula, 2001 & Keil, 2000). The second option is the jointly set up of a dedicated fund between the corporate and a traditional venture capital firm under the form of a dedicated fund. The venture capital will again manage the fund, but only one corporate will invest and acts as the only limited partner (Keil, 2000; Kötting, 2018).

The focus of this research will be on the corporate venture capital investments that are setting up an own self-managed fund by the corporate, because in that way the start-up will be personally connected to the corporate and can benefit from more than only the funding done by the corporate. The set up can be done in a similar way to a traditional venture capital fund or simply as an investment subsidiary to the firm. It is denominated as direct investments of the corporate (Dauderstädt, 2013). The corporate venture capital units are subsidiaries of non-financial companies that are focusing on strategic investments besides the corporate’s core business and technologies or other investments that could reduce costs or provide other benefits for the corporate. They must be seen as financial intermediaries of non-financial corporations who mediate between the start-up that serves as the portfolio company and the respective business units of the corporate (Dauderstädt, 2013; Maula, 2001; Covin & Miles, 2007; Keil, 2000). The corporate venture capital investments of the corporate are similar to the independent ones. They usually replicate their structure and incentives in their working process with the start-ups (Keil, 2004; Kötting, 2018).

A corporate venture capital fund is more flexible, cheaper and faster than traditional R&D of a firm. It helps to respond more easily to the changes in technology and business models. In some cases, such a fund can even foster the stimulation of demand for a company’s own products. At the same time, the investments may earn attractive returns that may ultimately shape an organization’s destiny (Lerner, 2012; Kötting, 2018).

3.3 The motives of corporate venturing

The motives of corporate venturing are the main topic within this research. This section will go deeper into those motives of both sides. The relationship between the corporate and the start-up needs to be beneficial for both sides, they will both have some objectives that are more or less important to them. There is a lot of information available about all kinds of motives that make a corporate venturing investment the ideal way to innovate. However, start-ups will have their own motives to give up a certain amount of autonomy and choose to cooperate with the CVC unit of the corporate. In general, the combination of the agility of the startup and the entrepreneurial activities with the scale of larger, corporates seem a perfect match on paper with the intention to achieve a win-win situation.

3.3.1 For the corporate investor

A corporate venture unit identifies and develops different, new businesses opportunities for the corporate. It enables the incumbents to connect themselves to start-ups and their networks, gaining important knowledge about the forthcoming technological shifts in their industry. These have financial or strategic motives as a purpose (Chesbrough, 2002; Maula, 2007). A thorough understanding of these multifaceted goals and objectives of the corporate is crucial, in order to understand the possible success factors and to comprehend the differences to IVC's.

3.3.1.1 Financial objectives

Corporates typically have a range of objectives for their VC investments, and one of them is that corporates are looking for financial returns on their investments. A CVU created with financial motives has the intention to diversify into the private equity business and become a corporate venture capital firm whose success is being measured purely in financial returns such as return on investment (ROI) or internal rate of return (IRR) (Leten & Vandijck, 2012). While the company hopes that the investments will help its own business grow, the main goal will be the achievement of high financial returns (Siegel et al., 1988; Dauderstädt, 2013). By closing a deal with a start-up, the corporate can attain several financial targets such as growth in sales, cashflow or profitability. Besides the extra revenues, the cooperation can lead to an increased efficiency as the products or services of a start-up can allow the organization to significantly reduce the cost and time involved in performing all kinds of activities like production, marketing, HR internally (Moly et al., 2019).

There are several reasons why large established firms are well able to reap lucrative financial returns from their investments in start-ups. Firstly, they might have an advantage in doing so due to superior knowledge of markets and technologies in comparison with independent non-corporate investors such as IVC's. Secondly, they might have considerable experience in selecting the right ventures and performing superior due-diligence (Dushnitsky & Lenox, 2006). The corporate's brand on the invented technology of the start-up shall signal a certain quality of the product to other investors and potential customers, and ultimately lead to returning rewards to the original investing corporate (Chesbrough, 2002; Dauderstädt, 2013). In addition, the corporates may be better positioned to provide the start-ups as new ventures with supplementing capabilities (Gompers & Lerner, 2000). Consequently, CVC units' primary focus should be on the realization of financial returns (Siegel et al, 1988).

3.3.1.2 Strategic objectives

More recent studies have observed that many, if not most, corporates engage in corporate venturing for strategic reasons. They observed and recommended a rather strategic focus besides the financial opportunities. (Dushnitsky and Lenox, 2006; Chesbrough, 2002; Covin and Miles, 2007). Strategic objectives generate direct or indirect benefits by exploring or exploiting strategic options (Chesbrough, 2002; Hill & Birkinshaw, 2008; Dauderstädt, 2013). They will be made primarily to increase the sales and profits of the firms' own business in the long run. The corporate is making the strategic investment to identify and exploit synergies between itself and a new venture. The financial part of the investment decisions is still present, but the corporate is willing to accept low investment returns if its own businesses perform better as a result of the investments (Chesbrough, 2002).

There were all kinds of reasons to be skeptical of Corporate venturing as a purely financially focused investment (Dauderstädt, 2013). Firms that are exclusively guided by financial goals were lacking a real purpose. The strategic objectives involve an indirect financial gain for the corporation. Dushnitsky & Lenox (2006) concluded that the value creation will be greater in general when firms pursue corporate venture capital for strategic reasons, such as harnessing novel technologies, than by passively seeking financial returns. The problem with these strategic benefits is that they cannot be directly attributed to a specific investment. They occur often indirectly and deferred. This makes it hard to determine the outcome of such an investment. Nevertheless, they will legitimate corporate venturing investment, as they will offset relatively poor financial returns (Dushnitsky & Lenox, 2006).

An important non-financial motive for a corporate is the exploration of new products and markets. The cooperation with start-ups will support your organization in finding significant growth sectors, in developing new markets and in discovering new ways of doing business in partnership and development with start-ups who are willing to change the status-quo and are eager to invent new things (Moly et al., 2019).

Another important strategic benefit is the organizational learning (Yang et al., 2008). Schildt et al. (2005) stated that compared to non-equity venturing activities, corporate venturing is conducive to exploratory organizational learning. It allows incumbents to observe and interact with different start-ups, and gives them the opportunity to understand the changing dynamics that govern the market, technology and competition (Dushnitsky, 2005). The inflow of knowledge will be facilitated by the relationship with the start-up. The role of the Corporate venturing unit is crucial. Its staff develop important knowledge and relationships that expedites the efficient transmission of information from start-up into the incumbents' operations (Narayanan et al., 2007).

Many corporates are in war for external talent. A lack of skilled and motivated workers will form a large barrier to the firm's growth. A decent relationship with a start-up will be an attractive option, as it allows having quick access to a highly skilled workforce with those competences that are currently lacking within the corporate (Molly et al., 2019. Besides the technology, the start-up can provide the corporate access to new technologies. Opening up and working together with start-ups will provide the company with a window to the world to keep track of breakthrough technologies or important economic changes.

3.3.2 For the start-ups

A start-up that finds a corporate knocking at the door, wonders if it needs to let him in? The answer is: It depends… On what offer is actually on the table. A start-up will only accept the offer of the firm if it will be better off. Otherwise, the start-up will not be that eager to engage in a relationship with that corporate. The start-up will definitely have its own specific reasons to start a cooperation with a corporate in the sense of corporate venture capital. In general, two big motives can be distinguished. Besides the financial resources where start-ups will generate a direct effect for the firm's business, start-ups will benefit from all kinds of non-financial resources. These indirect effects can leverage the start-up of the corporate's industry expertise, internal processes, marketing strategy, learning capacity, brand name, deep pockets, network of connection and customer/supplier base (MacMillan et al., 2010; Riepe et al., 2019).

3.3.2.1 Financial motives

Many new small businesses fail because of the lack of cash to survive the critical first months of trading while their sales revenues are low as they only just start to build up. The start-ups need the right business partners that can help them to go through it, so a corporate investor can be the right solution for the start-up. A capital boost of the start-up will be one of the most important motives for a start-up to for corporate venturing. The corporate can help the start-ups overcome the "liability of newness" (Baum & Oliver, 1991). The investment from corporate venture capital can give start-ups a significant boost during their early development stages by offering them actual support, such as business advice and a successful network. This makes them capable of working in the best possible conditions. Start-ups without sufficient financial resources are not able to benefit from all profitable investment projects and consequently do not have the chance to turn into high growth firms (Bottazzi et al.,2014; Long, 2019; Riepe et al., 2019). The access to financial resources because of the collaboration with the corporate, will be much more beneficial to the start-up. The corporates might look further than the pure financial return and lead to perspectives towards new developments from which both parties can benefit (Molly et al., 2019).

3.3.2.2 Strategic motives

The next set of benefits for start-ups can be classified under the term non-financial resources. The advice of the corporate in internal processes, e.g., in human resources, legal issues or even marketing will be beneficial to the firm. The provided resources of the corporate will help start-ups to work more efficiently, because of the corporate's knowledge and infrastructure. Besides, the cooperation with a corporate will open doors to get fast access to the market (Dushnitsky and Lenox, 2005; Homburg et al., 2014; Alvarez-Garrido and Dushnitsky, 2016; Anderson et al, 2018; Riepe et al., 2019).

The motives will enhance the profits of the start-up, but the start-up will also be able to operate at lower costs by the early access to diverse information and a broad set of capabilities they gain from their corporate venturing cooperation with the corporate.

We distinguish between a number of non-financial benefits.

a. Mentoring and business advice

The mentoring and business advice given to the start-ups is closely related to the internal processes. The external resources provided by the corporate, will be determining its sustainable growth and performance. As a consequence, a start-up without the proper mentoring and a well-organized internal system will not be able to grow in the predetermined way in the long run. (Ruhnka & Young, 1987; Valentim et al., 2016). Start-ups lack the needed knowledge and the facilitation of inflow of knowledge and the corporate can provide it to them. It will definitely be an added value to the operation of the start-up (Narayanan et al., 2007). Mentoring or Coaching can provide valuable guidance to vulnerable first-time entrepreneurs who are at risk stopping the business formation at the first encounter of a monumental perceived barrier.

Therefore, the corporate can provide the startup with the right mentoring, support and/or advice. Especially for start-ups with young and inexperienced founders, the mentoring, support and advice will be of great value. In the collaboration with an experienced and well-established firm, start-ups will definitely learn the knowledge and insides to make the right decisions. In many cases, the owners of corporates went through that road before and can help with problems and/or important decisions you have to make (Molly et al., 2019).

The start-up will be enabled to reinvent its future by acting entrepreneurially, while the corporate will be allowed to suggest and pursue ideas and opportunities that rather looked impossible to address through the entrenched ways of working and thinking by the start-up. With the experience and help of the corporate, start-ups can focus on their core business and take advantage of all positive signaling effects from the cooperation with the corporate (Riyanto and Schienbacker, 2006).

b. Building networks

Start-ups do benefit from the assistance of corporate investors in building networks. When the start-up is growing, at a certain point a leap into new markets, new type of clients or new products is needed. When relying on the organization itself, this process can be long and be full of uncertainties. The access to the larger firm’s business partners and networks, which can open doors, extend reach and further accelerate the development process (Moly et al., 2019). The start-ups will indirectly benefit from the size of the network of the corporate they are working with. These opportunities give start-ups the chance to save money as well by taking advantage of the corporate’s procurement power (Baum et al.,2000).

In the paper of Riepe et al. (2019) Start-ups have specified that the support of the corporate investor in establishing commercial connections will get them closer to potential clients and gives them the possibility to achieve new partnerships around the world and get commercially connected to the corporate’s brand. The big network of the corporate will become a partner or buyer of the product or technology much more easily, just because the start-up is working closely together with the big corporation.

c. Marketing strategies and brand awareness

Better marketing strategies or ideas will make people know the startup and its product. Andersson et al (2018) and Homburg et al. (2014) stated that the support in advertising and marketing activities are highly relevant to early-stages start-ups. In the early stages of a start-up, it is important you create the credibility to attract clients who want to buy from you. You cannot rely on years of experience and a long-proven track record. A collaboration with a well-known, or well-respected corporate can create the necessary boost for the credibility of the start-up. Eventually customers will recognize and link your brand to something they really trust in and create brand awareness for the start-up (Molly et al., 2019).

d. Access to specialized assets or infrastructure

Another reason for start-ups to collaborate with a corporate is that these firms often have setups in place where start-ups only can dream of. Better production capabilities, ICT infrastructure but also patents or other IP can contribute to the bright future of the start-up (Molly et al., 2019). The corporate can license out their patents at a lower price or at better conditions, just because they will benefit from the success of the start-up in the long run. Even the whole distribution network of the corporate can be beneficial to the start-up.

Corporate venture capital can also help start-ups to overcome the challenge they are facing about properly testing their solutions within a "live" business environment. The corporate can provide them the perfect testing ground for a start-up's product. In that way, the start-up can integrate their solution in real time according to real customer feedback. This will accelerate the development of both the business and the product and result in a solution that is a better market fit (Riepe et al., 2019).

Start-ups do not always have the right infrastructure because they work from home and do not have an own office. Corporates can provide the start-up with the right infrastructure and circumstances to work in (Van Peteghem & Mohout, 2018).

3.3.3 Motives and life cycle of start-ups

A firm grows through a step-by-step development process from its establishment. The understanding of this process is useful for the corporate. There are five different stages the start-ups develop their business. Each stage is connected to different ways the corporate can be an added value to the start-up so it can help them achieve higher performance with the required different efforts and resources (Zhang et al., 2017). This makes it essential to consider in which stage the start-up is, to provide them with the right resources that are needed at that time.

