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**THE IN-HOUSE STARTUP ACCELERATOR APPROACH: WHY
STARTUPS ARE ENCOURAGING THEIR EMPLOYEES TO
BECOME ENTREPRENEURS?**

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I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously being presented for grading. The document length is 20952 words from the introduction to the end of conclusion.

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ABSTRACT

The objective of this thesis is to demonstrate the intention of startups to encourage their employees to become entrepreneurs by providing them in-house accelerator or internal mentoring programs and workshops for people or teams that have an entrepreneurial idea for a startup. The in-house accelerator approach is familiar for big companies but presently, startups began to join the approach and it's becoming a trend for new companies in general. With this study, the author pretends to find out patterns which can be used for new organizations to decide either they should adopt the approach or not.

This paper was qualitative research with a multiple-case study, based on interviews with main representatives of the startup ecosystem in Estonia: TransferWise, Microsoft-Skype, Cofounder Magazine, Tallinn Dolls, Fundwise, Seeker Solutions, Makery, Lahhentagge and Startup Estonia. Tallinn University was represented by Marek Mühlberg as a lecturer. Interviewees were selected based on their direct influence on the main topic, mainly CEO's and main representatives who could provide an opinion about in-house accelerator programs or internal mentoring programs. Also, the whole startup ecosystem in Estonia was considered for the selection of participants; big corporates, startups, academia, government, organizers of in-house accelerator programs and participants of the programs.

The results of this research should provide the framework and conclusions to the new founders of startups in Estonia which can help them to make better decisions and adopt the right approaches towards success in a rapidly evolving environment. In concrete, whether if new startups should adopt the in-house accelerator trend or not. There were not conclusive patterns on advantages of in-house accelerator programs. The pros and cons of implementing such programs, depends on the status of the organization and its vision as shown from the results. Additionally, big companies seem to use the in-house accelerator approach to boost innovation and maintain/retain their best employees content, while for startups the approach is adopted for other several reasons like giving back to their community, being influential, providing opportunities to their employees, upgrading mindset and in general investing on the development of their people.

The thesis is in English and contains 107 pages of text, 9 chapters, 4 figures, 2 tables.

Keywords: startup, mindset, in-house accelerator, entrepreneurship, open innovation, incubators

INTRODUCTION

Entrepreneurship mindset is evolving all around the world and best practices are emerging from many places, and Estonia is worthy of praise. Prized lessons can be learned from what is working already. The best approach coming from startup minding quotes that there is no exact formula for creating an entrepreneurial mindset; there are only practical experiences.

Despite increasing evidence in this field, there is still a degree of uncertainty about the practices that new organizations should adopt or not. The evidence shows that entrepreneurship is needed for the economy and startups play an important role to improve it (Colette Henry, 2005). Attention is given to the various alternatives which startups have designed, some organizations have adopted several approaches and they have implemented in-house accelerator programs. At the end of the programs they have had several outcomes which the author of this thesis intends to investigate further on.

Bigger startup trend shows an interest in keeping the entrepreneurial mindset/thinking among their employees and despite the strong aspect of a startup culture, it is still worth, trying new alternatives. For new startups, this approach seems to be still quite new and therefore, there are no clear patterns on *how and why* it should be implemented.

The author has chosen nine Estonia based companies and main representatives of startups because the study has been narrowed to this specific market and it's intended for organizations in this country. This research will be focused on startups and corporates running in-house accelerator programs or internal mentoring programs but also the general startup ecosystem in Estonia will be considered; corporates, startups, academia, government, organizers of in-house accelerator programs in startups, participants of these programs.

Research problem and questions:

The startup revolution in Estonia is causing the adoption of new trends and practices, mostly based in what successful companies have proven that it works. What is behind the revolution is the constant evolution, the speed of change has accelerated. Then, startups are better prepared and ready to face it. Their flexibility and fast way to react to the constant changes demonstrates that perhaps they are better able to survive and prosper. (Paul 2008, 5). But the key of their success seems to be various yet.

With the introduction above, we understood that there is still a need to investigate the path of a successful startup and how to succeed and reach a constant growth. For this reason, this paper will be focus on one approach which answers the following research questions:

- Why startups are encouraging their employees to become entrepreneurs?
- Why startups are performing in-house accelerator programs or internal mentoring programs?

A bunch of additional questions and assumptions might arise while answering these questions. In the author's case, as employee of one of the most successful startups in Estonia, *TransferWise*, he could not answer the questions above. What gave the author, more reasons to do this research. Is it the best practice? Should all the new startups in Estonia adopt the same approach? What is the main purpose and real advantages and so the disadvantages of implementing an in-house accelerator program? According to startups founders it would be worst if people have had a great idea and never have acted on it (Cunningham & Lischeron, 1991, 45).

The thesis intends to demonstrate the start-up's objective for implementing such in-house programs, what are the pros and cons, long term impact to participants and organizers and when the in-house accelerator programs should be implemented.

Research objectives:

This thesis will cover the theoretical framework of startups in Estonia and entrepreneurship along with concepts about in-house accelerator programs and its differences with other programs.

As already mentioned in the abstract section, the main objective of this research is to demonstrate the intention and advantages of startups encouraging employees to become entrepreneurs by providing them internal in-house accelerator or internal mentoring programs. Consequently, find patterns in within CEOs, main representatives and main in-house programs organizers, analyze and provide conclusions that might help and lead for better decision-making process to new startups owners in Estonia. Also helping with the decision of adopting certain trends that some Estonian startups and organizations are already doing and questioning them.

Research methodology:

The method selected for this thesis is going to be a qualitative model with a multiple case study, based on semi-structured interviews given to the main representatives and CEO's of the startup ecosystem in Estonia; *TransferWise*, *Cofounder Magazine*, *Fundwise*, *Tallinn Dolls*, *Makery*, *Seeker*

Solutions, Lahhntagge, Startup Estonia and other corporates like Microsoft who are performing similar programs for entrepreneurs in-house and out-house.

The questions on the interviews applied, have been formulated and prepared in advance and they covered relevant aspects which have been analyzed in this thesis. All interviews were recorded and transcribed for analysis purposes, the duration of the interviews was from 25 min to 1 hour. Transcripts have been added to the appendixes. The first interview was the pilot to define the final interview framework for the following interviews and further modifications to the interview framework have been applied accordingly.

The findings have been used to determine patterns, common differences, similar mindsets, which could deduct either the author could make some suggestions or not about the advantages of the organizations encouraging their employees to become entrepreneurs through in-houses accelerator programs or even any other practices.

During next chapter the literature review will take place and with the intention to provide a theoretical base to the thesis for the readers. It gives a general overview about the startup, entrepreneurship, in-house accelerator programs and its difference with other programs or practices. The second chapter talks about a more detailed explanation of the methodology utilized for this research and describes the research process itself. The third chapter is about the analysis of the results and discussions and the last chapter brings the final conclusions.

1. THEORETICAL FRAMEWORK

To understand the concepts and main definitions thus to comprehend the findings and conclusions in this paper, the author collected information and data from different scientific materials which could be found in the references section of this paper.

Most of the theoretical framework was taken from literature and academic journals, references are available in the correspondent section in this paper. Since accelerator programs and in-house accelerator programs or internal mentoring programs are quite new topics, there is not much literature yet available. So most related information was taken from other resources such as TechCrunch, Forbes, HBR, CrunchBase, Google Scholar, The information, academic journals like *Plosone* and *The Lancet* to mention some and additionally the author of this thesis have participated in accelerator programs organized by *Startup Estonia*, *Garage 48* and *Lift99* in Estonia

1.1 Startup

To understand the findings from this study, it is important to understand the concept and characteristics of a traditional and non-traditional type of business, most commonly named startups and their differences.

Traditional business

To start with the definition of a traditional business; a traditional business works towards the needs of its customers and generally offers a service/product in exchange for compensation. The typical goal of such business is to turn a profit out of the service/product provided and keeping happy customers. These types of business usually spend a lot of money on operational bills and wages. Traditional business maintains steady growth, improving year by year (Goldberg, 2017, 12).

Startup

A common definition of a startup would be a newly emerged business or type of business which grows fast and tries to solve critical pain points of its targeted audience/customers. According to *The Lean Startup*, “*A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty*” (Ries, 2011, 2). This definition still does not describe completely what a startup is, it says nothing about the concrete characteristics, size of the company, industry, sector of economy. Successful startups are full of activities associated with building an institution and strong culture behind: hiring the best employees, coordinating their activities and

creating a company culture results oriented. Startups should not be considered not just as a great product, a technological breakthrough, or even a brilliant idea. A startup is more than that, is an acutely human enterprise.

Another definition by the CEO of Wearvy Parker, “*A startup is a company working to solve a problem where the solution is not obvious, and success is not guaranteed*” (Blumenthal Neil, 2017). A third definition comes from a serial entrepreneur and well-known academic, Steve Blank, who defines startups as “*A temporary organization in search of a scalable, repeatable, profitable business model*” (Blank, Dorf, 2012, 29).

Differences

From the definitions above we can conclude that the definition of a startup is very different from the definition of a traditional business that has proved profitability and operates in well-known markets with well-developed business models.

