

SUPPORT SUCCESSFUL MANAGEMENT IN START-UPS AND SME'S

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Defined exit criteria's as coach instrument

In general, an incubator must make three important statements: how is management support (coaching) arranged, what additional services are offered and for how long can a company or project participate? In order to achieve growth in a start-up or SME, management should focus on several areas. We have experienced that many start-ups tend to focus mostly on the product or the financing. Too little attention is given to other areas such as talent attraction and company culture. In start-ups and SMEs, it is vital to use its limited resources as efficiently as possible. During the time, a company or a project takes part of an incubation program, it's therefore important to provide the understanding for this and to motivate entrepreneurs to establish a strategy for management.

A summary of different studies and reports resulted in the following areas as important key areas for management:

- Vision & Strategy
- Culture
- Portfolio management
- Market Exploitation
- Human Resources
- Measurement Transparency
- Execution

The question how long a company should stay in an incubator can be answered in many ways. At some point of time the company must be prepared to survive on its own without the incubator support. One way of defining the time of exit is to state for how many months or years the support is provided. Another way is to define growth related measurements, as turnover or number of employees. We have chosen to define exit criteria's as time in combination with readiness in some specific areas, based on the list above.

Maximum time for a start-up in incubation process is set to 5 years. The incubator program is divided into periods of 6 months. During a period, a business coach/process leader is responsible for the coaching activities. The coach is either from internal incubator staff, or from of the external resources that are connected to the incubator.

At the beginning of a new period, companies make a presentation of their current situation and future challenges. Based on the situation, the most suitable coach is given the responsibility for next period. To avoid unwillingness to change coach and to decide when time has come to exit the process, we have defined exit criteria based on the list above. Depending on readiness level in each criterion, desired content of support is expressed and coach most suitable for the period selected.

The exit criteria are:

- Active company management and board
- Functional staffing and organisation
- Attractive and updated product portfolio
- Established metrics for measuring progress and growth
- Active customer management

When the incubator decides that a company has reached an adequate level of readiness on each level, time has come to perform exit from the process. Exit may also be forced by lack of ability to reach exit criteria levels (unsuccessful exit) or by being in process for the total maximum of time.

The exit criteria are helpful tools for assigning a wider range of competence and cover important areas of management. They are also a check list to decide when a start-up has internal management strong enough to survive by itself. This helps to avoid keeping companies in process for longer time than needed.

For more information on Defined exit criteria's as coach instrument,
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 <https://www.dalarnasciencepark.se/en/kontakt/>