In the beginning, the startup is located in the Seed stage where the company starts only with a business idea derived from market opportunities. The start-up lacks the sufficient knowledge and human resources in this stage. They generally do not have a specific business plan and their goal is to test the market with their prototype (Ruhnka & Young, 1987; Gompers, 1995). The second stage is the Early stage the start-up has formed a business plan based on their technologies and ideas. Even though there is no product on the market yet, they mostly have already identified the market demand and built the beta version of the product or service (Ruhnka & Young, 1987). Next, the start-up is located in the Expansion stage, the startups begin to systemize their organization with credible team members. They penetrate the market with their products and services. This means that the start-up shall need to put some effort into advertising and finalizing products in order to solidify their presence in the market (Ruhnka & Young, 1987). The Later stage, the start-up already has some sales and tries to broaden their market. Some start-ups generate profits, while others tend to modify their products or services because of the low profitability. The corporate will be helpful to the start-up if it can provide it with financial resources to prepare for their later stage. Finally, the exit stage, where the start-up enters into the processes of IPO or M&A on their own, but the support of the corporate will facilitate this process (Ruhnka & Young, 1987). The lack of the needed resources in each development stage becomes the motivation of startups for corporate venturing (Zhang et al., 2017).

The analysis of Jeong et al (2020) revealed that the earlier a start-up gets in touch with corporate venturing, the higher the start-up's performance eventually will be. Corporate venturing will lead to sustainable growth of the start-up in the initial stage. Start-ups do not have time to acquire the necessary knowledge and develop their own knowledge. The ones who attract corporates to start a corporate venturing will be considered as start-ups will have a bigger potential for growth (Gulati & Higgins, 2003).

3.4 The success factors of corporate venturing

The prior section made a clear overview of the different motives of both parties. This section will provide the success factors that will contribute to a better cooperation between the corporate investor and the start-up.

3.4.1.1 Goal clarity

There is conformity in the literature that a CVU needs to have a clarity of goals and the distinctive organizational capabilities to deliver upon these goals to make their corporate venturing successful (Campbell et al., 2003; Hill & Birkinshaw, 2005). In order to maximize the chances of a successful collaboration, both parties need to be aware of intentions of each other (Molly et al., 2019). It gives them a framework to work with while working together. The first one is making explicit goals and motivations for cooperation. When it is not clear to both parties what they expect from each other, they are doomed to fail. Frustrations will come to the surface and the collaboration will be very difficult (Burgelman & Välikangas, 2005; Leten & Vandijck, 2012). The financial and strategic goal of the corporate venture capital units can be defined as the motives for a corporate to engage in corporate venture capital and is already discussed in the section around the motives of the corporate (Dauderstädt, 2013).

3.4.1.2 Long term commitment

A longitudinal study showed a higher survival rate for strategically motivated venture units, because those are more occupied with long-term investments and growing emerging businesses instead of the financially focused ones, that are more short-term thinking in mind of the corporate headquarters (Hill & Birkinshaw, 2005; Leten & Vandijck, 2012). This will not underestimate the importance of the financial part within corporate venturing, but only focusing on a short-term financial return will not contribute to a successful relationship. The strategic side will imply some long-term commitment and will lead to a better outcome of the corporate venturing investment of the corporate (Van Petehgem & Mohout, 2018).

For corporate venturing to be successful, the investment should not be a stand-alone activity where the corporate is aiming for a return on investment within a short period of time. Instead, it should be seen as an instrument for that corporate who serves the long-term commitment to corporate business renewal, to be ahead of the competitive game fending off competitive threats (Leten & Vandijck, 2012; Burgerlman & Välikangas, 2005). The long-term corporate strategy will be of importance to lead the corporate venture capital investment to a success. Start-ups are not interested in corporates that only invest for financial returns. They want to rely on the corporate when needed. Not only in the short run, but the corporate can be an added value for a long time for the start-up.

3.4.1.3 Adjacency

Corporate ventures are more likely to be successful when the CVU invests in ventures that focus on technologies, products and markets that are adjacent to those of the corporate (MacMilan et al., 1986; Leten & Vandijck, 2012). Adjacency means a close link to which the invested start-ups are linked to the investing corporate's current business. It can refer to markets, resources, patents and capabilities. A start-up can be strongly linked to the corporate and might take advantage of that firm's manufacturing plants, distribution channels, technologies, organizational practices and its successful brand (Chesbrough, 2002; Leten & Vandijck, 2012). The start-up can also adopt the business practices of the investing firm to build, sell or service its products. Besides, the exploitative learning capabilities, where the start-up can learn from the company wide capabilities, resources and routines, is also greater when both the start-up and the corporate have a high relatedness (Schildt et al., 2005).

3.4.1.4 Autonomy

To understand the corporate venturing relationship between the corporate and the start-up, the role of the Corporate venturing unit is important. These are usually independent units within the corporation. Accordingly, each corporate can decide how much autonomy it grants to its corporate venturing unit. Autonomy in terms of selection, evaluation and funding budget. The more autonomy the corporate gives, the more it gives away a large amount of control to the Corporate venturing unit. Corporates find it often difficult to resist meddling in the activities and decision making of these units. This can be problematic, as they both have other mind-sets to be successful. Venturing requires long-term support, as we have seen before, while the corporate's focus is on the short-term results.

On the other hand, is autonomy important for the start-ups. They want to know how much autonomy they can preserve during their relation with the corporate investor and want to avoid the obligation to follow the procedural guidelines of the corporate. The start-up's intention is to still have some autonomy to follow its own guidelines. The corporate cannot impose their rigid procedures and way of working. This means it is necessary to reach agreement on the degree of autonomy and freedom of action. The goal of the entrepreneur of the start-up, its way of working, but also possible restrictions, like collaborations with a competitor of the corporate. If the corporate wants to interfere in the start-up's process, it needs to make sure that the start-up is aware of that (Molly et al., 2019). Both parties need to understand and be honest about the real motives behind the relationship (Van Peteghem & Mohout, 2018).

3.5 The risks of corporate venturing for start-ups

Start-ups can definitely benefit from their relationship with a corporate investor. These advantages of corporate venturing are discussed above in the section about the motives why to choose for corporate venturing. In this section, the possible risks of startups with their relationship with the corporate will be discussed. There will be pitfalls or obstacles that start-ups and corporates need to take into account while considering corporate venturing (Prats & Siota, 2018).

The lesson to be retained is that there are risks and challenges for the start-ups that, if not addressed properly, can have important consequences. Nevertheless, these risks can be avoided and/or mitigated by being cautious, aware and proactive when tackling them (Molly, 2019).

3.5.1 Autonomy

The downside of an injection of capital by a corporate investor for a start-up is giving up a part of the ownership or equity in the business to an external party. In exchange for funding, the start-up loses some control. The corporate wants to be involved in the start-up. When taking a minority ownership status in the start-up, the corporate is looking for a return on its investment. That makes it possible for the corporate to take some profit of your business. Start-ups need to find the right match with a corporate that does not only deliver some cash at the start and comes back for it at the end but helps the start-up during its business process by delivering besides the financial other resources.

For the success of Corporate venturing, it is enormously important that start-ups keep their freedom of action. The founders should not be put under pressure by a corporate that points out a particular strategic direction. This will create tensions and negative motivation if the interests of the founders are neglected (Seitz, 2019). Therefore, the corporate should have the smallest possible distance from the mindset of the start-up, to understand the day-to-day business and the decision-making process in a start-up and to support it accordingly (Seitz, 2019).

3.5.2 Conflicts of Business interests

One of the possible risks for the start-up is the conflict of interests between the start-up and the corporate. A small start-up and a big corporate will have different points of view and the decision-making process might result into difficulties between both parties (Dauderstädt, 2013; Prats & Siota, 2018).

Corporates are not used to working in that startup environment and they lack the awareness of how start-ups operate. It takes a different type of manager to get things done in an organization with limited team resources, small budgets and possibly no customers at all to fall back on. The start-up may have different preferences and goals than the corporate was initially thinking off. This risk can be easily reduced by setting out clear rules in front of negotiations between both parties (Prats & Siota, 2018).

Start-ups on the other side can be frustrated by the big business environment they will end up. Struggling with slow decision cycles that are common in large companies and dealing with their "abusive" negotiations due to their great power (Prats & Siota, 2018).

3.5.3 Transfer of knowledge

One of the risks of Corporate venturing for start-ups is that they are teaching their future competitor. Certainly, when the protection of intellectual property like immaterial or intangible assets, creation of value and revenue, incentivize innovation is involved (Molly et al., 2019).

By informing the corporate how they become able to develop it themselves, there is a possibility that the corporate goes along all by itself. By teaching them, the problem on the long term can be that the corporate does not need the start-up anymore and they start making the start-ups technology (Dauderstädt, 2013). The start-up will be replaced by an inhouse team that continues the production (Prats & Siota, 2018). Corporate venturing helps corporates to get access to new knowledge, especially tacit knowledge, into the corporation by working together and getting the insides from the start-up (Dauderstädt, 2013).

In this kind of cooperation, one of the first and biggest challenges is to define from the outset clear and solid contractual agreements defining how to share previously existing intangibles, further developments or changes to such intangibles and/or new jointly developed intangibles. It is crucial to define who can use or commercialize what, where, to whom and under which conditions. Also, start-ups should anticipate on what could happen when the venture comes to an end, whether in good or bad terms (Molly et al., 2019).

This will not always be the case, as it will depend on the industry you are in. In the more technological industries, this will be a bigger risk than a business of services where everyone is capable of offering it. One way to protect intangible assets is to rely on intellectual property, such as patents. In that way, the start-up will be in charge of the use of its technology and can it decide whether it will license out the technology to one or more corporates. Patents will protect the start-up for at least twenty years against the corporate or other competitors.

The start-up needs to defend itself against these long-term risks and be aware that they exist. In the short-term, the cooperation can be a big success, but if the corporate takes over all of the business, the start-up will be worse off.

4. Practical methodology

4.1 Data collection

At de start of this research, corporate venturing was unknown to me. The subject was provided by professor Bart Leten, accompanied by a few sources about the topic. Chesbrough (2004), Dushnitsky & Lenox (2005) and Narayanan et al. (2009) formed the start of the research, where those three sources provided me with the first knowledge about this topic. It opened doors to many other sources. The other sources focused on other aspects of the topic, compared to the primary sources, but even without a perfect match, all data brought me closer to a clear understanding of the content of corporate venturing and in particular corporate venture capital (Gompers & Lerner, 2000; Chesbrough, 2002, 2004; Benson & Ziedonis, 2005; Dushnitsky & lenox, 2006; Lerner, 2013; Röhm, 2017). Besides, the use of secondary data helped me to understand the motives of corporates and start-ups within corporate venturing. Keil (2000), and Maula (2001) represented the different structures of corporate venture capital. The dissertation of Dauderstädt (2013) together with the research paper of Leten & Vandijck (2012) brought new insights related to the success factors of corporate venturing.

The motives of the corporate investor were related to the framework of Chesbrough (2002) in which the motives were divided into the financial and strategic motives of the corporate. The start-up motives on the other hand were found in several different studies that each pointed out a specific motive for the start-up within corporate venturing (Narayanan et al., 2007; MacMillan et al., 2010; Bottazzi et al., 2014; Homburg et al., 2014; Molly et al., 2019; Riepe et al., 2019).

The second section made an overview of the success factors of corporate venturing. The paper of Leten & Vandijck (2012) has investigated the success factors of corporate venturing. This research went even further and looked at the different success factors, especially for start-ups where I relied on other sources as well (Campbell et al., 2003; Burgerlman & Välikangas, 2005; Hill & Hilrikshaw, 2005; Schildt et al., 2005; Van Petehgem & Mohout, 2018 and Molly et al., 2019).

The risks or obstacles of corporate venturing that start-ups take into account was het last section of this master dissertation. There was a wide range of risk or obstacles in the literature, but I focused on the three most important ones. In Seitz (2019), the autonomy of the start-up was discussed. It is a very broad, but important topic for entrepreneurs. The next risk for start-ups was a possible conflict of business interest. The research of Dauderstädt (2013) and Prats & Siota (2018) were the main sources. The last risk, the transfer of knowledge where a start-up was teaching its future competitor, was mainly found in one source (Molly et al., 2019).

4.2 Interview guide

The interviews with the different start-ups were based on the research question and sub questions and the theoretical framework. This divided the interview into four different parts. After a short introduction of the firm and an explanation of the kind of funding of the start-up, the following three questions formed the main part of the interview.

First, the main research question was addressed. In this part, I asked the motives of the start-ups for cooperating with a corporate investor. As already stated in the literature review, these motives for start-ups are subdivided into financial and strategic motives. During this part of the interview, I was wondering which one prevails and if the entrepreneur of the start-up could order the different motives from important to not important. Moreover, the entrepreneur was asked to stress the motive described in the literature that were not interesting for the start-up and were a reason to not cooperate with a corporate investor in the sense of corporate venturing. Start-ups that did not have any experience with corporate venturing were asked what the reasons would be for them if they had a corporate investor.

The second part of the interview was addressing the first sub research question about the obstacles that start-ups could face during their cooperation or the obstacles that have them reluctant about corporate venturing. The literature review has pointed out three main obstacles, but the experience of the start-ups could bring some new insights.

The third part of the interview brought up the possible success factors of corporate venturing in their situation. This part could only be asked to the start-ups that are collaborating with a corporate investor and have chosen for corporate venturing. What is important to them to make it work? What are the things they brought up during negotiations that were decisive for a positive work environment? What convinced them to would work out? And what needs to be there to make their corporate venturing story successful.

The interview was ended with two reflection questions. Would the entrepreneurs do the same if they knew what they know today? Next to that, I referred to my opening sentence: "If you cannot beat them, join them!". I asked the entrepreneurs if it was applicable to their situation and if they agree with this statement or not.

4.3 Participant's selection

The population of my sample are Belgian start-ups, active in random industries. I decided to select three kind of start-ups where I interviewed two off each kind. First of all, there were two startups that have a corporate investor. Besides, two start-ups came in touch with a corporate investor, but eventually were not able to close a deal. They have negotiated and discussed the certain conditions and benefits of corporate venturing. The last two start-ups did not have any experience with corporate venturing. They never have negotiated with a corporate investor to discuss a potential collaboration. The last two categories did not only show the bright sight of corporate venturing, but also talk about the cases where corporate venturing was not the ideal scenario for the start-up. It was important for all candidates to focus on their own story and explain why they have chosen or will choose corporate venturing or why not. The combination of all six interviews should give the right insights of the opinions of start-ups towards corporate venturing.

The six start-ups have provided me with answers during a 30-minute interview. Due to the corona pandemic, each interview was held online. This made it easier to record all interviews to fully understand the story of each entrepreneur. After each interview, a transcription of the recordings took place.