From the definitions reviewed previously, there are three main differences; the first one and perhaps the most significant is how these organizations see and think about growth. Startup are designed to grow fast and typically at least 100% growth rate per year, something that traditional business cannot afford. Apart of having different growth approach, the second difference could be defined as in the way how they look up to funding, when startups rely on capital coming from investors or venture capital, traditional business rely on grants or bank loans. The third big difference within these entities is the *exit strategy*, which in other words means the return on an investment strategy that is present only for startups where they would need to present it to investors or venture capital to get the funding. This strategy is not needed for traditional business since owners generally are directly responsible for the company and as soon as they pay the loan on time there is no extra expectation. (Landau, 2018, 10).

1.1.1 Types of startups

Based on the literature, specially from Steve Blank approach, there are a few types of startup businesses or distinct organizational paths for entrepreneurs. From which each type has its own set of characteristics and its own ecosystem. (Blank, 2011, 6).

Even though this section is too Blank oriented, the author considered it relevant for this research since the concept of startup should be deeply understood.

Lifestyle startups

This is the newest trend mostly based on social media entrepreneurs. Small businesses owners are starting their startup ideas in their own and bringing them wherever they go. Some examples are small surf firms, diving lessons, languages firms, etc. Nowadays internet has become their most effective tool of success. This type of startups based their success on a social media and marketing strong foundation.

Lifestyle entrepreneurs are living their dreams while working for only themselves, while pursuing their personal passion. If we could even compare what in Silicon Valley might be a software engineer, coder or web designer who appreciate the technology, and take advantage of their knowledge (Blank, 2011, 6).

Some examples of these type of business are the couches offering online courses in social media, filmmakers travelling around the World and offering online courses and photographers.

Traditional Business

The definition of traditional business has been defined previously but the author considered relevant to include the contribution from Blank and Dorf.

This kind of startups are founded by individuals who want their own business, similar case with Lifestyle startups. Basically, anyone running his own business is considered in this category. Nowadays, the biggest number of entrepreneurs and startups in overall are coming from this group. “This type of business owners is covering the general expenses from their own savings, bank and small business loans, friends and some other financial supports” (Blank, Dorf, 2012, 30).

Some example of these business are local stores, clothes stores and services stores where the owner is usually the main operator.

Scalable startups

This kind of startups are meant to be big and what Silicon Valley entrepreneurs and their venture investors are looking for. Examples such as Skype, Google, Facebook and new startups like TransferWise are some examples. Their vision is to be the number one in their market. Their main interests are to make equity in a company that eventually will become public or acquired for a bigger company or institution. “*Their interest is not in earning a living but rather in creating equity in a company that will become publicly traded or acquired, generating a multi-million-dollar payoff*” (Blank, 2011, 43).

Buyable startups

This kind of startups are usually webs or mobile apps ready to be sold. Though, there are exceptions and other type of startups included in this category. Usually at the beginning these startups require big investments and can take significant amount of time to finish first prototypes. Bigger companies are aware of this kind of startups and always ready to buy them if they fit with their long-term strategy (Blank, 2011, 33).

Some examples of these type of business would be Facebook, Google and Skype acquisitions.

Big corporates

This type of companies has finite life cycles. It seems that these cycles have become shorter and shorter. Also called sometimes big corporates, they are looking for disruptive innovation to adopt with the new changes, new technologies, legislations, new competitors, customer tastes, etc. The size and culture in these companies makes internal disruptive innovation difficult to execute (Blank, Dorf, 2012, 34).

Large companies try to adopt startups practices, the biggest example is Google and its initiative “Area 120”, which is a new approach , an in-house incubator, part take on the spirit of the 20% time program (Where Google has allowed its engineers and other employees to spend a day a week or 20% of their time on side projects), "*It is giving people a chance to use their 20% time more formally,*" Pichai, CEO at Google. Instead of spending 20% of their time on side project, those accepted into the program may be able to spend six months on it in fully hands. (Helf, 2016). This is an example of how large companies sough to satisfy the entrepreneurial itch of many of its employees in different ways.

Social startups

The mindset of these startup owners is more altruistic, but it does not mean that they are not passionate and ambitious as the other groups are startups which strive to make a difference. Social entrepreneurs are not different from any other entrepreneurs. These startups work in various areas like “agriculture, health and microfinance”, etc. (Blank, Dorf, 2012, 44). They are not looking towards taking a market place or to create wealthy founders, their aim is to make the “world a better place” (Blank, 2011,44).

1.1.2 What are the main characteristics of a startup?

Once we have understood what the definition of startup is, we can focus on the main characteristics of successful startups.

Innovative

The authors of “*Applying Innovation*” have marked that innovation is often term confused with the term “invention” which means, “*creating something new which did not exist before*” (O’Sullivan, 2009, 6). They have expressed that innovation has to add value to main audience which will provoke the continuous purchasing or usage of the product or services created by the organizations. This value should be an on-going process. Then, innovation must be repeated constant act to satisfy the main audience and keep in a way the business healthy (O’Sullivan, 2008, 6). Based on the overall definition of startups, they supposed to be innovative oriented.

The nature of a startups is to discover a problem and then try to solve it, in a different and innovative way which should be different from the existing solutions and hopefully provides much more value to final users. At the same time, startups must to be efficient and about the bureaucracy.

Disruptive

As we previously mentioned and according to Blank, who describes a scalable startup founder mindset as the one who wants to take over the universe and not just be his own boss. The owner of the startup believes that he must come up with the next “brilliant idea”, the one which will truly crash the industry and take customers from competitors or even change the market trend. (Blank & Dorf, , 2012, 8).

Starting small

A controversial decision appears in here, whether the new startup should or not start with large markets from the beginning. When it comes to successful startup this aspect is crucial and must be considered carefully and consciously. It is advisable to start with small market at the beginning of the journey, just as Peter Thiel Co-Founder of PayPal said, “*He advised to start at the beginning with a really small market, taking over a market, and then expanding that market in concentric circles.*”, in a sense startups should become experts in small markets in order to expand to a big scale.

As Peter Thiel explained in his lecture at Stanford University, “*the biggest mistake you can make as a young startup is going after a giant market from the get-go. That signifies that you haven’t defined categories correctly. And you’re going to be dealing with too much competition in one way or another.*” (Thinkapps, How to start a startup, 2014).

Focus

Along with the decision to start with a small market another important characteristic must be considered: focus. As we described before, startups should be disruptive but also very important, they

should not lose the focus (Thinkapps, 2014, 12). When starting a company from scratch it is common to take on too many side projects at the same time and dream about accomplishing them all. Unfortunately losing the focus could cause the early failure of startups.

Provider of the best user experience

Based on the definition of startups, they are new brand companies jumping into the market with new and fresh ideas. Scepticism could be the biggest enemy of early stage startups since they cannot rely on brand loyalty built up over years or decades like their big, competitors might do (Thinkapps, 2014, 13).

Therefore, providing an innovative and useful product/service which is also easy and comfortable, increasing the reputation is crucial for the business's long-term success. As Kevin Hale the founder of Wufoo quotes: *“My philosophy behind a lot of things that I teach in startups is, the best way to get to \$1 billion is to focus on the values that help you get that first dollar to acquire that first user. If you get that right, everything else will take care of itself.”*

1.1.3 When is a startup no longer startup?

It is difficult to define the perfect measuring indicators which can indicate whether a startups is no longer startup. When the brand and footprint in the market of a startup is recognisable, sells happens in several countries and when even its brand has entered the popular culture, the startup should no longer be called as such. (Martinez, 2009).

We can agree that a startup can still be a startup even when they got already financed by angels or early investors. When at least half of their professional management is still in training. Important contributions have appeared like the one from TechCrunch writer Alex Wilhelm, who defined the 50-100-50 rule. He defined some criteria to define whether a startup is still startup or not. (Wilhelm, 2014).

- \$50 million revenue run rate (forward 12 months);
- 100 or more employees;
- Worth more than \$500 million, on paper or otherwise.

“So, if you're worth \$499 million, have 99 employees, and are on a current, forward-year, top-line run rate of \$49 million, then congrats — you are still a startup. (Actually, if that is you, points for being valued at 10x future revenue, and having nearly half a million dollars in per-

employee revenue.) Those three numbers — 50, 100 and 500 — are useful as durable, if general guidelines as to what a startup in fact is” (Wilhelm, 2014).

Nevertheless, other authors define a startup as a state of mind., “*never let yourself stop being a startup.*” (Nick Woodman, CEO of GoPro). For many others the definition of startup is less easy to define. “*Startup is a state of mind*” (Homejoy, Founder at Adora Cheung). For the startup community it seems inexistent the idea of stop being startup. It is more related to companies’ culture to stay startup mindset oriented and it is not referred to the perks offers (ping pong, fully-stocked kitchens and flexible working hours).

The key from these point of views is that none of these definitions focus on age or any other metrics mentioned above. Instead, they look at how the business is run or how it performs. For the startup community being a startup is not about hitting certain performance or financial levels, but it is about being run with a certain mindset (Wilhelm, 2014).

1.2 Intrapreneurship

The term intrapreneurship is often used as the individual who pushes through innovations within a large corporate or organization, in other words they are entrepreneurs inside the large organizations. They fight against the bureaucracy inside the company and help the teams to develop as quick as possible. In a sense they share some characteristics of entrepreneurs.

Usually this kind of employees are the ones taking higher positions in the large firms, as Directors or Head departments. They are hybrids, being hard workers and at the same time building entrepreneurial structures and cultures among their work environment. An intrapreneur should be skilled at innovation but at the same time be able to put the team together and handle still the bureaucracy of a large organization (Burns, 2008, 159).