5. Empirical study

In order to answer the predefined research questions, I have done research on the real-life motives of the start-ups in Belgium. In the next section, every start-up and his corporate venturing activity will be explained. The corporate venturing activity will be split up in the motives of the start-ups for corporate venturing, the risks of corporate venturing and the factors of success. The last two closing questions are related to the steps they have taken and if they would do it the same way.

The first two start-ups have no experience with corporate venturing. The next two start-ups have already negotiated with a corporate investor to discuss a potential collaboration, but never reached an agreement. The last two start-ups have a corporate investor.

5.1 Start-up 1

5.1.1 Company information

The first start-up I have interviewed is a Belgian company that helps brands around the globe to leverage the power of influencers on video- and live streaming platforms to make advertising authentic, interactive, and rewarding for its viewers. It combines years of experience in working with influencers and the latest technologies to have the right influencers create collective, interactive, and immersive experiences about brands, which are truly loved by consumers.

In short it has developed a platform that brings different brands and influencers together because

many brands are having difficulties reaching young audiences. The assistance of influencers can help them with this, but they do not always know where to find such influencers and how to work with them. These influencers can link their channels to the platform and create and CV so they can get noticed by the brands. The start-up will help these brands to get in touch with the influencers that can be an added value to their products or services.

5.1.2 Corporate venturing activity

5.1.2.1 In general

Start-up 1 has no corporate venturing activity, but stepped into the accelerator program of imec in 2018. In an interesting conversation, the entrepreneur told me that besides their collaboration with imec the world-leading R&D and innovation hub in nanoelectronics and digital technologies based in Leuven, Belgium, they have held some funding rounds with private investors as well. The imec start program helps the start-up to be prepared for the market, growth and investors. This one-year program was the perfect way to grow. They were not only provided with money but could also count on the expertise of the imec representatives. Once per quarter, they even got the opportunity to go to imec and work together with their employees. With all this expertise the start-up could count on, it was able to work more efficiently and could set up the right structure for their start-up to grow further in the future. Corporate venturing was never a concrete option for this start-up, but it was supported by the acceleration program of imec.

The difference between corporate venturing and an incubator program is the goal of engaging with start-ups. A corporate that is looking for opportunities ten to do more corporate venturing. It will discover problem spaces and define struggles which the start-up can give an answer to. A corporate as an incubator usually identifies the solutions for certain problems where the start-up can take advantage. They deliver the solution for the problems start-ups have in a short period of time in which they intensively support start-ups with mentoring, education and physical working space with a final demo day/ graduation. The possible offer of upfront investment is somewhere around 10 to 50 thousand, this can be much higher in case of corporate venturing.

5.1.2.2 Motives for corporate venturing

The funding takes an important role in the start-up world. That makes it necessary for the start-up to collect enough money. The funding is one the reasons for corporate venturing to this entrepreneur. In general, the money rules the world. It was one of the reasons for them to choose for an acceleration program, in which they got a funding as well, but do not need to deal with a corporate.

Besides the funding, the most important reason for the start-up to work together with imec or in case of corporate venture capital is the network. To be introduced to potentially interesting clients or other investors by a corporate like imec has a big impact on its business. A simple networking event where a small start-up can introduce itself to big corporates can lead to new connections and collaborations from which the start-up will benefit. The name imec has opened doors and in case of corporate venturing, this will be the same with a corporate investor that is investing in you. It is a sign to the world that your start-up is an interesting party to work with.

Expertise is closely related to the network of the corporate. If the entrepreneur was struggling with a legal problem for example, imec was the one with the network that could provide the necessary information and solutions to deal with that problem. Imec has that many relationships, that they can send to the right person. It was because of imec that the start-up got in touch with new big clients, they are still working with nowadays. The expertise can also entail a business view of a certain person within the corporate that is thinking as a start-up. When you do not have much experience with the hard world of business, it is normal that you do not know how it all works. This makes an expert of a big corporate very useful for the start-up to make the right decisions.

When corporate venturing would be an option for them, the motives that are discussed above are the most important. The expertise and networking are important for a start-up, but the need for money for start-ups may never be underestimated. This is just reason number one, as the start-up needs some kind of funding. Only the funding part is not enough and the combination of all benefits makes corporate venturing an interesting possibility. The entrepreneur of the start-up only stresses that corporate venturing also implies a negative aspect, what makes them choose for the acceleration program of imec. Imec does not only provide capital, but the start-up can also enjoy from many other advantages of their collaboration. They can rely on the corporate at any time and get the support to work new ideas out. Imec is used to work with start-ups in such programs and for this start-up a better option than corporate venturing.

5.1.2.3 Obstacles for corporate venturing

The start-up has not worked together with a corporate investor, because working closely together with a corporate could lead to a situation in which your products or services only comply with all wishes of the corporate. This could make your start-up the perfect partner for the corporate, but the risk for the start-up is that it will be absorbed completely by that one corporate and your products and services will not comply with preferences of other clients anymore. The products can become so tailor made to the demands of the corporate investor that they will not fit the requirements or demands of other clients. You have only proved that you can fully customize your product for one client. Problems will exist when the start-up wants to scale up and grow further. This entrepreneur believes that one corporate investor will scare other investors when going internationally and that could blow up the working relationship with other corporates in the future. You will not get access to the market, just because you are working closely together with one corporate investor and your products are customized based on the requirements of this investor. In the business of marketing, this would definitely kill the start-up as it will be absorbed by the corporate. Keeping the corporate just as a client, instead of a corporate investor, is a much better choice. It will give you the same benefits, but without any risks of being negatively affected by its presence.

A corporate investor that wants a board seat in the start-up, can be another reason for a corporate to refuse the cooperation. It depends on what they give and what they ask. If they are asking for a large stake in the start-up and are not willing to provide a certain amount of money, then this will be an obstacle. This needs to be negotiated and depends on the good will of both parties in every case. In that way, a mitigation of the risks of obstacles of corporate venturing can be granting a board seat to the corporate without any right of decision or veto while taking key decisions. In that way, they will not lose their autonomy and will only receive feedback from the corporate, without having a decisive vote. The corporate can share their expertise in a structural way.

The start-up did not have any problems with imec in their relationship during the program, and they think this is because all the investments in start-ups imec has done before. They were certainly not the first one to join such a program and that is why imec knows how to deal with a start-up. This will be a whole other story when you are working with one corporate investor. This party will have a whole other interest in the start-up which can lead to struggles because they have a different point of view on certain business ideas. This corporate that could have a board seat in the start-up will try to make this not only profitable to have a return on its investment, but will have the interest of the corporate in mind as well. They could become a future competitor of the start-up, once you have educated them. This will never happen in the case of the program with imec which has a whole other purpose and value proposition.

5.1.2.4 Success factors of corporate venturing

The long-term commitment like they have now with imec is important for this entrepreneur. That could be one of the reasons for corporate venturing as well, when a start-up can count on the corporate even a few years after the funding. It cannot stop after the moment of funding. Start-ups are willing to stay in contact with the corporate and keep enjoying the network or expertise of the corporate. The start-up goes through different stages and each stage implicates different needs. In this case a passive role within the board of directors is enough. Just having that person around and benefit from his advice, can help the start-up to achieve further goals.

Besides, this passive role of the corporate within the board of directors will lead to more autonomy of the start-up. Every start-up wants to stay in charge of what happens to its ‘baby’. The corporate can give advice and share its opinion, but they cannot impose their way of working or make decisions.

5.1.2.5 Closing questions

If you cannot beat them, join them is a global expression, but it could definitely describe corporate venturing. There are companies that are doing everything themselves and become successful, but this share is very small.

The entrepreneur is convinced that the acceleration program made a lot possible for the start-up and he would make the same choices. It gave them the needed resources and network they could always rely on, even after the program was finished. Corporate venture includes too many obstacles that outweigh the benefits.

5.2 Start-up 2

5.2.1 Company information

This start-up has grown into a scale up nowadays of 105 employees. It believes in opening the artificial intelligence technology to all companies who realize they will need it. Today AI is out of reach for most companies and it is powerful technology only understood by a handful of data scientists and engineers which makes it only available to those who know how to work with it.

The start-up has built an interface that unleashes the power of AI vision technology to those who realize they will need it and open the human machine revolution to leading companies worldwide. It has created an AI vision platform that runs in a wide array of applications such as industrial automation, robotics, video analytics, life sciences and beyond. Companies can pay a subscription for the use of the platform. The code is no longer manually written but machine-made and it made AI a necessary tool, just like what browsers were to the internet: a platform that makes AI technology widely accessible.

In short, the scale up's AI is a tool that works for both operators and experts, across departments and countries. Precisely because it sets the standard for AI vision applications, this platform makes this pioneering technology scalable.

5.2.2 Corporate venturing activity

5.2.2.1 In general

This scale up has no experience with corporate venturing and during the interview, the entrepreneur explained why corporate venturing was not an option. He is convinced that for some start-ups this is the best choice, but he came to the conclusion that the obstacles outweigh the connected advantages of corporate venturing.

5.2.2.2 Motives for corporate venturing

The scale-up has grown because of subscriptions of clients that gave it the opportunity to grow the business step by step. It made the start-up choose not to work with an external corporate investor. Capital cannot be the biggest motive for corporate venturing, as there is too much capital available on the market. It may not be decisive for the start-up. Nevertheless, the capital is needed to run the business. It is only subordinated to the non-financial motives like availability of a big network of the corporate. Capital is important and necessary for a start-up, but it cannot be the main reason for corporate venturing. There are many other ways of funding for start-ups besides corporate venturing that are more interesting for their strategic benefits.

This entrepreneur would consider a corporate venturing cooperation with a corporate investor to benefit from the big network of the corporate. This network of clients will give so many opportunities to the start-up that can increase the sales and eventually the profits of the start-up. The network needs to be built during the years and for a start-up this is not self-evident.

In the long term, a clear advantage of corporate venturing and the close cooperation with them is the extensive customer base you can rely on. The corporate has hundreds of thousands of clients that are possible clients for the start-up when they work with the corporate. Being introduced to that market, will bring huge opportunities for a start-up. This means that the network of the corporate investor is the main reason for them. Having access to the right people who will help to increase sales and profit will be much easier with the support of the corporate investor. They have the connections and can introduce the start-up to those who can help them on the long run.

The importance of mentoring and business advice for start-ups was already stated in the literature, but it cannot be a motive for corporate venture capital. This will be the case in other ways of funding where the start-up could rely on more and better advice that is applicable to their start-up. The advice and mentoring provided by the corporate will always be in function of the corporate's business. How can the start-up work even better with "US" in the future, which is by definition not always better for the start-up?

5.2.2.3 Obstacles for corporate venturing

One of the reasons not to work with a corporate investor is the fact that you will be "married" to a party that in her own ecosystem has some competitors that do not want to work with you anymore because of that marriage. you will become part of the network of one corporate and that will hinder other connections. This "marriage" with the corporate is not completely a pitfall for the start-up. As said before, the start-up can count on a big network of clients and besides, the corporate will be generous in its valuation of the start-up. The corporate knows exactly what it wants to achieve with that start-up. It is a more strategic way of innovating for the corporate, it is often the case that the needs of the start-up are less important than their own return on investment. This has an impact on the autonomy of the start-up, which needs to follow the corporate's lead. The more you get involved in one deal with a corporate investor, the smaller the scaling possibilities for the start-up become. The ultimate scenario is that you get fully absorbed by one corporate investor that limits your possibilities to work with other companies.

This scale up preserved their autonomy through the funding of portfolio investors. This made it possible to keep the technological independence of the start-up which will limit the risk of being completely taken over by one corporate. This scenario of mitigating the risks of absorption by one big corporate can be mitigated as well for corporate venturing. Having a portfolio of investors will limit the possibility to be fully absorbed by one corporate and to adapt to their preferences.

One other obstacle for corporate venturing is that start-ups need to be interesting enough for the big corporate. It is not that the start-up is willing to cooperate with a corporate investor that this will be the case. Corporates are not willing to invest in every start-up that passes by. That will be an obstacle for corporate venturing and other ways of funding and cooperation become interesting. It is dangerous for the start-up to make yourself more interesting to the corporate when you pitch your project to them. The appreciation needs to be there and the corporate should believe in your project from the beginning.

The entrepreneur's view on the board seat which can be taken in the start-up by the corporate investor is very clear. This is a clear consequence of the provided capital and would not stop them from cooperating with that corporate investor. This will be part of the negotiation process and if the corporate is investing money in your start-up, it is normal they want to be part of the governance as well. The mitigation of all these risks and obstacles is hard.

5.2.2.4 Success factors of corporate venturing

Long-term commitment with the corporate will lead to a trustworthy relationship which the start-up can benefit from. They are not interested in corporate that only shows them the money and want to have a return as soon as possible. It needs to be a partner that helps them grow. This partner cannot impose any of their rigid procedures and ways of working on the start-up. In other words, the start-up wants to keep its autonomy to make decisions it agrees with. A clear understanding of the dos and the don'ts can help to avoid any frustrations. An advisory role for the corporate would be more suitable in corporate venturing, even though this will be a tough discussion point because corporates tend to take full control. They want to make sure that their money is well spend.

5.2.2.5 Closing questions

"If you cannot beat them, join them", is not applicable to the industry of this scale-up. This will only be the case in an industry where you have big difficulties to penetrate the market and corporate venturing is the only way to get access to the market.

This entrepreneur is very clear, corporate venturing is not the right way and this cannot be a solution for them in the future, with all they know now.

5.3 Start-up 3

5.3.1 Company information

This next interview was with the founder of a E-sports platform, the Facebook for gamers. They can collect and link games to other gamers, and give them the opportunity to play matches against each other, to win trophies, but also discover new players through the platform. This is grown into the biggest gaming/ E-sports platform in the Benelux with more than 100 000 players. A famous example is the E-sports competition between all the football teams in the first division of Belgium.

5.3.2 Corporate venturing activity

5.3.2.1 In general

The corporate venturing story of this start-up has known multiple negotiations, but the longest one was with one corporate investor that was interested in the platform and the community. They realized they were far behind in the gaming world and had difficulties reaching out to those gamers. By focusing on E-sports, they close this gap. The intention of the corporate was to introduce the start-up's ecosystem into a gaming website where users could read news or watch videos all about gaming. With the help of AI, gamers could get more from their gaming experience.