1.3 Entrepreneurship

To start with the concept of *entrepreneurship*, initially the word was designed to define people who “*take on the risk*” between the person buying and the person selling a product or service. To understand the difference between an investor and an entrepreneur, the definition for both comes as follows: An inventor creates something new while the entrepreneur integrates all the needed resources to transform what the inventor created into a viable business (Barringer & Ireland, 2012, 32).

Timmons provide the following definition of entrepreneurship: is the ability to build and create something from nothing. In more formal definition entrepreneurship is initiating, doing, achieving

and building an organization or startup rather than just describing one. It is the sense of seeing an opportunity where others see chaos. It is the know-how to find, arrange and control resources and to do it efficiently (Timmons, 1989,1).

Corporate entrepreneurship

Corporate entrepreneurship is the term to describe entrepreneurial behaviour in a big corporate. The objective is to gain competitive advantage by encouraging constant innovation at all levels in the company. There is large amount of literature about this topic and yet there is not real consensus about the final definition of this concept (Burns, 2008,12).

Three activities are characterizing the corporate entrepreneurship as suggested by Vesper (1984):

- Creation of new business units by an established firm;
- Emerging of new ideas from various levels in the corporate;
- Development and implementation of entrepreneurial inputs.

1.3.1 Entrepreneur

The old saying that “*leaders are born, not made*”, the roots of this thinking come from long time ago when rules were royal, and leadership was an exclusive privilege of the aristocracy. Today there is a similar debate about entrepreneurs if they are or not born. The evidence and experience said that becoming a successful entrepreneur can be learned since entrepreneurs commonly evolve from an entrepreneurial heritage (Timmons, 1989, 20). A given definition of entrepreneur: “*The entrepreneur is at the same time one of the most intriguing and one of the most elusive characters in the cast that constitutes economic analysis*” (Baumol, 1990, 29).

Characteristics of entrepreneurs

A classic approach about the characteristics of a growth-minded entrepreneur said that he should possess both **creative** and **innovative mindset** and solid **management skills** and general **business know-how**. These attributes distinguish entrepreneurs from inventors, managers in large organizations and administrators (Figure 1).

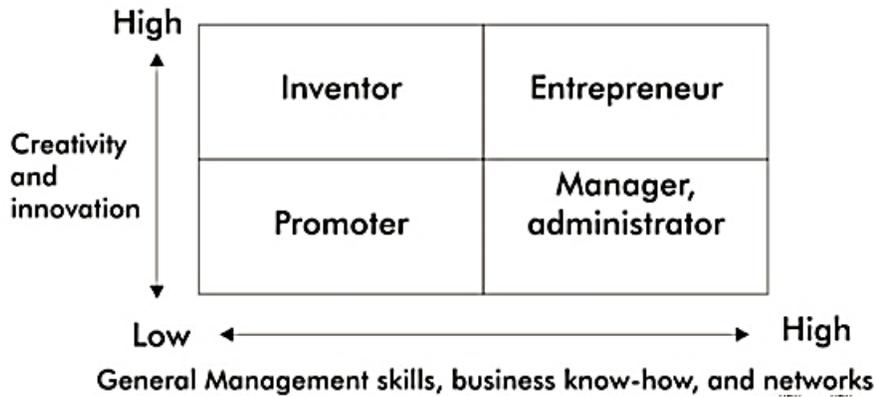


Figure 1: Differences of attributes within entrepreneurs and inventors, promoters, managers and administrators of large organizations (Timmons, 1989,21).

Through years many attributes have been ascribed to entrepreneurs. To understand what makes an entrepreneur successful, let’s review the most representative characteristics of an entrepreneur are (Barringer & Ireland, 2012, 35):

Passion for Business

The entrepreneur should belief that his business idea will possibly change people’s life and have an influence in the World. This attribute is the most important for an entrepreneur. Though while entrepreneurs should be passionate, they should not sub estimate other factors that are also important., they should also be aware of the big picture considering external factors. Additionally, along with the enthusiastic spirit, a sense of awareness of the risks should accompany the entrepreneur.

Product/Customer focus

This attribute is exemplified by Steven Jobs – Cofounder of Apple Inc., who said “*The computer is the most remarkable tool we´re ever built .. but the most important thing is to get them in the hands of as many people as possible*” (Barringer & Ireland, 2012, 40), a clear example of understanding the most important elements in business – **products and customers**. While is also important to think about management, marketing, finance and engineering, none of those aspects would make any difference if the company is not able to **provide high-quality products** with the capability to **satisfy its customers**.

Tenacity despite failure

The failure rate of entrepreneurs' new ideas is high, also the process of developing a business is like what scientists experienced in laboratories. A trial and error experimental process is involved. An entrepreneur must be able to persevere through setbacks and failures.

Execution intelligence

Probably the most exquisite characteristic of a successful entrepreneur, the ability to turn a solid idea into a **viable business**. Execution intelligence is in many cases the key factor which determines whether the startup is successful or fails. What it means to effectively execute a business idea is putting together the best team, raising money, managing finances, establishing good partnerships, leading and motivating employees. As Jeff Bezos, Cofounder of Amazon.com said "*Ideas are easy. It's execution that is hard*" (Barringer & Ireland, 2012, 40).

1.4 Startup accelerators

For this research paper is important to understand the definition of startup accelerator programs and its difference with other similar programs. There is no easy guide and step by step about how to build up a successful startup and entrepreneurs must learn to be patient as all resources need to be utilized in a proper way to achieve the desirable success. An **accelerator** is an intensive program with short-term goals and visibility, usually with massive expected impacts and extremely beneficial mean of providing faster growth resources to the startups involved. (Smith, 2017, 23). What accelerators provide is networking, mentorship, education and sometimes even basic funding or kickstarter funds.

Most of the accelerator programs last for a few months. Their aim is to invest quick money into the concerned business areas into involved startups in a limited amount of time. Usually the way they obtain profit is from the startup's equity shares. It is not so easy for startups to approach and be part of an accelerator, the reason is because accelerators are highly selective, and they usually offer lengthy and complex applications to fill in. The process of selection might be a bit hash sometimes but worth it. Despite all mentioned before, startups nowadays can benefit a lot from niche accelerators.

All support and resources from accelerators are highly specific and based on the product or service offered by the startups. From statistics, the number of accelerators and funded accelerated startups kept growing every year on exponential curve (CrunchBase, 2018).

The most impactful advantages of accelerators are:

Credibility: At the beginning of the journey most startups lack credibility as they are new and often come with no historical. Here is when the support from a well-known and reputed accelerator takes place, credibility then, will be supported by the accelerator. From here startups could start growing their business network. An example would be a tech startup which graduated from a prestigious or well-known accelerator program, investors will rely on their basis of this organization because they trust the accelerator process (Fliegel, 2013).

Speed: Speed itself is self-explanatory, this is the reason why most startups join an accelerator. For ambitious entrepreneurs with clear and viable business strategies an accelerator can speed up the process of success. Once the startup is onboarded, accelerator will provide all needed services and support. The advantages are beyond the program, when startups graduate from the accelerator program, they usually are prepared to pitch their ideas to investors and business angels, they also speed up the funding process (Fliegel, 2013).

Access: Most accelerators provide accessibility towards basic funding, customer base and technology to quick start. This is very important for new startups fighting and surviving on their own in a competitive market. Additional resources of self-motivation are added from the expertise of accelerator mentors (Smith, 2017, 23). An example of this advantage would be when a graduated startup from an accelerator program finds a new partner during the accelerator program process. The accessibility of new networks reflects its benefits (Fliegel, 2013).

1.4.1 Corporate accelerators

Corporations are becoming more and more interested in startups and they are willing to provide more capital, time and effort. Big corporations can contribute in big scale to the startup ecosystem, bringing a lot of resources to help out startups with complex services and business issues (Crichton, 2014). As any startup accelerator as mentioned before, a corporate accelerator will empower and grow startups that have been passed for the selection phase and have been accepted. The **main difference** with this type of accelerator is that on the other side of the equation are the big corporations powering the accelerator. The gains for corporate accelerators might be different than traditional accelerators. Reviewing the definition of a **startup accelerator**, traditional accelerators might seek a standard return on the investment based on equity shares or in some cases non-profit approach like SEED SPOT (Shannon, 2017), which offers grants without any equity expectation.

Corporate accelerators in most of the cases are designed to be a win-win for all parties involved. They usually have direct interests. Corporates looking for new ventures of innovation focus their energy in this kind of accelerators. According to the Corporate Accelerators database, almost the

half of the listed accelerators have required equitable participation in the startup during kick out process, taking stake of equity (Heinemann, 2016, 35).

1.4.2 Business incubators

For this study is also important to define the concept of business incubators and discuss its differences with traditional accelerators and corporate accelerators. Let's start defining what is a business incubator (BI). They are organizations that provide protective environments and support for startups just as accelerators do, but incubators are treated with more bureaucracy. Their value is based on the quality of startups they host. Incubators are differentiated by their fields of activity and they vary, which leads to different strategies, services offered to startups and different competitive scope. (Carayannis, Samara, & Bakouros, 2015, 152).

There are four different fields of incubator activity or as mentioned before competitive scope (Porter, 1986, 23).

Vertical scope: Business incubators provide financial and administrative support to startups along with investors and business angels. They are unlikely to focus on entrepreneurs without experience. Incubators also try to differentiate themselves from *business angels*. Big investors or *Venture Capitalists* often become partners of built up startups that participate in incubator programs. In a sense, incubators play the link role within successful startups and venture capitalists and investors. This is already a big difference within accelerators.

Segment scope: The sources of startups determine the direction and scope of the incubator. For instance, company-internal incubators would prefer company employees instead of outsiders. Another example would be university incubators preferring faculty students from their host university than outsiders. These types of incubators do not open their doors to other sources.

Geographical scope: For regional incubators, a natural competitive factor is involved, and their focus are the new local business. Their strengths are based on strong network access, making a well-formed local presence.

Industry focus: Some examples of typical industries are information technology, biotechnology and Internet software. These incubators will invest on industries that are big enough. In most of the cases the selection of industry niche depends on the professional capabilities of incubator main representatives. Another good example are the university incubators that also focus on specific technologies.

The four fields of focus for incubators explained above help us to understand the differences from traditional accelerators and corporate accelerators. Nevertheless, the main differentiation is based on the strategic objectives of incubators and in the specific **benefits** (profit). Most common incubator archetypes are:

1. Regional Business Incubators (*no-profit oriented*)
2. University Incubators (*no-profit oriented*)
3. Independent Commercial Incubators (*profit oriented*)
4. Company-Internal Incubators (*profit oriented*)
5. Virtual Incubators (*profit oriented*)

A better analysis of these archetypes is illustrated (Figure 2), representing the correlation of their competitive scope and strategic objective (Carayannis, E & von zedwitz, 2005).

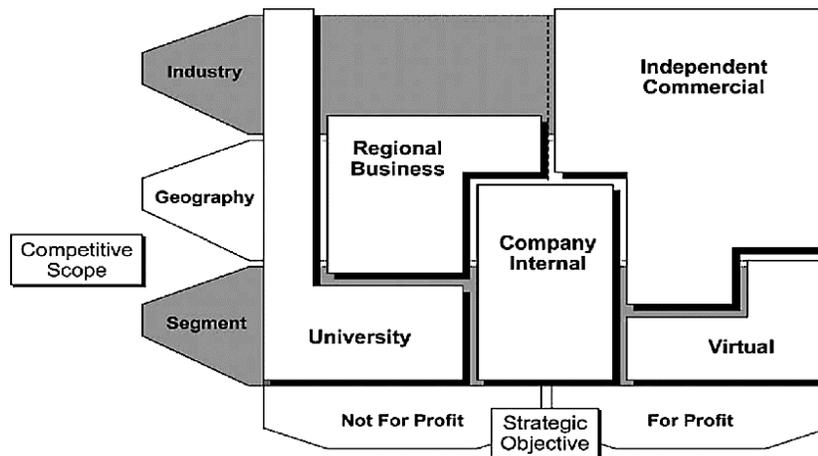


Figure 2: Different strategic objectives and competitive arenas defined five incubator archetypes
Source: (Carayannis and Zedwitz, 2005, 104).

1.4.3 Differences between Incubators and Accelerators

Both entities help nascent ventures, when *incubators* tend to offer help to the new organizations by buffering and consent them from the environment as a sort of protection to give them space to develop and grow, *accelerators* do a slightly different, by exposing the organizations to a faster interaction with the market and helping the new companies to learn and adopt quicker. (Cohen, 2013, 21).

There are several aspects that distinguish incubator from accelerator; *Duration, Cohort or Group, Business Model, Selection, Venture stage, Education and Mentorship*. In the (Figure 3) is

possible to appreciate a comparison of these aspects between Incubators, Accelerators, and even Investors (Cohen, 2013, 21).

	Incubators	Angel Investors	Accelerators
Duration	1 to 5 years	Ongoing	3 months
Cohorts	No	No	Yes
Business Model	Rent; non-profit	Investment	Investment, can also be non-profit
Selection	Non-competitive	Competitive, ongoing	Competitive, cyclical
Venture Stage	Early, or late	Early	Early
Education	Ad hoc, human resources, legal, etc.	None	Seminars
Mentorship	Minimal, tactical	As needed, by investor	Intense, by self and others
Venture location	On site	Off site	On site

Figure 3: Key differences between Incubators, Investors, and Accelerators
 Source: (Susan Cohen , 2013,20).

Accelerators have a lot in common with incubators, the goal for both is the same, to develop and help new companies. Essentially, accelerators are a new type of organization which differs in many cases from incubators and investors. Accelerators usually provide more support and advice than any financial remuneration. Incubators and investors instead, usually provide more financial and knowledge resources. The clearest characteristic of accelerators is the duration, commonly three months, another relevant difference are the periodic graduations where typically companies inside the accelerator pitch their idea to investors, which is not the case with incubators. Often occurs that people compared accelerators with incubators, but the evidence shows that accelerators might have more in common with investors (Cohen, 2013, 25).

1.4.4 Business Angels and Venture Capital

Business Angels : As their name suggests, they are the startups angels, these individuals, invest their personal capital in selected startups. The stereotype of a business angel is 50 years old person, with high income and wealth, well educated, has experience as entrepreneur and usually investing on startups that are in the region when he lives. They generally invest in a range of \$10, 000 to \$500,000 in a single startup and they look for startups with the potential to grow 30 to 40% per year before they are acquired or go public. Many well-known firms have received their initial funding from Business angels, to name some of them; Apple (receiving from Mike Markkula- Ex-executive at Intel), Google (receiving from Andy Bechtolsheim – Sun Microsystems’ Cofounder) (Barringer & Ireland, 2012, 355).

Venture capital: This group of investors is the most selective, the money here is coming from venture capital firms that is invested in start-ups and small businesses with evident growth potential. The main difference of this group with the others is that they do not invest in early life stages of startups, they usually come later when the foundation of the startups has grown. Venture capitals are partnerships within money managers who raise money in *funds* to invest in startups. There are two types of investors; **limited partners** who invest in venture capital funds and **general partners** who are the venture capitalists, who manage the funds (Barringer & Ireland, 2012, 356).

The nature of venture capital entities is **lucrative** and they have funded high-profile successful companies such as Google, eBay, and Facebook. The industry then receives great reputation and special attention.

1.5 In-house startup accelerators

In-house startup accelerator programs are one of the newest initiatives of mature startups. The approach is like big corporates' internal programs, taking as a good example Google' in-house incubator "Area 120", which "*is an experimental program within Google to help small teams rapidly build new products in an entrepreneurial environment, where Googlers spend 100% of their time on 20% projects*" (Google, 2016). This program was launched to retain talent and entrepreneurial mindset among Google employees, as well as give teams the opportunity to test new ideas and bring innovation that can eventually become as part as the product lines of the company.

The program works very similar as an **in-house startup accelerator**. Internal employees could apply during the set period and then their best ideas are selected to be part of the program, the program forms around 15 teams who work to prove new ideas over the course of approximately six months (Perez, 2017).

1.5.1 Case study: TransferWise Startup Surgery program

The following information was taken from an internal blog post from TransferWise company with the consideration of the Employer Branding representative, Kairi Pauskar (TransferWise, 2017).

Startup Surgery is an in-house accelerator program organised by TransferWise. It is a mentoring programme for people or teams that have an awesome idea for a start-up but are stuck getting it off the ground. Mentors are TransferWise employees, which help the selected teams by doing what they do on a regular basis. Mentors' tasks are based on asking difficult questions, making sure there is a clear focus, suggesting ways to think differently about startup idea problems (Pau, 2017). According to Cohen, on her academic journal, the process of mentorship for such programs,

varies depending on the programs and their setup. There are some programs that might schedule during first meetings with a big number of mentors, others may provide a list of preselected mentors, etc. (Cohen, 2013, 23). In TransferWise case, the strategy adopted was to assign 1 mentor per team.

Within the first version of the program, which has had four-week application process, TransferWise received 68 ideas and its mentors picked out only 11. The great aspect was that several internal employees have applied. The program was designed in English. However, communication within teams and with mentors can be either in Estonian, Russian or in English depending on the profile of the team. According to one research done by *Massachusetts Institute of Technology & Singapore University of Technology & Design*, there is several criteria that accelerators use to select the participants; based on Real-Win-Worth framework (how real and competitive the product is & the competitiveness and potential of the people and strategy), these preliminary and initial criteria demonstrates the process “*rejections and selection*” of participants (Bangqi & Jianxi, 2017, 18).

The programme launched from April to June 2017, all mentors had weekly or bi-weekly coaching sessions with all the teams. There were also bi-weekly joint sessions with superb people from the company who gave lots of useful feedback to the participants and helped them to understand specific important areas, such as product, scaling the team, public relations (PR) and finance. (Appendix A6). During the last week the organizers had the programme’s final event with graduates. The event was full of feedback sessions from participants and mentors. After the surgery-journey teams are all at different places, however, they’re all closer to the goal they set for themselves for that period. What was the most important, for the future, they have a better idea **who their customer is** and what **problem(s) are they solving** (TransferWise, 2017).

Feedback from participants

The teams gave positive feedback on the programme. They have mentioned that they learned a lot, specially **how to think bigger**, with more focus and drilling down to the actual customers' problem they need to solve; how to **validate the product ideas** and finding product-market fit. The teams also felt that mentors helped them to see building the product as having real customers and their habits, thoughts and wishes in mind. Mentors introduced participants to the *personas* that we did not focus on that much, which is basically how to focus on costumers. We also started actual client interviews (TransferWise, 2017).

TransferWise gains and learnings

Being a mentor was a *great experience to test* TransferWise employees’ skills. It was very inspiring to see all mentors giving good advice to quite established business people in Estonia who even have changed their plans taking account of our mentors' suggestions. Foremost, the company appreciated the fact that the things participants learned during the programme, can be used to build a

product in a completely different field, like therapeutic bathtubs or web-based training and nutritional consulting system (TransferWise, 2017).