This app exists, and the start-up already received some money to work it all out, but the problem was that the deal fell through at a certain moment. Many people were involved, but not the right ones. There was just little feedback from the top of the corporate. The moment it needed the big budgets from the corporate investor, there was no movement anymore. Not everyone was convinced and the decision was made not to invest further in the start-up. After long negotiations about a possible corporate venturing collaboration, this entrepreneur is the perfect partner for this research to explain all motives of corporate venturing, the risks and the pitfalls that are connected to it and also the factors of a successful collaboration with a corporate investor.

5.3.2.2 Motives for corporate venturing

An important reason is the need for funding for a start-up. The capital flow from the corporate to the start-up is a necessary step to make it possible to grow. With a corporate behind you, the way to success can be accelerated which makes corporate venturing an interesting way of achieving your goals. But there is much more that is involved. A corporate investor who is a big player in their market is able to provide the start-up with all that is necessary and makes it possible for the start-up to grow.

In general, corporate venturing will help the start-up in the sense of a network from which it can benefit. Those two factors are also seen in other projects of the corporate investor. It already has some experience with corporate venturing. Not only the network, but also linking your start-up to a big corporate, can open doors just because people are noticing you. Not only customers, but also possible business partners. The corporate provides all start-ups they work with, with all essential brand recognition and introduces them at a higher level, in a way the start-up becomes a familiar face in the industry.

The most important motive for a start-up depends on what situation you are in. Not every start-up needs the same resources to become successful. A start-up comes in different stages and those stages will define your strategy and defines all needed resources for reaching its potential. Some of them will think it will be beneficial to their business, others will try to bring in the necessary expertise for the development of their products, others are helped by cash stability. All three need to be present, but it depends on the needs of the start-up which motive will be more important compared to others. Not every motive prevails in every case of corporate venturing. In case the start-up only aims for money, corporate venturing will not be the best choice, there are other ways of finding all the necessary funding.

In short, the funding, the expertise, the brand awareness and network will be in pole position. Depending on the case, one motive will be just a little more interesting for the start-up than the other two, but at the start they were all equally important. As was the case for this start-up a few years ago. Later on, the expertise became less interesting, because the corporate needed us to provide them with the necessary expertise in the field of E-sports. So the other two, the brand and the funding, became more interesting. But that was a few years ago. If the start-up would step into corporate venturing today, this classification of which one is more needed, would be totally different and they would benefit more from the network of the corporate to introduce its technology to other industries and diversify its business.

5.3.2.3 Obstacles for corporate venturing

In this case, the deal has been canceled because both parties could not agree on each other's terms. That is the main reason. This makes it an obstacle for corporate venturing, because both parties have expectations and when there cannot be an agreement, the deal is off. The perfect fit in the minds of both parties is hard to find. The start-up and the corporate need to understand each other and that makes a what used to be a perfect deal not so perfect anymore after some time. The entrepreneur had expected much more from the expertise of the corporate, but when they noticed this was not the case, the funding became more important. David against Goliath is not always the case. The start-up is sometimes even better or smarter than the corporate or can develop ideas out the corporate is struggling with. Playing hard to get will make it clear to the corporate that the start-up needs to be taken seriously.

The risk of the political game within every corporate cannot be underestimated. Objectivity is not in place here, because it is not about which project will succeed in the market or shows a lot of potential, but it is more about knowing the right people that can push their ideas and believe that the projects under their lead will be the next big thing. If you do know those people, corporate venturing becomes very hard. This is certainly an obstacle, because you can have the best idea, but you need the support of the right people.

Another obstacle that was present in their case is the maneuverability of the start-up. Every time the corporate provides the start-up with money, the maneuverability of the start-up decreased. The corporate would take the lead. Working from an opportunity becomes more difficult, but you are stuck with the decisions made by the corporate about which strategy to follow. They want a return for their investment and most of the time, this is done by the exchange of equity or giving them an extra seat in the board of directors. This maneuverability is very important for this entrepreneur and your project needs to work to limit this danger. By knowing the right people in the right place, you may have more opportunities because there is someone within the corporate supporting your ideas and convincing the other people of your project.

The autonomy of the start-up will be reduced within corporate venturing and that is a risk you take as an entrepreneur. You are a team and decisions cannot be made by yourself anymore. The structure of the corporate makes it less easy for everyone to work in. Not every successful entrepreneur behind a start-up will be successful within a big corporate because of this complete other way of working. Your freedom will be contained. Entrepreneurs cannot do everything they want to do anymore and work out opportunities that pass by every day.

A board seat in the start-up or equity is possible, but only for the right price. And the discussion on what is the right price, is a hard one. What they consider as investing a lot of money into the start-up, can turn out to be not the big effort for the corporate. Not only the investment of money is part of the deal, but this can be the access to distribution channels of the corporate. As a start-up you need to counterattack these kinds of games and be aware that not everything appears to be what it is. Keep your eyes on the prize to make everything possible. No deal can be better than a bad one…

5.3.2.4 Success factors for corporate venturing

The entrepreneur of this start-up has experienced that corporate venturing is not that easy as it looks at first. A big challenge is being active in a corporate environment, and not in your own start-up environment anymore. It is hard to find yourself within the corporate and therefore you need the right people that got your back and support you. Corporate venturing can only be a success if you know the right people at the right places within the corporate and this for a long time. This can help the start-up to preserve some autonomy and make sure that everyone is headed in the same direction. The problem is that at the beginning you do not know if the right people support you and if they are still there in the future. Corporate venturing can be totally lost when certain people within the corporate to whom you have a close connection, get fired or are not there anymore. Trust needs to be built up and this takes time.

During the interview, the entrepreneur stated that corporate venturing is more successful if it comes from the corporate itself. They will not have those difficulties than ideas that come from the outside. The necessary people will be involved and the corporate can put the right people in the right place to support the project. They know how the corporate works and have the same goal in mind. For people from the outside, it takes more time to get to know the corporate and even if that does not involve any difficulties, the use of the brand, network, assets or infrastructure will decrease the maneuverability that is so important to the start-up. The more the start-up knows the story of the corporate and knows the right people within the corporate, the bigger the chances of success. In that way, the start-up will be able to work in the structure of the corporate, which most of the times is completely different than the start-up's environment and not easy for everyone. This knowledge can also be built up by speaking to the people of the corporate and by trying to understand them and their strategy as quickly as possible. The start-up had the chance to get to know the corporate for more or less eighteen months, which made it possible to really know what the possibilities were with them. If the corporate had chosen to go for it and agreed on their terms, they were convinced that their collaboration would be very successful.

5.3.2.5 Closing questions

"If you cannot beat them, join them" is not the best starting point. This can be the case, but it is better to go out from your own strengths. The corporates are as much as threatened as you are. They are also afraid to get beaten.

A more appropriate slogan would be "If you cannot beat them, beat them together". They are also looking for opportunities because they cannot make it work on their own. Corporate venturing is not beating your partner, but you need to complement the corporate, to jointly beat a mutual competitor. To provide them with the necessary answers they were not able to figure out on their own to beat the competition. The chances are big that if they are not doing it with you, they will just not do it.

You have the technology, they have the scale, and together this is the perfect fit to compete against others. This is the ideal scenario.

Corporate venturing is not completely off the table. When the right conditions are there and there is a fit with the corporate, corporate venturing is a possibility. On the other hand, it is sometimes more interesting to have them as a client, instead of as an investor. Besides, this entrepreneur has a few companies. When he would have just one, Corporate venturing would be a too big of a risk for him. He saw what could happen and he is happy with the choices he made. If anything goes wrong, you stand there with your 'baby' stuck with the corporate and eventually 'the baby' will never get chances to grow up. Your company will not make it and the corporate just lost some capital.

5.4 Start-up 4

5.4.1 Company information

The last start-up produces a natural, healthy drink that improves energy and focus. It can be seen as a healthy alternative for coffee or other caffeine drinks that already on the market. At the moment they sell directly to their customers with the help of their own web shop.

5.4.2 Corporate venturing activity

5.4.2.1 In general

To realize their ambitions, they raised around 300.000 Euro in 2018. One part came from private investors, the other from the funding came from equity crowdfunding. All the investors took a part of the equity stakes of the start-up. They are co-owners. They do not only bring in new money, but it gives them an army of ambassadors that are ready to promote the start-ups product. They were part of a unique start-up accelerator program.

This start-up does not have a corporate investor at this moment, but they had several superficial conversations with one particular corporate. They did not reach an agreement, but they are aware of the advantages and disadvantages of corporate venturing.

5.4.2.2 Motives for corporate venturing

Even this start-up did not have a corporate investor, they have considered corporate venturing as a possible way to scale up. The first motive for this start-up is the funding. A corporate investor is capable to provide the start-up with the necessary funding. The funding part was for this start-up the most important reason to accept the corporate investor. It gives the start-up more possibilities to get started right away. In a short period of time, the start-up is because of the funding able to realize much more than it would alone. You first need the budget to make the rest possible. Without the funding, this entrepreneur is convinced that the all the other strategic aspects would miss their effect. The money makes you ready to benefit from the partnership with the corporate.

Corporate venturing is not all about the money. The entrepreneur stated that corporate venturing is not choosing between the funding and the strategic benefits. It is the combination of both. A motive for the start-up to accept a corporate investor is the enormous scale in retail of the corporate which is not available to the start-up. Not everyone is willing to work with an unknown start-up. The support of a corporate that stands behind you, will have a direct effect on the ability for the start-up to reach the customer.

The retail is situated within the big network of the corporate. It is the most important strategic motive for this entrepreneur. They are already doing business with the right retailers and it is possible for them to introduce the start-up to all these partners. A start-up on its own would never get the chance to work together with these partners. The network of the corporate makes it possible for the start-up to get in touch with the right people. The access to the network will indirectly benefit the start-up to increase the popularity of the brand and give them more possibilities to sell their products in more shops and increase their profits. Which Is the ultimate goal for the start-up. And not only the retail, but the network of the corporate makes it much easier to negotiate deals or lending money with banks, just because they got supported by a corporate. The level of trust increases with other potential business partners.

Next to the network, the expertise is important. The corporate is used to play at this level and makes it possible for the start-up to how to survive in this world by providing them solutions to difficult questions. They have more experience and that makes their opinion a valuable one to the start-up. Again, the entrepreneur refers to the retail, which is very important to him at this stage. The expertise and the mentoring how to develop their products and how to make sure that people get in touch with their products, is for him a big motive to accept a corporate investor.

The brand awareness is not the biggest motive for this entrepreneur. It is not the brand name of the corporate that makes the start-up successful. Only the capabilities of the corporate provided the necessary opportunities to the corporate.

Corporate venturing would only be possible for this entrepreneur with the right funding, they are aware of the importance of the money, but also the retail and more general the mentoring and expertise of it and the network in an adjacent industry is necessary. The last important condition is that they need to be able to retain their autonomy. They want to stay in charge. In this specific case, the brand name of the corporate is subsidiary to these first three mentioned motives.

5.4.2.3 Risks for corporate venturing

A risk of corporate venturing is the environment you will end up in. The structure of the corporate is not easy for an entrepreneur of a start-up. The start-up is not used to approvals at different levels where each decision takes time. They are viable and that will be contained. They are two totally different ways of working. This will lead to a decrease of autonomy. It will not be possible anymore to make decisions without discussing it with your corporate investor. Maintaining the autonomy is goal number one.

Corporate venturing involves a risk regarding to their autonomy, what makes a deal with a corporate only a good deal for the start-up when you can constrain the role of the corporate. Do not give them decision power. Just a part of the equity and even a board seat is acceptable. Nevertheless, everything is negotiable, but a corporate that wants to take equity in this start-up will pay the right price for it. As long they do not have a blocking majority to prevent the entrepreneur of the start-up to make the final decision. When you are able to keep the full autonomy, you are still the boss and can decide whatever you want. The important decisions will be made with the board and when the corporate is in the board, he will have an advisory role, but this entrepreneur can and shall decide what he thinks is best for the start-up. Whether the corporate does agree or not…

The transfer of knowledge from start-up to corporate is not possible in this case, because of the business model of the start-up. The corporate has a lot of difficulties to make this possible to go directly to the customer. They are too big to work it out just like the start-up could do. It made the risk of the transfer of knowledge extremely small.

Another obstacle for corporate venturing in this specific case was that the start-up was not big enough for the corporate. After all, they would not accept a corporate investor but just have the corporate as an ally. At this moment, the corporate thinks the start-up is too small and it is not interesting yet for them. It will take them too much effort for the little return they could get. By starting a close collaboration with the corporate, they could already open the door to corporate venturing relationship in the future. This makes clear that the corporate needs to think the start-up is interesting enough to work with and gives the corporate a lot of power.

5.4.2.4 Success factors for corporate venturing

The biggest success factor for this entrepreneur is having the same goal and vision as the corporate. That stimulates the trust between both parties and strengthens the partnership. It limits the risk of having wrong expectations or not understanding the other partner. It helps when the start-up fits in the strategic boundaries of the corporate. It is not easy to work with a corporate and when the start-up is not ready yet or is only interested in the money and does not want any help after, corporate venturing will not work.

The long-term commitment is to the entrepreneur a necessary success factor. Like he stated before, the money makes it all possible, but it does not stop there. The start-up can rely on much more and in the long run, it still wants to rely on the corporate. The corporate is active in their industry, which opens not only many doors, but also the right doors. When the potential business partners do not have a close connection to the corporate, then it becomes difficult, even for the corporate to introduce the start-up to the right people. A third success factor is the autonomy. It is discussed before, but the entrepreneur of this start-up is not willing to hand over its autonomy. He wants to stay in charge of the company he started from scratch.

During the interview, the entrepreneur was not convinced of the political game that is situated within a corporate. It is not that important to have a close connection to someone within the corporate and be supported the fully 100%. It is more important to have a good sponsor.

5.4.2.5 Closing questions

Corporate venturing is not about beating are joining. It is more a situation where you need each other. The corporates are too big to innovate and the start-up lack the needed resources to reach the scale where the corporate already is. It is more finding the right ally and make the best out of it together. You are as much important as the corporate.