By the end of the program, most of us learned that TransferWise's feedback coaching should work a lot more like Startup Surgery's setup continuous feedback and help rather than a one-time effort. This is something organizers certainly want to test inside TransferWise.

Moreover, participants from TransferWise had a chance to collaborate with fellow mentors whom we do not work together every day. Also, mentors got to challenge their knowledge about product thinking and customer focus. Finally, TransferWise was able to do something good, help others and **give back to the startup community** (TransferWise, 2017). According with the CEO at CoachUp, there are three main outcomes from the in-house accelerators; *the networking*; something that TransferWise had experienced based on the information above, *keeping moral* in high levels, something clearly appreciated on the feedback of participants section and *brand recognition* (Fliegel, 2013).

Purpose of the program

TransferWise launched the program because they wanted to reinforce the TransferWise mentality, solving challenging problems, being entrepreneurial, having a clear purpose. They also want to give back to the local community and **help smart ideas to succeed**. The first beta-version was a great success. Mentors and teams feel inspired, all of them learned something new, got to meet awesome people and they got so many great learnings for the next season. In summary, three good reasons for this program are explained below:

Be inspired: Hearing other entrepreneur's stories, experiences and challenges they have had to overcome when making his dreams a reality, turning their business ideas into a real business. Get a life motivation.

Get valuable Know-How: Learning from people who is working in solving difficult issues every day, learning how to make decisions and how to build a product based on customer needs, always keeping in mind the customer.

Build a network: Meeting people with the same passions for impacting the World with changes. People with similar mindset who can help each other.

1.5.2 Case study: Proekspert hackathon

Proekspert hackathons are usually organized by this company in Estonia and with collaboration with *Garage 48*. During their last edition on 2018 around 100 participants from more than 10 different countries joined the program. The main objective for the programs was to tackle Cyber Security problems and innovative solutions (Metsoja, 2018).

The outcomes from the program are win-win, where everybody wins. When participants prototype their ideas with help from mentors, which is a valuable experience where they practice how to come up with a plan and a business model and present it to investors. Additionally, participants could learn how to work as a team and collaborate with others where sometimes there is the need to overcome social and nationality barriers and differences (Metsoja, 2018).

A research from *Carnegie Mellon University*, shows from multiple-case study, that the benefits and impact from hackathon programs depends on the expertise of participants, structure of the community and from the technical domain (Trainer, Kalyanasundaram, & Herbsleb, 2016, 2).

Proekspert advises the basics to have a successful participation on their hackathons programs as follows; **Listen to the mentors carefully**: listen to the experts and their insights, they might provide some useful information for you, **Be a great team leader**: the leader must ensure that everybody in the team works together and be sure that the communication is ideal, **Project management**: be organized and focus, **Business plan and ROI**; important to identify who is going to be your customers and how you will capture the fees (Metsoja, 2018).

Feedback from participants

Mentors mentioned that it is an intense learning experience for them as well. Participants and mentors have a valuable experience and they got to meet with different people with different skills and working methods. It is so grateful to see how much a team can evolve in such a short period of time which is usually one whole weekend (Metsoja, 2018).

2. METHODOLOGY AND DATA COLLECTION.

In this chapter, the author describes the methods and sources that are used to answer the central research question of “The in-house startup accelerator approach: Why startups are encouraging their employees to become entrepreneurs”. Also, this chapter describes in detailed the research design: sample and data collection, resources of the research, interview protocol and analysis process.

The qualitative research was based on multiple case study with an in-depth approach where the author made an intensive within-case analysis for the interpretations of the data gathered from the participants (Schneider & Wagemann, 2010, 400).

For the coding data, according to Silverman, when collecting the data, one must be aware of the risk to miss some data. It is also important to define the subthemes for the final analysis and consider the data as well outside of the subthemes which can be useful (Silverman, 200).

2.1 Research design: Sample and data collection

This qualitative explanatory research was conducted to get insights about the reason why startups are encouraging their employees to become entrepreneurs by providing internal mentoring programs or in-house accelerator programs. The **qualitative explanatory method** was chosen because is the best suited to reach the answers to the central research question of this thesis. A **thematic cross-case table** was used to interpret the data gathered with all findings, patterns and empirical assumptions and the data was collected via **semi-structured interviews**.

To gather more homogeneous data and better answer the research questions, the author, based the selection of the interviewees on “*The Triple Helix*” approach. The Triple Helix theory initiated in the 1990s by Etzkowitz (1993) and Etzkowitz and Leydesdorff (1995), promotes the relationships between university-industry-government. (Stanford-University, s.f.). According to this theory including the three aspects of the startup ecosystem in Estonia would be the most accurate way to collect more homogeneous data for this research. In this context, during the process of promoting entrepreneurship is crucial to include the whole startups ecosystem (Mitra, 2012, 189).

From the previous said, the author selected CEO’s and main representatives from companies including the three entities; university-industry-government. The choice of the interviews will make a more homogeneous comparison between the opinions of the participants since it is being consider the complete startup ecosystem in Estonia (Mitra, 2012, 189). The author includede startups already running in-house accelerator programs like *TransferWise*, big corporates like *Microsoft* and *Skype*, participants of those programs like *Makery* and *Seeker Solutions*, press representatives like

CoFounder Magazine, entrepreneurs with academic representation like *Marek Mühlberg* (who is also lecturer at Tallinn University) and *Startup Estonia* as governmental representative (StartupEstonia, 2017).

The author then, conducted the semi-structured interviews at several locations, including his work place (TransferWise office) and participants 'offices. Coffee places and restaurants were avoided due to confidential reasons. The only interview which needed to be modified due to security polices was with Sandra Valle, Business Administrator at Microsoft. The interview guide can be found in Appendix A and the transcripts from interviews can be found from Appendix A.1. So far, none of the interviewees asked to be remained as anonymous so all transcripts were included in this paper. The data from the interviews and analysis will be discussed on the next chapter.

2.2 Resources of the research

To define the theoretical framework for this research, the author, used the startup- case study of **TransferWise** and **Proekspert** to gather basic primary data from the in-house accelerator and internal mentoring programs organized by these organizations. It was also included the description of the programs, requirements, general information as well as some feedback from participants. All this information was included on this research with the consent of TransferWise main representative, Kairi Pauskar (Appendix A6) and the information about Proekspert is published on their website (Metsoja, 2018).

2.3 Interview protocol

Semi-structured interviews were the qualitative method of data gathering in this research. The author used a thematic cross-case table to analyze the results along with a word clouds analysis from all the transcripts. The questions from the interview were divided into four sub-themes were the focus was, the definition and setup of a startup, in-house accelerator programs setup, in-house accelerator program ' purpose and their advantages and disadvantages.

The interview protocol for this research was designed based on the model proposed by (De Geer, Borglund, & Frostenson, 2004, 330) and is illustrated on the Figure 4 in below. The interview guide was designed carefully, phrasing the questions with special attention and structuring the different themes in the most accurate way (Wilkinson & Young , 2004,15).

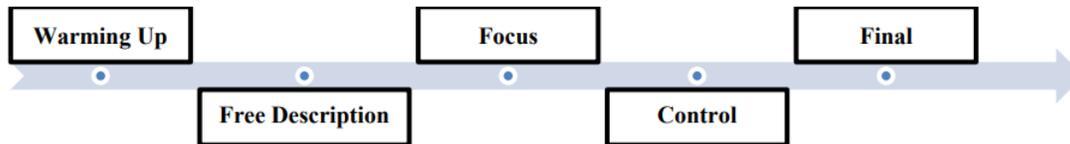


Figure 4: Interview protocol model by (De Geer, Borglund, & Frostenson, 2004, 330)

During the “*warming up phase*”, the author made sure that interviewees felt comfortable and have understood the purpose of the interview, usually an informal conversation took place to break the ice between the author and the interviewees, additionally important to mention that this part was not recorded. On the second phase which is “*free description*”, the author explains the purpose of the research along with several details, such as duration of the interview, type and kind of questions, asking if interviewees agree to be recorded and get transcripts, asking if interviewees want to remain as anonymous or not (Wilkinson & Young , 2004,15), this part was not recorded too.

By the third phase “*focus*”, interviewees were asked open-ended questions regarding the subthemes defined, with the goal to extract as much insights as possible from participants about every specific topic. The author used the interview guide all the time to make sure all the topics were discussed during the interview. During this phase, it seemed to make more sense to let the interviewees answer the questions in a freely way, give personal reflections and use their own words (Wilkinson & Young , 2004,15).

It is important to notice that the author ran a pilot interview to test the first version of the interview guide, during that interview (Marek Mühlberg - Appendix A.1), the author was able to receive valuable feedback which was used to adjust, rephrase and modify the questions and order of the interview guide. In most of the interviews, the author used the interview guide more as a tool to support the orientation and the control of the interviews and to make sure that all sub-themes were covered during the interviews (Patton, 2002, 15). During the interview the phase of “*control*” played an important role since because the open-ended questions sometimes it was needed to remain control over the interview’s course and direction. Finally, at the end of the interviews, “*final*” phase, the author asked the interviewees if there was any information on our research that they would like to give more insights.

2.4 Analysis process

The interviews were coded by comments, marking the most relevant parts as key words. The author created a cross-case analysis with the keywords/comments from the interviews and from most of the information he was able to gather. In the table, the comments were summarized under one or

two terms to have a better comparison of results. The purpose of the cross-case table is to compare the content from interviews and to make the process of analysis more efficient. Additionally, the author analysed each interview into a word cloud to find keywords and to find the most used words during the interviews and eventually to be able to have an additional comparison of results which can complement the cross-case analysis.

The author categorised the analysis in four sub-themes based of meaningful patterns. To explain a bit more the process of analysis, the author created a **cross-case table** by coding all the interviews with key words, phrases and sections of text that relate with the main research questions for this study. After the data was coded the author sorted and examined the data by code and sub-theme to find patterns or interesting facts. The author created a cross-case table (Appendix C) based on the key words, which facilitated the conclusion drawing.

The collection of data was a challenge since most of the CEO's or main representatives were busy most of the time. All the interviews were recorded successfully and transcribed and only one transcript was reviewed and modified by the main representative: Microsoft. Nevertheless, the company provided links about the topic and information about the founders. That was helpful to fulfil the cross-case table.

About the word cloud analysis (Appendix B10), it was used to have an additional comparison of the more used words versus the key point/comments from the cross-case table. All the interviews transcripts were analysed by the word cloud.

3. ANALYSIS AND DISCUSSION.

During this chapter, the author will analyse the data on the cross-case analyses (Appendix C), Interviews (Appendixes A1; A2; A3; A4; A5; A6; A7; A8 and A9), and word clouds (Appendixes B1,B2,B3,B4,B5,B6,B7,B8,B9) and the table with most used words (Appendix B10). Some of the questions on the Microsoft interview were removed as per interviewee's request.

As explained in the gathering data section previously, the selection of the companies was clever. Two companies were global, five international and two domestic. As a role within the startup ecosystem in Estonia: two startups, two participants of in-house accelerator programs, two organizers of in-house accelerator programs, one press, one academia and one government. (Appendix C).

3.1 Startup

Founders' mindset

Everybody entrepreneur look forward to becoming the next Bill Gates or Phil Knight, each whom founded a large firm. However, the key of the right founder mindset is still very rare breed. (Wasserman, 2008).

“There used to be good saying, a million-dollar question, million dollars now is too little. Trillion-dollar question, what you’re asking me. Everyone wants to know what’s behind the mindset of successful entrepreneur (...)” (Maarika Truu, Startup Estonia)

“Startup mindset. It's a difficult question to answer because that keeps changing all the time (...)” (Marek Mühlberg, Lahhentagge)

From all the interviews there was no clear recipe about the right founder's mindset but the most repeated mentions were: flexibility and clear vision. It's interesting to compare what established startups talk about the founder's mindset with the Harvard Business review: *Founders are usually convinced that only they can lead their start-ups to success. “I'm the one with the vision and the desire to build a great company. I have to be the one running it,”* (Wasserman, 2008).

Many of the interviewees have mentioned that a good founder should have a flexible mindset, ready to overtake any change on the way.

Discussion:

Most of the interviewees agreed that the founder of startup should have a clear vision and mission as a base. In other to survive in the startup community in Estonia, it is also important to have a flexible mindset since there is a lot of competition and the local market is small. Other important aspect came up, such as handle pressure, adding extra value and feedback-oriented mindset.

Worth to compare the insights from one of the most representative startups in Estonia: TransferWise (Appendix A6) versus one of the biggest companies in the World: Microsoft (Appendix A7). The startup mentioned that having clear vision and mission is important but crucial to set the customer and the team at first when taking decisions, in the other hand the big corporate remarked that having a constant growth should be at the mind of a founder.

The author selected this category and subtheme with the aim to discover a bit more about the roots of an entrepreneurial mindset and how is the perception of a founder's mindset within the startup ecosystem in Estonia. If the main topic for this paper is the in-house accelerator programs and their

main purpose, understanding the heads and perceptions of the creators/participants of such programs is crucial for the research.

Despite the most mentioned characteristics; flexible mindset and clear vision, from the all the answers it's important to notice that there is no magic recipe to become the best founder of a successful startup. Hard work, experience, perseverance and customer focus-mindset are also important elements of the ideal set-skills for a founder of startups in Estonia.

Key factors to achieve successful startup

The founder hires the best employees to his business based on his vision and should develop a close relationship with those first employees. The founder is the responsible of creating the culture inside the company. Employees, customers and business partners identify startups with their founders. (Wasserman, 2008).

“More than anything, a skilled, connected, and dedicated team is incredibly important” (Avery Schrader, Makery).

“(...) in managing your ego, being able to share, being able to listen, that's part of the first thing.” (Gleb Maltsev, Fundwise)

“People, communication and hard work are characteristics that eventually in a corporate like Microsoft always be present.” (Sandra Valle, Microsoft)

Discussion:

To understand why companies are using the internal mentoring program approach the author tried to dig into the main representative's minds and understand what they consider as key factors for a successful startup.

There is no clear pattern detected on the answers, a wide set of factors were named. Big companies agreed that **hiring the best** is a key successful factor (Appendixes A6 and A7), while other companies mentioned **practical learning** and **building strong team** (Appendixes A8). It seems that for already established companies in Estonia providing a good environment inside the company is essential, in a way it's one way to keep their best employees happy.

Only one of the CEO's mentioned **innovation** as a key factor for a successful company, while most of the others named mindset characteristics as the most important factors. Having a great environment and people happy seems to be even more important factors.

Entrepreneurs versus managers

There are no clear characteristics and recipes about what is required to be an entrepreneur. Usually an entrepreneur is perceived as **charismatic** and **passionate** but is that enough to be successful? There are other characteristics which describe the best managers, and which are also important for entrepreneurs: effective communicators, recruiters and salespeople (Busenitz & Barnee, 1997, 13).

Co-founder of Fundwise emphasises that it's ideal to look at the similarities rather than the differences (Appendix A4), he also mentioned that as entrepreneur is necessary to **have strong managerial skills** to make higher decisions, being able to sustain it in the long run, to be able to estimate cashflow and predict revenues. Tallinn Dolls (Appendix A2) as innovative startup mentioned that it's important to be both, **entrepreneur** and **manager** to find the balance, she also mentioned that in the higher positions it should always be one person with entrepreneurial mindset and another with strong managerial skills.

Other founders describe the differences of both:

*“Entrepreneurs are less risk averse. Managers are more about **stability**. An entrepreneur will eagerly leap at an opportunity to enter a new market or solve a client problem, where a manager's focus may be more about maintaining the status-quo and making sure you hit your quarterly goals etc.”* (Avery Schrader, Makery)

*“(...) managers they **like power** and they like to tell really often they even hire people who are not so strong so they can be liked (...) but leaders or entrepreneurs take care of **people growth** and they're really strong people as I understand it actually in longer term help them so much more.”* (Kairi Pauskar, TransferWise)

*“(...) a lot managers, are then they might have a **more fixed mindset** which means that they try to stay within the boundaries of the process and the goals they have to achieve. The growth mindset on the other hand would be considered more entrepreneurial which means that people are more interested in making things better, improving the process and so forth.”* (Marek Mühlberg, Lahhentagge)

Discussion:

The aim of this question was to identify possible patterns which eventually could lead to the generation of internal mentoring programs or at least to identify certain tendency or trend. From most of the interviewee's answers, is remarkable the importance of both profiles inside the company. When it is still important to have an entrepreneurial spirit and mindset to define the vision and culture of the

company, it's also vital to have strong managerial skills available. In fact, while a charismatic entrepreneur may succeed at the beginning for a short period, it is difficult to sustain, that's why it's important to possess strong managerial skills such as recruitment, communication, sales skills. (Aulet, 2013).

Only the Co-Founder of Lahhentagge (Appendix A1) have mentioned intrapreneurship that most of the big companies have developed at some point. Intrapreneurship intends to develop entrepreneurs inside the company by providing to the internal managers more executive skills. It seems that forming entrepreneurs inside the company is important topic for the startup ecosystem in Estonia. In-house accelerator programs then play an important role as a way to develop entrepreneurs inside the organization.

3.2 Accelerator programs

In-house Accelerator' goal

Not surprisingly, in all the interviews *innovation* was mentioned as one of the main goals of internal mentoring programs. Boost innovation, enhance new ideas and refresh the mindset of the participants were the main goals. Interesting to notice that the goals for the organizers of in-house programs, public press and government were different than for the participants of the programs and for the startups interviewed; for Microsoft (Appendix A7), despite of being important to enhance the innovation inside the company among the employees, what Sandra formally emphasis, was on the **exploration of new ideas** and **refresh of mindset**. It seems that Microsoft is finding ways to keep its employees happy and willing to stay for longer.

“The goal of this program is to be a platform to explore technology and encourage employees to develop and launch new and innovative ideas.” (Sandra Valle- Microsoft)

While in startups such as TransferWise, Fundwise, Makery and Lahhentagge (Appendixes A1, A4, A5 and A6), they remarked aspects of *Win-Win* where the whole ecosystem can get advantage of such programs. And most importantly they mentioned the importance to **get back to the community** in Estonia.

“(...) people who starts companies may have come from one environment Paypal or Skype and same time they go on businesses and they support each other and put advice, they build successful businesses, hire tons of employees and grow financially, globally.” (Gleb Maltsev, Fundwise)

“We care lot about entrepreneurial, we want to help future entrepreneurs to be successful, it's not even a part of those internal or external in a way it's giving something back to community and also

our own mentors got this confidence that they we work here every day will apply whatever field people did.” (Kairi Pauskar, TransferWise)

Seeker Solutions and Makery as participants of the internal programs, they talked about the process and the steps involved. Rain Järv explicitly mentioned five steps during the in-house accelerator he has been part of; selection, deal, accelerator program, competition and outcome (Appendix A9).