This entrepreneur sees corporate venturing as a future option for the start-up. They want to grow first and see what the future will bring. When the right corporate is interested in them and the right conditions are there, they will take corporate venturing into consideration. They felt they were not ready yet, and a corporate investor at the table is only an added value with a good deal.

5.5 Start-up 5

5.5.1 Company information

The next start-up is offering their customers the full virtual reality experience. They go behind the reality with only a backpack, VR-glasses and a weapon. With your friends and family, you can enjoy the full experience and get the job done, all together. It offers several storylines in which people can live in the world of their favorite show or video game. Virtual reality for all tastes.

It already exists for three years, but due to Corona, the last years were not very active. They have grown to multiple locations in Belgium and The Netherlands. At the end of the year, they want to add seven more locations to their portfolio, still with the focus on entertainment.

5.5.2 Corporate venturing activity

5.5.2.1 In General

This start-up is supported by a corporate investor.

This entrepreneur certainly does not underestimate the role of the money in the start-up world. To compete with others and to grow, the money factor will determine whether you will survive or not. He even gave an example of a start-up that was not able to compete with a competitor because the competitor raised ten times more money than he did. 'The winner takes it all game', the scenario in which a start-up will be outcompeted by the start-up with more funding, was a great lesson. He understood what the relative value of money is in a start-up world.

5.5.2.2 Motives for corporate venturing

There are many ways of funding that could be interesting to the start-up, so in that way, corporate venturing is just one of the options. The funding itself is subordinate to the strategic advantages for the start-up, but cannot be underestimated. Corporate venturing will make it easier for an entrepreneur to make it all work. If you start a start-up and you only raised a funding of 200 thousand, you can grow and be successful. But it will take some time and you have more risks to be outcompeted by competitors with more funding. A corporate investor can give you some space to get the job done, because you know there is some capital involved. This funding brings some responsibilities for the start-up, in a way that they need to show the corporate the numbers of how well they are doing with the corporate's money. You need to achieve your targets. The start-up generates profit each year, but with a corporate behind it, it generates more than it would on its own. The corporate is not willing to have a short-term return on their investment they want to generate cash as soon as possible. The goal is to integrate the start-up in their own story and benefit from this kind of entertainment within every household and eventually the start-up will be a spin-in and be part of the corporate. It is possible to find the funding for the start-up outside corporate venturing, but this story would not be that successful, without the support of the corporate.

Besides the funding, the corporate will be helpful in a handful of other things. The corporate can be very supportive and help them to attract customers. If you can be linked to such a company with that status, the number of people you will reach with your idea is immense. It is possible to reach the client base of the corporate. Just because your start-up is supported by a big corporate, people will get interested in the VR possibilities. If they have confidence in the corporate, they will have confidence in the start-up as well.

The network of a corporate is another motive for the start-up. It is enormous and the corporate can help to make connections. Some important people that seem unreachable, are just one call away. The enormous network implies new potential clients or business partners which can be of great value to the start-up. The entrepreneur has experienced that the collaboration with the corporate will open doors that would normally stay closed when the start-up is on its own.

A next motive for corporate venturing is the quality label that the corporate brings to your product or service. Many start-ups are missing this. Most of the time, people do not know your start-up, but the fact that a corporate supports you, makes people associate your product or service with high quality, just like all other services or products of that corporate. Only a logo next to your name is already enough for the people to have high expectations of the product or service of the start-up. This can be categorized within the branding of the corporate that the start-up can benefit from. This brand recognition of the corporate further implies a lot of PR in all kinds of media. Potential clients find their way more easily to the start-up, because they get in touch more often with the products or services of that start-up.

This entrepreneur has his doubts about the motive of business advice and mentoring. On the one hand, definitely yes, because in the world of entertainment, the corporate is very helpful in negotiations, because it knows all the tricks. In certain domains where you as entrepreneur do not have any experience, you need to be honest with yourself and follow the lead of the corporate. Only the advisory part is important. But on the other hand, the founder/entrepreneur of any start-up needs some backbone. The idea behind the start-up originally came from the corporate. They just did not work it out. That is where the entrepreneur came in and the corporate really chose him because of his capabilities he had shown in the past. The corporate was just not able to balance out the idea. That means only the advisory on the business aspect is a value to him. Not the mentoring side, because it was not able to do it in the past, it cannot give much useful advice how to do it now. And even when the corporate provides you with possible answers, a simple 'no' is one of the possible answers for this entrepreneur. There is a reason that the corporate was not able to work it out and they need to rely on an outsider. The entrepreneur is valuable and is convinced that he has knowledge enough to make the start-up successful.

The possible motives for corporate venturing are hard to rank in this case. After some reflection, the entrepreneur decided to rank the motives as follows: brand is the most important one, network second and at the end, some advice and monitoring which is already discussed above, is important, but not in all aspects. The funding part is not mentioned in this list because this is fundamental to make a start-up successful. It complements all the strategic reasons for corporate venturing. Together they are valuable and without one of the two, corporate venturing would not work.

5.5.2.3 Obstacles for corporate venturing

The start-up has experienced obstacles in their relationship with the corporate over the years. No matter what, a start-up that cooperates within corporate venturing, will always be part of the bigger strategic story of that corporate. When the corporate decides to do other business than entertainment, the start-up will be pushed in that direction as well. You can write your own story, but you need to stay within the boundaries that are set up by the corporate.

Another obstacle is the financial consequence of modifications in strategic choices of the corporate. In an example where the corporate decided that in every shop, the CAPEX (capital expenditure) can only be 25% of their revenues, this has enormous consequences for the start-up, which does not make sense when the CAPEX of the start-up is almost 100%. Another disadvantage of working with a corporate is that it is a listed company and this implies extra obligations, like financial reports or obliged partnerships with one of the big consultancy firms for example. Meetings will be held about the numbers of the start-up each month, there is no big margin to execute some corrections, etcetera. These are norms that you need to comply with the start-up, which is frustrating and not self-evident and even an overkill from time to time. The extra obligations are an extra burden to the start-up and prevents it from focusing on sales and making a profit.

In this specific case, the start-up was not absorbed by the corporate investor in a way that doing business with some of its competitors was not possible anymore. The start-up has opportunities with other companies, even with the biggest competitor of their corporate investor. The entrepreneur finds this obstacle more relative for B2B, but not in his case, because the business of this start-up is completely B2C. Competitors that see the success of the start-up, will be interested to do business, no matter if there is a competitor present.

To this entrepreneur it is normal that a corporate wants to have a board seat within the start-up. The fact that those people are in your board, will involve a third party you can go to. The board member needs to be seen as an ambassador who works closely together with the start-up and can help to convince the people within the corporate of the strengths and the targets of the start-up. The pushback intern within the corporate needs to be done as well, that person can be the intermediate that understands the story of both parties. The board has a more advisory role and needs to follow up the decisions of the start-up. It will not be a healthy situation when the board is making decisions. They just need to give some push back on the decision that you make as a start-up and questioning those decisions to have the best possible outcome. What some entrepreneurs see as an obstacle, is for this one a helping hand.

There are possibilities to minimalize the obstacles, but at this moment this is not necessary for the entrepreneur. The connection with the corporate is great, and this was always the case within this corporate venturing relationship. The way they do it, is accepting the role of the corporate within the start-up by giving them a board seat and equity in exchange for their support, but the thing here is that the role of the corporate within the board is only advisory. They can give some push back, but the final decision will be made by the start-up. This is how they mitigate the risks of having a corporate that wants to take the autonomy of the start-up. Clear agreements are needed to make this possible. The end conclusion is simple, the advantages outweigh these obstacles and difficulties for this entrepreneur.

5.5.2.4 Success factors of corporate venturing

One of the success factors of corporate venturing is having the right people within the corporate as an ally. Corporate venturing will be hard if there are no people within the corporate that will defend the start-up. People within the corporate can be suspicious about decisions or strategies of the start-up, but when you have the support of the right people within the corporate that supports your decision and will defend it at a higher level, corporate venturing will have better chances of success.

As already stated, the corporate can just open doors by being an important player in the industry. When start-up and corporate are in the same industry or are related to each other, the start-up will be able to benefit more effectively from the corporate. There are more possibilities like other business partners that are already in contact with the corporate. Without a little adjacency with the industry, it would be more difficult to get in touch with the right people.

Another success factor of corporate venturing to this entrepreneur is the long-term commitment of the corporate investor. In this case, the corporate was not willing to get a return in a short period of time. They want to outbalance it together with the entrepreneur and make something great out of it. This mindset is comfortable for the start-up. It is important for a start-up to be supported in the long run. Each start-up has certain needs and those change over time. Just the possibility to count on a corporate when necessary, gives start-ups more possibilities to grow and become successful.

5.5.2.5 Closing questions

Corporate venturing is something that the entrepreneur would do again.

“If you cannot beat them, join them”? Yes, and no. It is a good idea if all things are done right and you have the right persons in the board you can work with. Only when the power of the corporate can be used completely, this corporate venturing can work and you will be better off with a corporate next to you. Start-ups can work more efficiently than corporates who are very slow and not always up to date or work on a lesser personal level. On the other side, the start-up has less branding power or a smaller network, which makes a cooperation the ideal scenario for both parties.

It is maybe better to speak of finding the right ally, instead of beating them.

5.6 Start-up 6

5.6.1 Company information

This start-up is concentrated in a niche market. It makes specific snacks of an irresistible mix of nuts, grains, seeds and crickets. It is a Belgian start-up that focusses currently on the Belgian market, but aims higher.

By delivering a high nutritional value with the smallest possible ecological footprint, the snack is a very intelligent product. It gives you energy as well as an abundance of nutrients. The impressive assortment of vitamins and minerals makes the products extremely healthy. It can be considered as a very innovative product. The start-up has a big plan: showing how our food system can be more sustainable.

The start-up currently has only one product, but they are on their way to manufacture other products, which will be on the market very soon. It wants to invest in the sustainability of our food and works together with all kinds of shops in which many mainstream people do groceries.

5.6.2 Corporate venturing activity

5.6.2.1 General

The start-up is not writing their story just on their own. They currently have a corporate investor. With the support of this minority shareholder, the start-up wants to develop new products and supply it to a broad audience, inside and outside of Belgium.

It all started with a reward-based crowdfunding four years ago, which was the start of the start-up and made it possible to do a lot of product development and the launch of the start-up on the market was only one year later in September 2018. Of course, the crowdfunding was not enough. It was just a way to see what people thought about this product, which still is something unusual in the western world. This meant they had a strong product market fit and thought about how they could grow. After listing some ‘dream partners’ on a wish list, they approached their first choice.

In exchange for some equity, this corporate invested some capital in the start-up. The two entrepreneurs of the start-up stayed the majority shareholders. Besides they have borrowed some extra capital from the Brussels-Capital Region which made the funding mix complete.

5.6.2.2 Motives for corporate venturing

In the interview the funding makes an important part of corporate venturing. Finding money is not the biggest problem for a start-up. You need to prove that you are growing. If that is the case, there are a lot of partners present that want to help you out and provide you with the necessary cash. The financial motive is present, but the start-up prioritizes the long run strategic motives. The strategic part makes the selection of the right partner an important decision.

The first important motive for the start-up is the mentoring and expertise of the corporate. This quite extensive. Besides the product development, this can also be logistics, financial advice e.g. what kind of loan should they get for a next funding, and legal advice. marketing advice is also an important factor. The corporate sells their own products in their shops which need a logo or package as well. This expertise is something that is very useful at the moment, but in one way or another, they could find this expertise somewhere else, but it would take much more effort and time. This makes the expertise not the decisive factor. The entrepreneur stated: "We can achieve our goals without the expertise of the corporate". There is a way to circumvent this expertise. It is just not the main reason for corporate venturing. It is just part of the deal the start-up benefits from.

Another motive for this entrepreneur, is credibility. Their products are considered as a little bit 'alternative'. They have struggled in the beginning with the fact that their products are not mainstream. People have doubts about it. This changes if a corporate supports you. When you can associate yourself with such a big corporate, clients and even banks will take you seriously from the start. In practice this will lead to better conditions with suppliers or even supplier who will consider business with the corporate because they do business with the start-up. In short, the negotiation position becomes stronger with the presence of a big corporate.

The entrepreneur stresses the importance of distribution during the interview. Before the collaboration with the corporate, they were working with other smaller shops, which are part of the same group, but the main goal is to have the possibility to sell their products in the big shops of this group. This makes the collaboration a big strategic advantage to increase the level of sales and profit. The distribution of products was a decisive factor to choose for this corporate. Not only the network and the expertise of where to go can help the start-up, but reaching your customers can be hard for a start-up as well. The help of the corporate to distribute your products to their shops, makes corporate venturing an absolute added value for this start-up.

It is hard to determine an order of importance for all these motives. To this entrepreneur, they are equally important but it depends on what kind of situation you are in. A start-up must go through different stages. Each stage involves a motive that is more important than the others. At this moment, the expertise of the corporate is very important, but in the long run, distribution can be the biggest advantage. Why is that not the case today? Well, the start-up does not want to go to the big shops too fast to sell their products, because they are not ready yet. You get 6 months to prove your product will sell, but if you do not sell, you are out again. That is something they want to avoid. They only want to go to the big shops when they are ready and that makes the distribution a big advantage in the future. First make the product mainstream, the rest will follow. The long-term commitment is visible and from the literature it was pointed out that this is an important factor for the corporate, but also the start-ups are aware of the need of it.

And the big network of the corporate? That is important and has a big impact, but in this specific case, the start-up wants to start selling their products at Colruyt, and later on they will see what the opportunities are. That means that the direct network of Colruyt to sell their products is of minor importance, but the real value or game changer is having their products in the corporate's shops. The network which the start-up could rely on, can be of bigger importance when they start selling abroad or if they want to reach other shops to start selling their products.

In short, All the advantages are more or less of the same importance. The long-term strategic motives have been decisive to start the collaboration with the corporate. Not only the money or expertise in the short run, but eventually, the network and the distribution possibilities they have, will have the biggest impact on the start-up.

5.6.2.3 Obstacles corporate venturing

Working with a corporate brings your little structure that your start-up is the extra paperwork and follow-ups, the preparation for the board of directors, an audit each year, … It gives you the obligation to report everything to the corporate, which costs you some time, in the way they want you to do it. This time is valuable, because you cannot put effort and time in sales of your product.