Startup Estonia pointed the importance of **putting people with different background/fields together** (Appendix A8), which has been a great discovery for TransferWise as organizer of an in-house accelerator program. This will be discussed in the following sections- *real advantages of the in-house accelerator programs.*

Discussion:

It might seem that is clearer for the organizers, the process of in-house accelerator programs, but based on the answers of most the interviews, the only common aspect was **innovation**. A seek of new and fresh ideas through these internal programs and rather than looking outside the organization, the focus is to look from inside. Interesting to notice that the process it’s clear for the participants of the programs. Where press (Appendix A3) is somehow skeptic about the in-house accelerator approach, University (Appendix A1) has brought The Triple Helix concept which remarked the potential for innovation and economic development relying on the university-industry-government relationships (Stanford-University, s.f.). It can be concluded that one of the goals for such programs is to enhance innovation by promoting better relation and interaction within the whole startup ecosystem.

Opinion about those programs

Co-Founder magazine was skeptic about the format of the in-house accelerator programs, for him startups are already on accelerator mood, entrepreneurs when creating something new, they operate already as sort of in-house accelerators (Appendix A3). For the Director of Tallinn Dolls, she mentioned that startups are already operating as in-house accelerator mood:

*“ It is the matter of how you call it, like most companies they do make their accelerator programs all the time in their company but there is like a meeting, some kind of **inspirational meeting**, something like that so even if we do not call it an accelerator program in our company we still have our meetings and we are generating new ideas, there are different kind of meetings(...) brain storming basically, now we are doing it more often than before because now we need to find new kind of opportunities for us (...)” (Mari Martin, Tallinn Dolls)*

*“The whole concept of inhouse acceleration sounds **a bit strange**, because by definition if you’re building something you’re entrepreneur and you want to build something of your own, when you’re building it’s someway inhouse.” (Tarmo Virki, Cofounder Magazine)*

For TransferWise (Appendix A) and Microsoft (Appendix A7) the most relevant was **to build connections within the internal team** at the company and provide experience for all the participants involved along with the mentors and organizers. Fundwise (Appendix A4) and Lahhentagge (Appendix A1) also agreed that these **in-house programs** provide opportunities for the participants and mentors and enhance development.

Makery and Startup Estonia had controversial opinions; Avery (Appendix A5) expressed that sometimes those programs might lack of proper thoughtful strategy and Maarika (Appendix A8) had a similar opinion about it, when she mentioned that sometimes companies adopt such approach because it seems a cool format and eventually there are not formal follow ups after the programs are finished.

*“I suspect that they are often run haphazardly and **without a-lot of thoughtful strategy**. It is important for these companies to continue to foster innovation (...)” (Avery Schrader)*

“(...) with the program it was great, the energy was up, energy was up. Create ideas, prototypes were built, everything cool. But then you came on Monday to work and it was the same routine. No one stick with the ideas, because there was still no department to deal with innovation, to keep working because everyone has their own work to do, you don’t have time on new project.” (Maarika Truu, Startup Estonia)

Discussion:

Controversial opinions were found about the in-house accelerator programs, but no common point of view in overall. It seems that all interviewees have spoken from their own experience. For some, the concept of in-house accelerator programs is still very new and unclear. It is confused by other terms like intrapreneurship where companies develop entrepreneurs inside the big corporation, etc. Big companies have developed similar internal programs, but the aim seems to be slightly different, where employers seem to be looking for the fulfillment of their employees, rather than for true innovation.

There is room for further research about the in-house accelerator approach since based on the evidence of this study, there are not clear patterns which could encourage new organizations either to adopt this approach or not. The implementation of an in-house accelerator should match with the vision of the organization.

Companies with such programs

All the interviewees noted *TransferWise* as organizer of in-house accelerator programs and its influence in the Estonian startup community, specially Fundwise “*. I saw members of Princeton, they were part of the **Skype mafia** in Estonia, you can add **TransferWise mafia** that’s the new one*”. (Gleb Maltsev). Another popular company known for organize in-house accelerator programs was SEB bank as many mentioned it. Interesting to notice that most of the companies mentioned were under the category of corporates and only TransferWise and Proekspert under startup category.

Based on the answers from the participants it’s clearly noticed that **big corporates are known by organizing internal mentoring or in-house accelerator programs**. Organizations like Google, Facebook, Microsoft, Skype, SEB bank, ABC grupp, Telia and Nortal have invested a lot in internal accelerator programs for their employees. But why then startups are adopting the same approach? to answer that question we can review what Maarika from Startup Estonia shared on her interview about the differences within a corporate and a startup (Appendix A8). More information about the purpose of these in-house programs will be discussed in the next section of this chapter.

*“Let’s start with the definition of Startup. What the difference is between a startup and just a tech company. Just a tech **company providing tech services, they don’t focus on one product or service**. Good example **Nortal**, right? It’s a big tech company, providing IT services. They are not a startup, they have never been because they have **always done what their customers are asking**, so they’re providing IT services. **TransferWise** is a startup because you **commit to one product and customers**. So, it’s one product, specific idea which is one product specific or service, and then is high growth. It needs to show at least 100% growth per year. Then it’s considered a startup.”* (Maarika Truu, Startup Estonia)

Based on the definition of a startup, according to Startup Estonia, corporates are in need of innovation and fresh ideas, since they are focused on their customer’s needs and in the other side startups are focused instead in constant growth, letting not much time for organize in-house accelerator programs in the most proper way.

Interesting contribution from Makery (Appendix A5) and CoFounder Magazine (Appendix A3), they expressed that other parts of the startups ecosystem are joining the approach, like **Ekspress grupp** representing the press, **Creative Fuel**- a cluster connecting Estonian creative companies and **Stora Enso**- a provider of renewable solutions.

Discussion:

Two interesting assumptions were encountered in this section; the clear pattern of big corporates organizing in-house accelerator programs more often and the adaptation to the in-house

accelerator approach for new startups like TransferWise as the most representative and other sectors of the startup ecosystem.

The urge of developing entrepreneurs inside the company is not only concerning big corporates nowadays. Startups seem to be aware about the importance of this subject and they are adopting practices that previously only big companies have tried. Nevertheless, the purpose of the in-house accelerator approach still does not seem well-defined yet for most of the startups running such programs. The reasons to run these programs are so varied.

3.3 In-house accelerator programs' purpose

Reasons behind the programs

In the previous sections, interviewees were asked about the general process of an in-house accelerator program, its main goal and their personal opinion about the programs. In order to investigate and dig deeper on the reasons behind those in-house accelerator programs, the author added this section with the focus on the purpose of such programs. Similar, simple and straightforward as these questions may seem, they are focused on the main questions for the research of this paper.

The author intended to find out certain patterns why the startups are adopting the in-house accelerator approach, or any tendency/trend influenced by any factor in the startups ecosystem in Estonia. While many expressed again *Innovation* as one of the main reasons for these programs, more profound reasons were found out.

*“(...) so, it was cool to work together as a group to do something because **normally we don't work together**. All those product people are really separate and now this program, put us together (...) we didn't think at all in the beginning. People actually felt that they practice coaching skills 3 months, so they were so much stronger about this thing. We didn't even think about it.”* (Kairi Pauskar, TransferWise)

TransferWise as organizer of in-house accelerator programs (case study can be found on Theoretical framework), found out after released the first version of the program several interesting outcomes. Kairi expressed that initially they ran the program with aims of giving back to the community by providing coaching and mentoring for free to entrepreneurs inside and outside the company. But based on the feedback received at the end of the program from all participants they discovered that during program, internal mentors got valuable experience and they made connections within other department at the company. Having as a huge outcome a cross team cooperation.

Fundwise and Startup Estonia share a similar opinion when they mentioned a possibility of running such programs based on the influence of the startup ecosystem.

“(...) Sometimes a director goes to conferences that the competitor has an internal program and suddenly I want one too. And of course, they’re not gonna say that in public (...)” (Gleb Maltsev-Fundwise)

“This first started with sponsors coming onboard and helping this private sector, internet., banks, even Estonian energy companies or insurance companies. And now when they realized that this is such a cool format because you can see how new startup start growing, they wanted to happen it internally and if you look what’s happening in the World, companies are using their own inner talent to boost innovation (...)” (Maarika Truu, Startup Estonia)

These points of views challenge the purpose of implementing internal accelerator programs. Apart of innovation there is no clear pattern about the reasons of these programs.

Another interesting insight was mentioned by Makery (Appendix A5) and Startup Estonia (Appendix A8), they mentioned that by implementing in-house accelerators the **company promotes its values and provides entrepreneurial mindset**. Lahhentagge (Appendix A1) and Fundwise (Appendix A4) talked about smart specialization in Estonia and how the approach of in-house accelerators can help. When in Estonia being a small country with no wide market and not a lot capital, startups still need to grow and survive and be competitive at the same time. By implementing in-house accelerator programs, startups can use their internal talent and get advantage of it.

Cofounder magazine has brought a controversial point of view *“Because the line, in a way you would like to sell to the young staff the idea that it’s accelerator program, go on build your dream, but at the same time you want to keep that dream inhouse in your control”* (Tarmo Virki, Cofounder Magazine). His opinion is based on a corporate approach since he is representing the press in Estonia.