Another obstacle is the fact that there is someone extra at the table. Even though the start-up has the majority of the shares and they can make decisions it 100% believes in and is still in control of the ship, they still need to discuss to discuss everything with the corporate. They keep their autonomy and can decide whatever they want, but the question is: Do you want this if the other party does not agree with? It can provide struggles in your relationship which makes your collaboration harder in the future. It has not happened yet, but the tradeoff must be made if it occurs. The board takes the opinion of the corporate into account even when they decide what will happen to the start-up, they always involve the corporate. When the corporate does not agree, they will think twice before making the decision. A healthy relationship is necessary to make corporate venturing work.

Another obstacle for corporate venturing is the audience. The start-up primary went to small bio-shops, of which they were convinced that those shops were open to its product. In this niche market, some were very critical of the collaboration with a big corporate. This is just a small percentage, but they are still there. One company they were planning to work with, even lost interest in the start-up, because of the corporate investor. It opens door, but it closes some as well. Not only Bio-shops, but even the other big players on the market in Belgium might be reluctant because of the presence of a corporate, who is their competitor. Even the start-up has no exclusivity, they are aware that those other players do not want to work with them. That is a risk. The reasoning of the entrepreneur of this start-up is that in the worst case scenario, they could only sell within all channels of the corporate, they sell their products to the market leader in Belgium, but outside of Belgium, the impact of its corporate is very small. They want to export their products to other countries and there are many possibilities and opportunities, because the corporate is not present outside Belgium.

The risk of being associated with one corporate will be reduced because it has an audience much broader than just Belgium and the corporate is only present on the Belgium market. There is no exclusivity to sell only to the corporate, but at the end, if competitors choose not to work with them because of the presence of the corporate investor, it is an indirect negative effect on their corporate venturing activity that is hard to circumvent.

The risk of the transfer of knowledge or the idea behind the start-up, is present, but not the biggest obstacle. The entrepreneur is aware of the risk and is convinced that the corporate will start making similar products, but this is a big compliment on the one hand because this means that they are on their way to achieve something big. On the other hand, the corporate needs to compete with them at the moment them, but they will be much stronger at the moment. If insect products are booming there will be space for both players, but this will only be the case when insects are mainstream and generally accepted. Product development and export can be a solution for a drawback in Belgium when the corporate starts producing cricket-based products.

5.6.2.4 Success factors

There is something that needs to be present within the collaboration between a start-up and a corporate. The belief in your value proposition, in your product and in your business plan. When everything is going great and the results are good, the corporate will not complain. The thing is that you need a corporate that supports you in the bad days. When it is not working out as planned, the support of the corporate and the belief in your start-up is crucial. A corporate that does not believe in you at first but got convinced by a beautiful pitch and strong prospects, will let you down in the moments you really need them. As a start-up, you do not need a partner that is only interested in the money.

This factor can be extended if you get the chance to work with the right people. There are many people working in the corporate, and by having the right people supporting you, it will make it easier to convince the whole company of your plans. Start-ups are not used to the corporate landscape and the right contact persons make the collaboration much easier. They need to know who to contact, who to ask questions and who is the intermediary between both parties. Getting surrounded by the right people, will increase your chances of success.

Another factor that makes the collaboration successful is being on the same level. If the corporate has high expectations or ambitions that do not match those of the start-up, corporate venturing will not work. This is one of the reasons, they have not worked together with another corporate before. It is easy to please the corporate but a start-up needs to keep autonomy to decide what they want to do and not only agree with the corporate.

In addition to this, the intention of the corporate is an important factor. Do they want to integrate you in their corporation, or do they want to help you on your path and is it possible to separate ways again in the future? The relation needs to be reviewed and also exit scenarios need to be part of the negotiations. Will they be there forever, or is it possible to sell their shares, those things need to be taken into consideration. Clarity is the key.

5.6.2.5 Closing questions

If you cannot beat them, join them is not applicable in this case. There were already some companies that were trying to sell insect-based foods, but they all failed. One of the initiatives came from its corporate investor. This was one of the reasons for the corporate to work with an external start-up, because they achieved more with insect-based products than the corporate could do. It goes both ways. The start-up needed the corporate to develop and the corporate needed the start-up because they were unable to fabricate an attractive insect-based product themselves.

The start-up was to make insects more mainstream and together with a strong partner, the chances of success became much higher. Beating them was not their goal, but they knew they were stronger together than alone.

The corporate venturing story started only a year ago, but up until now the start-up cannot complain about their adventure. This makes the decision to choose for corporate venturing very easy. They would do it again and choose for corporate venturing to boost their start-up, like they do now.

6. Analysis and discussion

In this chapter, the empirical data that was gathered will be discussed and analyzed. This analysis aims to find the consistency, contradictions and new insights from this data, in comparison with the theoretical framework. The goal of this part is to fully understand motives, risks and success factors of corporate venturing. The research question *"Corporate venturing: What are the motives to (not) accept a corporate investor"* and its sub questions will be answered.

6.1 The most important motives of corporate venturing for start-ups

All the studied start-ups were well versed with the motives for corporate venturing. When discussing this topic, they all displayed their own motives for corporate venturing. Each start-up has its own reasons to choose for corporate venturing and work closely together with a big corporate. In the literature, the motives for start-ups were financially or strategically. Based on the interviews, the next framework can be used.

Motives corporate venturing		**Start-up 1**	**Start-up 2**	**Start-up 3**	**Start-up 4**	**Start-up 5**	**Start-up 6**
	Funding	**X**	**X**	**X**	**X**	**X**	**X**
	Mentoring and business advice	**X**			**X**	**X**	**X**
	Network	**X**	**X**	**X**	**X**	**X**	**X**
	Brand awareness			**X**		**X**	**X**
	Access to specialised assets or infrastructure				**X**	**X**	**X**

The most important motives will be discussed in this section. Afterwards, a general order of importance will be introduced.

6.1.1 The financial motive

In every interview, all start-ups stressed the importance of the funding of their business. It all starts from there. Without the money, it is hard or even impossible for the start-up to survive. Money still rules the game and is a decisive factor whether you will survive or not. This does not mean that corporate venturing is the only way of funding. During the interviews, it was clear that start-ups need the money, and they were looking for funding with their clients, the crowd, an acceleration program of imec, banks, … Entrepreneurs have more than one way to collect all necessary money to make it all work and because there is so much capital available in the market. The money stays an important factor and cannot be underestimated. If a start-up raised not that much funding, they still have the possibility to be successful, but it will take some time and the risk is there that you got outcompeted by a competitor with more funding. A corporate investor can give you enough space to get the job done, because they can provide you with the money you need. The winner takes it all principle makes the funding an important factor for the start-up to choose for corporate venturing.

A corporate venture capital investment can be defined to its objective (Chesbrough, 2002). A CVU advances a strategic goal where it wants to increase the sales and profits of the corporation's own business or a financial goal wherein the company is mainly looking for attractive returns. During this research, it has become clear that the motives of start-ups are not financial or strategic, but a combination of both. The money is needed to make the start-up ready to benefit from the strategic benefits of corporate venturing.

There is a broad range of options for start-ups when it comes to funding. Start-ups can choose for personal savings, friends and family, Angel investors, banks, crowdfunding, accelerators, but also corporate venturing (MIT Entrepreneurship, 2000; Degryse et al., 2013). Besides the funding, start-ups can rely on so much more. It gives something extra to the collaboration between the corporate and the start-up and as a consequence, these strategic motives are more decisive for start-ups than the financial ones.

Corporate venture capital is not the perfect term to describe this principle. Even if money is one of main reasons for some of them to work together with a corporate, the money will not fulfill all needs of the start-ups. There is much more involved than only the corporate that provides the start-up of enough money to work their ideas out and get some equity in return. Only the funding will not be enough for the start-ups (Bottazzi et al., 2014; Long, 2019; Riepe et al., 2019). Corporate venturing is connected to rights and obligations for the start-up which makes corporate venturing, that is only based on a funding, not the right choice. Corporate venturing gives start-ups the possibility to benefit not only from the funding, but makes it possible to involve them in their daily working.

6.1.2 The strategic motive

In every specific case, each entrepreneur had his reasons to collaborate with a corporate investor. The needs of the start-up are connected to the stage they are in. Every start-up goes through different stages and each stage is connected to one or more needs that are more important than others (Ruhnka & Young, 1987 and Zhang et al., 2017). This makes multiple motives more or less equally important to the start-up and are there just one or two that prevails to them in their specific situation. It was also possible that one motive prevails at this moment, but in the long run, the corporate could help them in a whole different way.

6.1.2.1 Mentoring and business advice

The expertise is a factor to start-ups. Certainly, in the beginning, each company lacks the specific know how on different domains. You can be a professional in a certain industry, but there will always be those domains where you do not have any experience with as an entrepreneur. In that case, it will be better to be guided by a corporate that is able to provide you with the necessary information (Narayanan, 2007). The corporate or its network is able to provide the right answer.

The mentoring and business advice of a corporate can go very broad. Not only business specific advice and help to improve your technologies or to run your business more efficiently, but also marketing advice, financial performance assistance or their helping hand during negotiations are part of this expertise. The start-up can always fall back on insights and knowledge of the corporate, that should help them to make the right choices that are most beneficial to the start-up (Molly et al., 2019).

Nevertheless, a start-up that relies on the mentoring and business advice of the start-up needs to be critical. Not everything the corporate suggest is beneficial. It is possible that the mentoring of the corporate will be in function of its own business. The start-up can better be too suspicious. Everything they rely on or integrate in their own start-up must be beneficial to them in first place, not only to the corporate. In some cases, is the corporate just not able to provide the start-up with the right expertise. This was the case with two start-ups, where both corporates were not able to do it themselves. They need to rely on externals, like start-ups to work it out. This implicates that they will be able to help them during negotiations or the financial performance, but to issues specific to the start-up's business, their expertise will not be a big value to them.

Mentoring and business advice is one of the reasons of start-ups for corporate venturing, but in not one of the interviews, it was considered as the main motive for the start-up. It is the case that in one way or another, it is possible for start-ups to find that expertise on their own, but it will take more effort and take more time. Just because it is possible to have that expertise somewhere else, start-ups state that there are other motives that are more important to them in their collaboration with the corporate. The expertise of the corporate is one of the motives for corporate venturing to start-ups, but not the most important one. It helps the start-ups to get the right information in those issues they are not familiar with (Riyanto and Schienbacker, 2006).

6.1.2.2 The Network

In their relation with the corporate, the start-ups can rely on their enormous network that the corporate has built up during the years. The access to the larger firm's business partners and networks, which can open doors, extend reach and further accelerate the development process (Molly, 2019). During the interviews, the importance of having a big network was stressed out by every entrepreneur. Even for those who do not have a corporate investor, the network of the corporate would be one of the main reasons for corporate venturing.

No matter what industry you are in, every start-up needs business partners. Many entrepreneurs have great ideas and start their own business, but they need to be able to sell their product or technology. Their network will be quite small in the beginning and this will only start growing over some time. It takes time. The corporate can be the missing link between the start-up and other business clients, distribution centers, possible business partners or just the necessary expertise. Business partners will be better approachable. Trust with external partners needs to be build up and corporate venturing can accelerate this process. The corporate can introduce the start-up in their network and make it possible for the start-up to work together with those business partners. The chances to work with them without the corporate are very small. A network event, organized by the corporate where the start-up can introduce itself to other corporates can lead to new connections and collaborations. The network will give the start-up many opportunities which will directly or indirectly lead to an increase the sales and eventually increase of profits (Riepe et al., 2019).

The network of the corporate can also be a tool as external monitoring of advice. Whenever the start-up has a problem that cannot be solved by the corporate self, their network can provide the start-up with the right solution. When they are just one call away, the corporate's network will be of big importance to the start-up.

The interviewed entrepreneurs considered the network as one of the most important motives. Every entrepreneur, whether their start-up have accepted a corporate investor or not, placed the network in their top three of most important motives. The corporate can be the missing link between the start-up and other business clients, distribution centers, possible business partners or just the necessary expertise. The corporate has built up its network during the years and whenever the start-up needs a certain contact, the chances to get in touch with the right person will be higher with the support of the corporate. Business partners will be better approachable. The start-up will be unable to reach the same results without the support of the corporate. This means that the network of the corporate is an important element for start-ups to accept a corporate investor. The network of the corporate can also have an indirect positive effect on the business of the start-up. Doors will open, only because the corporate investor supports the start-up.

6.1.2.3 The brand

The next motive for start-ups is the association with the corporate's brand. It will be hard for many start-ups to start selling their products to a world that does not know you. Start-ups cannot rely on their name, years of experience and a long-proven track record, but they need to create credibility in their products to attract customers. As stated in the literature, the collaboration with a well-known, or well-respected corporate can create the necessary boost for the credibility of the start-up (Homburg et al., 2014; Andersson et al., 2018 and Molly et al., 2019). This also became clear in the interviews. The association of the start-up with a corporate makes that people have more confidence in your products and they associate it more easily with high quality, just like all other products of that corporate. A corporate like Telenet provides all start-ups they work with, with all essential brand recognition and introducing them at a higher level, in a way the start-up becomes a familiar face in the industry.

The brand of the corporate gives the start-up not only more credibility, but the start-up will also be taken more seriously. One of the interviewees noticed that when you can associate yourself with such a big corporate, Clients and even banks will take you serious from the first moment. Concrete, the negotiation position of the start-up becomes stronger with the presence of a corporate. a start-up can negotiate better conditions with suppliers or banks because they suppose that if a big corporate believes in them, they will be successful. There are even business partners that have complete other intentions and want to get in touch with the corporate and try to reach them through the start-up. The corporates brand has a big impact on the start-up and not a single start-up has denied the importance of this motive. Even one start-up stated that the association with the brand was the most important motive for them. Without the corporates brand name next to their logo, they would not have grown like they did now.

It is simple, a brand of a corporate next to yours shows the world that your start-up is not just one of many. It is a sign that there someone who has trust in you and you are an interesting party to work with. It becomes easier for the start-up to get in touch with others and gain the trust of new, potential business partners.

6.1.2.4 Access to specialized assets or infrastructure

The last important motive related to the corporate venturing was according to the literature the access to specialized assets or infrastructure (Van Peteghem & Mohout, 2018; Molly et al., 2019 and Riepe et al., 2019). During the interviews, it becomes clear that this is an accessory motive in comparison with other motives. The use of the assets or infrastructure can be linked to the mentoring and advisory where the start-up can count on. Because they have the possibility to work from the specialized infrastructure of the corporate, the corporate can lead the start-up during their collaboration. The network of the corporate can be linked to the access to the assets or infrastructure as well, in a way that they can make use of the legal team of the corporate or production facilities that are part of the network of the corporate. Without that network, the access to these specialized resources will be hard for a small start-up.

One interviewee has stressed the importance of the access to specialized assets or infrastructure, but did not directly refer to it. To this entrepreneur, the corporate can provide the necessary distribution to his start-up in the long-term. The corporate needs to distribute their products to the customers and the start-up can benefit from this distribution network to reach shops to sell their products. The reason why only one interviewee really stressed the importance is the fact that the access to specialized assets of infrastructure is more interesting to the one that it is to the other because of the industry the start-up is in. More technological industries will benefit more from these assets or infrastructure.

The majority of the interviewees did not take this motive into account while considering corporate venturing. Nevertheless, as stated in the literature (Van Peteghem and Mohout, 2018) the access to specialized infrastructure can be helpful for start-ups who do not have a real office and work from home. They got the possibility to work with all needed resources and if necessary, together with the corporate's employees to make the start-up successful.

6.1.2.5 Other motives

The first four motives that were found in the literature are confirmed during the interviews as the most important motives for corporate venturing. Not a single start-up had brought up any other motive that was crucial to them for corporate venturing. To my opinion, this has to do with the generality of those motives. All capital they received, was part of the funding and all the strategic benefits of the collaboration with a corporate investor can be linked to one of the strategic motives this research has stressed out. Corporate venturing will include more than these four motives, but in one way or another, it will be possible to fit them in one of the discussed motives. This was the case for the distribution factor for two of the interviewees. Distribution in retail shops seems to be a separate motive, but after some consideration, it could be placed within the network of the corporate that will contains a well outbalanced distribution network where the corporate relies on and where the start-up can eventually benefit from, but it also fits within the mentoring and advice of the corporate, because they will be able to advise the start-up in the best possible way to distribute their products. Even the corporate's brand they are associate with, can help them to convince a supplier to distribute their products and the corporate can have the specialized infrastructure where the start-up can rely on to distribute their products.

There are multiple motives for start-up for corporate venturing that does not fit in one of the four overarching motives, but can be interpreted in different ways and can be accommodated under multiple strategic motives. Start-ups have more than one reason for collaborating with a corporate investor and each motive cannot be pushed in one box. It must be seen as a coherent story where they can be related to each other, but where one motive prevails over the others.

6.1.3 Order of importance

In general, the motives for start-ups to accept a corporate investor are a combination of the financial and the strategic ones. Each start-up has other reasons to accept a corporate investor. This research indicates that start-ups accept a corporate investor not only because of the funding. To scale up, start-ups need the money. Money rules the world. Start-ups need the money to benefit in the most beneficial way of all strategic advantages corporate venturing implies.

The most important strategic motive for start-ups is the network it can rely on. Start-ups benefit from this network in many ways and it opens a lot of doors that otherwise stay closed. Networking is in general very important for each company, but the possibility to rely on the corporate investor, is definitely the most important reason to accept a corporate investor. On the second place, I put the expertise, mentoring and advice of the corporate. It is related to the network. The corporate or its network can provide the start-up with the essential insights that are needed to work in the best possible way. Even not every start-up is willing to accept the opinion of a corporate, the entrepreneurs will benefit from its expertise and advice to make the right decisions for the start-up.

Under these motives, the brand awareness can be considered the next important motive. The brand of the start-up is unknown to many and the corporate can help them to increase the trust of people in the start-up's products. People associate the start-up's products with those of the corporate and because you got associated with the brands, you can rely on the network, expertise and even assets or infrastructure of the corporate investor.

The last motive that can be considered as important, is the access to assets or infrastructure. It is not that important as the previous ones, but it is a good extra for start-ups to benefit from their corporate investor in the best possible way. The distribution that fits under this motive, is also connected to the network, business advice and brand, where the combination of all motives makes it interesting for start-ups, not only the access to specialized assets or infrastructure.

6.2 The most important risks and obstacles of corporate venturing for star-ups

This research is not only built up around the positive aspect of corporate venturing, but also the risks of corporate venturing for start-ups are treated. This section covers the most important risks that were founded in the literature and brought up during the interviews. The interviews were the source to the next framework:

		Start-up 1	**Start-up 2**	**Start-up 3**	**Start-up 4**	**Start-up 5**	**Start-up 6**
Risks corporate venturing (Lit)	Autonomy	**X**	**X**	**X**	**X**	**X**	**X**
	Conflicts of business interests	**X**	**X**			**X**	**X**
	Transfer of knowledge		**X**				**X**
	Absorbed by the corporate	**X**	**X**				

Other risks	Blow up other relationships	**X**	**X**				**X**
	Interesting enough		**X**		**X**		**X**
	Extra obligations	**X**		**X**	**X**	**X**	**X**

In general, the start-ups who did not have any experience with corporate venturing were the biggest opponents of corporate venturing and linked it to the most risks. The two start-ups who started a collaboration with a corporate investor, were likely to minimalize the risks of corporate venturing. The second set of start-ups, those who have negotiated with their corporate investor, but did not reached an agreement were able to provide risks that were present in their specific case.

6.2.1 Autonomy

The first obstacle for start-up is retaining their autonomy. They have built up the start-up from scratch and are not eager to put this into hands of someone else. It is important that they are aware of everything what happens to the start-up and they are behind every decision that is made. Every entrepreneur has stressed the importance of the autonomy and saw a reduction of their autonomy as a risk for corporate venturing. Being in control and still have the majority of the stakes and the power to make decisions, was an important factor that needs to be discussed during negotiations. None of the start-ups was willing to give up their complete autonomy.

The impact of having a corporate investor is big. Start-ups are not alone at the table anymore. The opinion of the corporate investor needs to be taken into account with every important decision. This limits the maneuverability, according to all start-ups. The autonomy of the start-up reduces in a way that they can still make decisions and it looks like they are in full control, but the corporate steers them into a certain direction. The start-up can maneuver freely within here, but the corporate will make sure that every decision will be part of the strategic story of that corporate. One start-up referred to is as write your own story, but within the presupposed boundaries of the corporate.

The two start-ups that do not have any experience with corporate venturing, put this risk forward as their biggest fear. They do not want a corporate around that controls every decision. It is important to them to keep the technological independence of the start-up. They do not want to take the risk of being taken over completely by one corporate.

One of the start-ups who has a corporate investor brought up the importance of keeping as much as autonomy as possible. This means that it still has the autonomy to make decision they 100% believe in. They need to be still in control of the ship, but just need to discuss the important decisions with the corporate to match its expectations. It will reduce your flexibility, but at the end, the corporate is there to help you and relying on its expertise is one of the motives to choose for corporate venturing.

The autonomy of the start-up can be limited by giving a board seat to the corporate in the board of directors of the start-up. When the corporate invests in the start-up, they want something in return. Not a cash flow at the short-run, but share in the success on the long run. Equity or a board seat was not rare, as seen in the literature (Gompers and Lerner, 1998; Maula 2001; Chesbrough, 2002). The corporate is aiming for a decisive role within the start-up, where the start-up wants to limit its control. This will lead to hard negations about the role of both partners during their collaboration.

The board seat of the corporate has not only a negative impact on your autonomy, but the corporate can take the role of an ambassador that works closely together with the start-up and can help to convince the people within the corporate about the strengths and the targets of the start-up or gives their opinion around important topics. It can be linked to the expertise and mentoring motive for start-ups. The corporate is not aiming to bring down the start-up, they have a common goal to reach as far as possible with that start-up and to become successful. Their helping hand is reaching out to the start-up and it should not be completely ignored.

In general, start-ups want to keep as much as possible autonomy, where the start-up wants a return for their investment which will take some autonomy of the start-up. Every start-up has said they are aware of the risk that they autonomy will be reduced, but it is still possible to be in full control. While staying the majority shareholder and giving the corporate only an advisory role in the board or directors, this risk can be mitigated. The entrepreneur behind the start-up will still have the possibility to make decisions, it only needs to be discussed with an external from the corporate. Opinions and thoughts will be given, but the start-up takes the end decision. Start-ups will be more eager to collaborate with a corporate investor, while they are now worried that their 'baby' comes into the wrong hands.

6.2.2 Conflicts of interest

A conflict of interest can easily arise between the start-up and its corporate investor. It is possible that the corporate has another vision or mission than the start-up (Dauderstädt, 2013; Prats & Siota, 2018). They do not invest in every start-up just for fun. They start only a collaboration with whom they can be successful. The start-up is chosen by the corporate and is working with the money of that corporate. The world of a star-up is completely different than the world of a corporate. Corporate venturing can be hard for entrepreneurs that are not used to work in this world. One of the interviewees pointed out that not every successful entrepreneur behind a start-up will be successful within a big corporate because of this complete other way of working. Your freedom will be contained. They cannot do everything they want to do any more and work out opportunities that pass by every day. Some start-ups only have the possibility to maneuver within the boundaries that were set by the corporate. The corporate's strategic story that changes implies a change of direction for the start-up. Not every start-up is willing to work within these boundaries.

This leads to frustrations from both sides, but for the start-up it is important that retaining their autonomy. Having a corporate at the table means that there is room for discussion. The two start-ups that have a corporate investor, have not experienced until then any big problems. The corporate has only an advisory role, but this does not mean that the board will make decisions without the approval of the corporate. The start-up has kept their autonomy, but the question is do you want to make decisions the other party does not agree with? It can provide struggles in your relationship which makes your collaboration harder in the future. The trade-off needs to be made. What if that decision can put pressure on the future collaboration? Nevertheless, the start-up needs to have some backbone and not every advice or expertise given by the corporate needs to be granted. It needs to be possible for the start-up to say 'no'. This autonomy needs to be cherished by the start-up.

6.2.3 Transfer of knowledge

Another risk according to the literature was the transfer of knowledge (Dauderstädt, 2013 and Molly et al., 2019). During the interviews, only one entrepreneur referred to this topic as being a risk of corporate venturing. It is possible that the interviewed entrepreneurs of the start-ups are active in an industry where this risk is low, but like one entrepreneur stated, even if there is a transfer of knowledge, the corporate has thought it through, but came to the conclusion that they were not able to work it out.

Even when the corporate will be able to steal the idea of the start-up, it can be a big compliment to the start-up because this means that they are on their way to achieve something big. The corporate will only select the ideas they think will be profitable, but one start-up of this research believes that at that moment, the start-up has built up a strong brand and will be able to compete with the corporate. This start-up is located in a niche market, where the corporate failed. They do not fear the corporate, because they know they are better than the corporate. When the corporate decides to compete with the start-up with their own products, the start-up is convinced that the market is big enough for both.

With the size of the corporate, the transfer of knowledge stays a big risk for every start-up. While this topic was not the main obstacle for start-ups, it could mean that not every start-up is aware of the danger. During the negotiations, the start-up needs to bring this up and protect their intellectual property. Be clear what you bring on the table, and what you want to keep secret for the corporate (Van Peteghem and Mohout, 2018).

6.2.4 Other risks

The literature had pointed out three big risks for corporate venturing. During the interviews, it became clear that there are other important obstacles for start-ups. Whether the start-up collaborate with a corporate investor or not, they all have think it through, before even considering corporate venturing.

Corporate venturing implies a marriage to another party. The start-up works closely together with that corporate investor and a risk is that it will provide the corporate with a technology, a product or a service that fully complies with all wishes of that one corporate. Products can become so tailor made that it won't fit the requirements or demands of other clients. The start-up can be the perfect partner for the corporate investor, but in fact it has only proved that it can fully customize its product for one client. When this happens all start-up's products and services are adapted to the preferences and wishes of the corporate and will it not be possible anymore to work together with other parties. This will not be the case for every corporate venturing cooperation between a start-up and a corporate in every industry, but this is an important remark for all start-ups to understand the possible consequences. It is something the start-up needs to avoid. There will exist problems when the start-up wants to scale and grow further.

Another risk related to this is that there are some competitors that do not want to work with you anymore because of your 'marriage'. Having a major strategic investor can be a turnoff to potential customers or business partners who view themselves as competitors to your strategic investor and are reluctant to do business with you. Three out of the six interviewees stated that this a big risk for a start-up. One of them have witnessed the effect of the collaboration with a corporate investor. This start-up was targeting a niche market where they lost a part of their audience because of corporate venturing. It had a negative impact on their imago, like they sold their soul to the devil. They are willing to export their products to other countries and they can deliver to everyone who is interested because their corporate investor is not present there. It is a risk to be affiliated to one corporate, when it will take away the opportunity to work with other big players in the market. Corporate venturing will open doors, but it will also close others.

Other small risks of corporate venturing were provided by the start-ups and were applicable to their specific case. However, these risks were not so important as the risks, that were discussed above. One start-up talked about the obstacle that start-ups need to be chosen by the corporate. The corporates will provide the start-up with the necessary funding, but they are not eager to subsidize everyone. Only those start-ups with an interesting project will make it. Not every start-up has the chance to cooperate with a corporate. The start-ups that have a corporate investor noticed an extra obligation of financial reports, extra paperwork and follow-ups, the preparation of the board of directors, an audit each year or an obliged cooperation with external consultants. This costs time and money, which they cannot spend at sales. These small obstacles are not game changing and cannot withdraw their intention to work together with a corporate investor. The last risk is about the political game that is going on inside the corporate. The risk that you do not know the right people within the corporate, can sabotage a possible, successful story between a start-up and a start-up.

6.2.5 Order of importance

The biggest risk to these entrepreneurs is losing their autonomy. All entrepreneurs are proud on what they have achieved with the start-up so far. The corporate's opinion needs to take into account with every important decision they make, which does not make it easy for them. They are not used to work in a corporate environment. They have difficulties with an extra opinion and they want to give the corporate only an advisory role. They want to stay in charge. Next to the autonomy, the conflicts of interest or the risk of being absorbed by the corporate is a major holdback for start-ups. None of the entrepreneurs wants to give any power away. On the same level, the start-ups are afraid of blowing up other partnerships.

Corporate venturing opens doors by the network of the corporate, but it will also close others. Other companies are just not interested to work with a start-up associated with a competitor. This is not always the case, but depends on the industry the start-up is in.

Under the autonomy, the start-ups have experienced other obstacles related to corporate venturing. Start-up that had several conversations with a corporate investor stated that corporate venturing is only possible when the corporate is interested in you. This is out of your control as a start-up. Besides, it involves other obligations. Financial reports, obligated partnerships need the necessary concerns. This takes time and sometimes money they cannot spend on sales. It is not the biggest obstacle, but it makes clear that corporate venturing is not only about benefiting from the corporate.

The research has shown that the transfer of knowledge is not considered to be the biggest risk to the start-ups in this research. They are not afraid of competing the corporate. They are convinced that when it happens, they will be already strong enough. Besides, it became clear that corporates are sometimes just not able to do it. They have tried and failed. This makes the transfer of knowledge not the biggest obstacle to start-ups not to accept a corporate investor.

6.3 The success factors for corporate venturing

The last big section of this research focusses on the success factors for corporate venturing. What needs to be present in a successful collaboration between a start-up and a corporate investor, in point of view of the start-up. All six interviewees provided useful information, in the assumption that they would have a corporate investor, what would be important to them to make the collaboration work. An important remark here is that all three sections are connected to each other. The motives can be combined or are related to the success factors and also the risks of corporate venturing have a connection with the success factors.

6.3.1 Goal clarity

Goal clarity is important to make corporate venturing successful (Molly et al., 2019). Both parties have expectations about the collaboration. Most of the time, the corporate has a financial and strategic goal by investing in the start-up. Without any conformity about these goals and targets, corporate venturing will become difficult. A clear understanding of the dos and don’ts can help to avoid any frustrations. Both parties need to be on the same level. If the corporate has high expectations or ambitions that does not match those of the start-up, corporate venturing will not work. A start-up that pleases the corporate in front and pitches a project to the corporate which does not match their own goals or intentions, corporate venturing will take place because the corporate believes in that project, but a mismatch leads to a bad ending.

One interviewee pointed out that clarity is key. A start-up should try to keep as much as possible autonomy to be able to decide what they want to do and not only agreeing with the corporate. In addition to this, the start-up needs to be aware of the intention of the corporate. Do they want to integrate you in their corporation, or do they want to help you on your path and is it possible to separate ways again in the future? The relation needs to be reviewed and also exit scenarios needs to be part of the negotiations. Will they be there forever, or is it possible to sell their shares, those things need to be taken in consideration.

During one of the interviews, an entrepreneur stated that corporate venturing is more successful when the idea started from within the corporate. The corporate has an idea and is not able to work it out and therefore the start-up steps in. Together with people from within the corporate, they can work on the project. The more the start-up knows the story of the corporate and knows the right people within the corporate, the bigger the chances of success. The start-up will be able to work in the structure of the corporate, which most of the times is completely different than the start-up environment and not suited for everyone. This knowledge can also be built up by speaking to the people of the corporate and try to understand them and their strategy as fast as possible.

6.3.2 Long-term commitment

Every entrepreneur has stressed the importance of a long-term commitment between the start-up and the corporate as being the most important factor to a successful collaboration. Start-ups are not interested in a corporate that is only there for the return on its investment. Corporate venturing is not only about the funding. The funding is the first part where the corporate provides the start-up with capital to work with, but the start-up wants to count on the corporate ever years after the funding. Start-ups are willing to undertrain the relationship with the corporate and keep enjoying the network or expertise of the corporate. As stated before, the corporate can open doors start-ups cannot open on their own.

The long-term commitment will grow the level of trust between both parties. In the section of the goal clarity, it became clear that the chances of success are higher when the start-up and corporate know each other better. On the long run, the understanding between both will get better and will result in a trustful relationship where the start-up can benefit from (Leten & Vandijck, 2012).

Start-ups go through a life cycle where each stage of their existence has other needs (Ruhnka & Young, 1987; Gompers, 1995 and Zhang et al., 2017). One of the start-ups referred to it during the interview that it counts on the corporate to help with the distribution on the long run because they were not ready for it yet. At the moment, they do have other needs where they get the right support for, but after a while, this will change. The entrepreneur stressed that only by a long-term commitment, they will be able to benefit in the best possible way from its relationship with the corporate investor.

6.3.3 The support of the right people

Next to the long-term commitment, the support of the right people within the corporation is the most important factor to success. The two start-ups who did not have any experience with corporate venturing paid less attention to it, by the other four stressed the importance of having the right ally.

The corporate has set up a corporate venturing unit and only a few people within the corporate get in touch with the start-ups. These start-ups need to deliver. People within the corporate who do not know the start-up, can be suspicious about decisions are strategies, but with the support of someone within the corporate that supports you and will defend you at a higher level, corporate venturing will have higher chances of success. When everything falls into place, you will be supported by everyone, the right ally is someone who will get your back when results are not what they should be and even are disappointing, the support of the corporate and the belief in your start-up is crucial.

A start-up that eventually did not reached an agreement with the corporate, did not feel supported by the right people during the negotiations. It took eventually eighteen months to try to reach an agreement, but the moment it needed the corporate, it felt no support. Not everyone was convinced and the decision was made not to invest in the start-up. With the support of the right people, it could have worked out a completely different way.

The support of the right people is important, not only during the negotiations to reach an agreement as stated in the previous paragraph, the support needs to be present for a long time. It does not stop by reaching an agreement on what the collaboration contains, but the long-term commitment indicates that important decision will be made in the future as well. Without the support at that moment, the chances to success will drop.

6.3.4 Other success factors

The previous three success factors can be considered as the most important ones to a start-up, but the entrepreneurs have indicated that there were others that were of some importance for. Successful corporate venturing story.

The two start-ups with a corporate investor see the adjacency of industries can help the start-up to benefit more from the services of the corporate. Then the corporate is not familiar with the start-up's industry, it will become harder to provide the startup of the necessary resources, network, expertise or other advantages. Only when the needs of the start-up are met, the business of the start-up can grow out to be successful and is corporate venturing an absolute added value.

The autonomy of the start-up is already discussed in the section around the risks of corporate venturing. It was determined that start-ups want to keep their autonomy during their corporate venturing adventure. They were not willing to give up their autonomy and put a decisive power into the hands of the corporate. All start-ups discussed the importance of their autonomy. In addition, they only want the corporate to have an advisory role in the board of directors. This gives the start-up more autonomy to make decisions and gives the corporate only a passive role to adjust where necessary. It is not a general factor to success, but to start-ups it is important that they can keep their autonomy and it will convince them to step in into a corporate venturing story with a corporate investor.

7. Conclusion

In this chapter, the answer to the research question shall be presented. Further, the implications for managers of start-ups and corporates are cited. The last part of this chapter gives an overview of the limitations of this research and provides the directions for further research.

7.1 Research findings

7.1.1 Motives for corporate venturing

Combining the literature study and the empirical data, the main conclusion of this research reads as follows: corporate venturing, more specifically corporate venture capital, the investment of a corporate fund directly into external start-ups can be considered as a misleading term. It implicates much more than only providing the start-up with capital. Corporate venturing includes, besides the financial contribution of the corporate, a broader spectrum of strategic advantages the start-up can benefit from. The combination of both makes that start-ups accept a corporate investor.

The motives for start-ups to accept a corporate investor are twofold. First of all, it is named corporate venture capital, where the name says it all. The start-up is looking for capital. The funding of the start-up is important and necessary to survive in the hard world of business. Without sufficient funding, the start-up will not make it. One of the entrepreneurs referred to it as "The winner takes it all" principle, where start-ups with less funding will be outcompeted by other players on the market who can rely on more funding. All start-ups are aware of the importance of money, but stated that corporate venturing is much more than only money. All entrepreneurs set priority to the strategic motives of corporate venturing. The funding of the start-up is important, but nevertheless there are many ways to collect the necessary funding. It can never be the most important motive for a start-up to accept a corporate investor. It is subordinated to the strategic advantages the start-up can rely on because of the collaboration with the corporate.

The second part of motives for a start-up to accept a corporate investor are situated within the strategic objectives. The literature and interviews classified four important motives for start-ups. All start-ups had more than one strategic motive to accept a corporate investor. It was hard for the entrepreneurs to determine the most important motive, because it depends on what stage the start-up is in and what needs correspond with that stage. In general, the benefits of the network of the corporate can be considered as the most important motive. Doors will open, only because the corporate investor supports the start-up. On the same level, start-ups refer to the importance of the business advice or mentoring of the corporate in all domains they lack the needed expertise or experience. They can be the best in a certain technology, but in some other domains they do not have any experience and the lead of a corporate can be very helpful. Nevertheless, not every advice of the corporate is useful. In some cases, the entrepreneur of the start-up has more knowledge than the corporate or the corporate gives advice how the start-up can work better with them, which is not always in favor of the start-up. Every start-up that had contact with a corporate investor, stated that the corporate's brand is the third decisive element to accept a corporate investor. I place it almost on the same height than the first two. Start-ups with a corporate investor can count on a quality label. Besides, the presence of the corporate gives the start-ups a label of trustworthiness. The last strategic motive was access to specialized assets or infrastructure of the corporate. This is subordinate to the previous ones, but it is a good extra for start-ups to benefit from their corporate investor.

7.1.2 Risks and obstacles of corporate venturing

Every start-up was aware of the possible risks of corporate venturing. The most important holdback for start-ups was giving up part of their autonomy. They have built up their start-up from scratch and not every entrepreneur is willing to give up his or her autonomy. An extra person at the table can lead to a conflict of business interest. Clear rules and a healthy relationship are necessary to make corporate venturing work. The risk of a reduction in autonomy can be mitigated by only giving the corporate an advisory role in the board and give it no decision right. The entrepreneur wants to remain in control. Secondly, entrepreneurs referred to the risk of being absorbed completely by the corporate. The intention of the corporate is determinative. Start-ups are reluctant to work with a corporate investor that wants to integrate them in the long run. Another risk of having a corporate investor is that your 'marriage' will impede that competitors of your corporate investor want to work with you. It can blow up other relations. Even though both start-ups stated clearly that they can perfectly work together with competitors of the corporate, they both have the biggest player in their industry as corporate investor.

7.1.3 Success factors

The chances of success are higher when the collaboration was established after a clear understanding of the goals of both parties. It is important that both know what they can expect from each other. This research shows that a long-term commitment is success factor number one for start-ups. A start-up that can rely on the network, the brand, the expertise or just distribution of the corporate after the funding, will be more eager to accept a corporate investor. Corporate venturing is much more than providing capital to a start-up.

The adjacency between both industries will open more doors for the start-ups because the connections of the corporate do matter to them. It is important for start-ups, but every start-up that had spoken to a corporate investor for a potential collaboration, put another important factor at the top of the list. The entrepreneurs have noticed that corporate venturing can only work with the support of the right people within the corporate. Corporate venturing is just like a political game, win which only the support of the right people will lead to a successful collaboration. When it has not worked out like planned, it is necessary you can put confidence in someone who believes in your value proposition, your product and your business plan and who will defend it within the corporate.

After all, "If you cannot beat them, join them" is not the best expression to define corporate venturing. A start-up needs to rely on its own strengths and be aware that the corporate is as much threatened as you are. They are also afraid to get beaten. A more appropriate motto would be: "Find the right ally, you are stronger together".

7.2 Managerial implications

Managers of corporates need to understand that start-ups are not a toy they can play with whenever they want. They need to fulfil the start-up's expectations and be the perfect partner for them. It does not stop after the funding; the start-up expects much more from the partnership. I should advice corporates to only invest in projects they 100% believe in. They should make the partnership successful and provide the start-up with the needed resources and not worry too much about a return in the short run. They need to be aware that the start-up is like a baby to the entrepreneurs. They want to make it successful. It is a big step to have someone extra at the table who can decide what will happen. Only with mutual respect and understanding of each other needs, corporate venturing can have a successful outcome.

The entrepreneurs of start-ups on the other hand should only accept the perfect corporate investor. A start-up can be better off with no deal. A corporate investor that does not believe in you 100% and is looking for a short run return, is not the best partner. Only a partner that is able and willing to provide the start-up with the essential resources like a network, brand recognition, expertise, and of course sufficient funding, is an added value to the start-up. Besides that, the entrepreneur should keep as much autonomy as possible. He needs to make sure that every decision made, is in favor of the start-up.

7.3 Limitations and directions for further research

This research is subject to some limitations. In particular, some of the potential participants did not want to reveal their corporate venturing activity. Certainly, candidates that are in conversation with a potential corporate investor were not willing to explain their corporate venturing activity. It was too sensitive to talk about a potential partnership because there was still no deal. Some other companies were bound by privacy; thus, many interviewees declined our interview request citing they were not allowed to share their corporate investor.

The research is based on only six interviews. This also limits the generalizability of this research. Moreover, Belgium does not have that many corporates as other big players like the US. The big players are situated in only a few industries, which limited the possibility to interview different kinds of start-ups out of certain industries.

Regard to our interviewees, they seemed protective about revealing in-depth information about how they cooperate with their corporate investor. They admit that it is not always that easy, but both partners try to make the best of it. Nevertheless, all start-ups have provided me with sufficient information about how they look at corporate venturing. Those start-ups who have considered corporate venturing are really enthusiastic about the topic.

In this regard, future studies of research study could focus more on the role of different players in the business environment on their motives to accept a corporate investor or not. This research came to the conclusion that corporate venture capital is much more than a capital injection because the start-up is also looking for strategic benefits it can rely on. It will be interesting to find out if start-ups in completely different industries have the same motives as the ones in this research and what would refrain them from forming a partnership with a corporate investor. It is also possible that in other industries, start-ups determine other success factors of corporate venturing.

Another promising avenue for future research can be about the knowledge of corporates about the motives of start-ups. Are they aware that many start-ups aim to have a long-term commitment in which they can keep their autonomy and are more interested in the strategic benefits of their partnership? Both parties need to understand each other’s needs to successfully collaborate together.

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