Additionally, TransferWise (Appendix A6) and Startup Estonia (Appendix A8) addressed the purpose of accelerate the startup, in a sense intending what classic accelerators do. Helping the participants to get started faster and get things done by validating their ideas in early stages and also filing faster in a safer environment. *“You constantly need to validate what I created, does it actually serve the needs of the customer I want to focus on.”* (Maarika Truu, Startup Estonia).

Discussion:

There seems to be an apparent obvious purpose to implement an in-house accelerator program which is the search of **innovation** but it’s interesting to notice that is not only searching for new and fresh ideas what leans organizations forward the implementation of such programs. And even the

purpose differs depending on the status of the organization. For instance, TransferWise as startups and organizer of an in-house accelerator program the purpose of those programs was mainly to **provide experience to all participants and a feeling of giving back to the community** (Appendix A6). While for Microsoft as a big corporate and organizer of the programs, the purpose was more to exploring new ideas among the employees as oxygen, networking and evolving the values of the company (Appendix A7),

For participants of the in-house accelerator programs the main purpose relies more on raising company moral and values from inside the organization by providing entrepreneurial mindset and empowering the existing innovation. (Markery: Appendix A5 and Seeker Solutions: Appendix A9).

Differences with startups and corporates

The author intended to investigate the perception of the interviewees about the purpose of implementing in-house accelerator programs for startups and corporates. Many of the interviewees responded that there is certain difference. Unfortunately, Microsoft due to internal policies removed its opinion from the transcript (Appendix A7). TransferWise as organizer of in-house accelerator mentioned that startups are already on accelerator mood and expressed that corporates need to create special format or even a department inside in charge of innovation. The needs are different.

*“Maybe the biggest difference is that this is **how we live our everyday life** and big corporates need those teams or like special programs to get the ideas. This is the way we live all the time, not only like the hackathons.”* (Kairi Pauskar, TransferWise)

Startup Estonia remarked that corporates run these programs looking for innovation but they usually don't have a department inside the company dedicated to innovation topics (Appendix A8). Maarika also mentioned that there are not clear follow ups once the programs have finished.

“(...) once you come through the program and the idea is great, you're gonna start building it. The real problem happens after that, after the hackathon, when the great problems, challenges and ideas are being worked at, there's actually resources to work on this, and this creates the loop of again what could we do, how can we implement those great ideas.” (Maarika Truu, Startup Estonia)

In the other hand Cofounder Magazine and Seeker Solutions agreed that the differences are mainly coming from the culture and mindset of the organization. (Appendixes A3 and A9).

*“It is in the culture of the company and also in the mindset. In a startup the team is usually more open minded and fast growth oriented (willing to take more risks), but **in a corporate model it might be***

more regulated and commonly there are already a bunch of guidelines to follow.” (Rain Järv, Seeker Solutions)

Discussion:

Based on the answers from participants, there is no clearly pattern which demonstrates the main differences of running an in-house accelerator program in a startup versus a corporate. It seems that each speaks about from its experience. The in-house accelerator program is quite new approach that might not be clear yet for most of the startups and that’s one of the reasons of this research. From the answers of interviews, it’s possible to appreciate that the concept is not clear and aligned within the startup ecosystem.

Boosting innovation is the main purpose of in-house accelerator programs and the purpose of implementing one, depends on the needs and the culture of each organization. It seems to be a great practice but based on the answers from the participants, it is recommendable to have the reasons clear before an implementation of such programs. New startups should understand the concept and adopt it according to their needs. The outcomes could be really beneficial for the organization if the purpose of the program is well-defined. To mention outcomes that interviewees shared; raising companies’ moral and values, upgrading set skills for mentors and providing new opportunities to participants, sharing the validating and failing fast thinking mindset and learning how to set goals.

3.4 In-house accelerator programs’ advantages

Major advantages

Interesting findings about the main advantages of these in-house programs, most of the interviewees have mentioned that these programs enhance the collaboration within internal teams and induce the teamwork. Fundwise added from Co-founder’s experience that when implementing in-house accelerator programs, people with different backgrounds work together. In the long term if team within the organization improve communication and improve the teamwork, it’s a huge win for the organization. (Appendix A4) *“Pro of that is that it gets people talking one to another or someone would say to faster renovation and cross-cultural communication department simply get people to talk to each other, who knew.”* (Gleb Maltsev, Fundwise).

For organizers of these programs (TransferWise; Appendix A6) and Microsoft; Appendix A9)) the major advantages were practicing coaching skills and sharing widely the vision of the organization. It seems that for organizers of these programs the biggest advantage is not actually innovation, but providing experience, tools and new mindset to the participants of such programs.

Tallinn Dolls (Appendix A2) also adds: “. (...) also, this team spirit about seeing the vision, it’s very important thing as well, that you share the vision with them (...)” (Mari Martin, Tallinn Dolls).

Lahhentagge mentioned that the advantages of implementing an in-house accelerator program are proving experience to the participants where they could practice executive skill, such as getting accuracy when setting KPI’s and getting bigger picture of the organization (Appendix A1). In the other hand Startup Estonia talked about keeping the competitive advantage internally, in other words, taking advantage of the inner talent (Appendix A8).

For some, the major advantages are to play in a safe environment, lowering the risks. *“Diminishing risk for a startup person or the entrepreneur the person attending accelerator. Lowering the risk comparing to the real life case (...)”* (Tarmo Virki, Cofounder Magazine).

Discussion:

The author was looking for the major advantages which could help to promote the approach of in-house accelerator programs with new startups. In general, based on the answers from the interviews, there are generally huge advantages when the programs are implemented in a proper way. In other words, it is recommendable such approach for new organizations if they are looking for innovation, upgrading their team skills, enhancing values and providing new opportunities to their employees. In the next section, can be found a discussion about disadvantages but according to the interviewees, the number of advantages and pros is bigger. There is a genuinely win-win for the organizations when practicing adequately in-house accelerator programs. Yet, there is room for improvement.

Disadvantages

The author included an additional question to the interviews regarding possible disadvantages of implementing an in-house accelerator in an organization. Startups and organizations willing to implement an in-house acceleration might find this section interesting and useful. Most of the interviewees expressed that the process is costly and consumes a lot of resources for the organizer, the potential risk is a loss of money and time. *“If not executed well, of course there is a loss of time and money.”* (Avery Schrader, Makery).

The second relevant finding is that by running those programs, there is a risk of loss of talent and many times the risk of losing the best employees by opening new opportunities for them. Startup Estonia provided useful insights: *“Typical thing for millennial generation to keep them happy at work. And what is interesting is that millennial said that yes, of course, salary is one thing, I need to keep myself alive, but this is not the main thing while I’m not there. What they say is if see myself self-*

development potential then I wanna stick there” (Maarika Truu, Startup Estonia). Therefore, startups should take it seriously and have clear reason to implement an in-house accelerator.

Fundwise brought additional points, usually startups when running such programs are limited of resources so therefore there is not clear goal and follow up set up. Usually the expectations are high about the outcome of such programs and not always participants received the ideal support from organizers. Typically, the mentors are internal employees which have their daily responsibilities. (Appendix A4).

Discussion:

Disadvantages should be contemplated when running an in-house accelerator, organizers should be aware of the potential difficulties they will face and define better parameters to get the most out of the program. From the author’s point of view, there is always a risk involved in any initiative, there will be always the risk of losing money and time in any new activity undertaken. About the possibility of losing the best employees, according to TransferWise, the risk always exists, and if there is a loss of great employees because of the in-house accelerator program, organizations should look at the employees who have left as potential partners (Appendix A6).

Long term impact on participants

Interesting to notice that **improving employee’s life** was something all aim for. There seems to be a slightly tendency to care more about the employee’s well-being rather than other benefits when implementing in-house accelerators.

“I mean you have clustered technology there, but it took a lot of time to build, so running a program for couple of years or running a few generation of the same program for a few years most likely improve people’ quality of lives. They will understand the world around them a bit better, they will be more knowledgeable about what’s broken around them. You will start seeing opportunities everywhere.” (Marek Mühlberg, Lahhntagge).

Another important aspect mentioned for many, it was the positive consequences left on the participants after finished the program, where *inspiration* and *changing of mindset* were the most relevant. Other advantages were mentioned such as gaining self-confidence and executive skills, faster understanding of vision and mission and taking ownership thinking. Makery as participant of in-house accelerator programs mentioned the importance of *networking* which is a fundamental aspect for startups. *“Plus, you foster relationships with potential co-founders of future projects. You might end up with a massively successful startup. The impact is endless when these things go well.”* (Avery Schrader, Makery).

In the other hand what organizers of in-house accelerators mentioned about the long-term impacts for the participants and organizers was the possibility of *future partnership*, along with providing managerial skills and other advantages. It seems that organizers have different vision for such programs.

Discussion:

Interesting to note that the loss of great employees because they have opened their own startups is seen for some as disadvantage when for others is a vent of opportunities such as potential partnership, future collaboration, etc. From the interviews, the long-term impact of in-house accelerators is perceived differently from organizers, participants, press and government. In overall, perceptions of long term impact would be resumed as: for *organizers*; is a potential investment on the participants where there might be expectations of a return in some degree, for *participants and academia*; the long-term impact is more about gaining motivation and inspiration and most importantly to acquire an entrepreneur mindset, for *press*; is a bit more pessimistic point of view, when as a long term impact is only the loss of great employees.

3.5 Word clouds: content analysis

In order to have a comparison and more effective analysis, word clouds were created to compare the results with the cross-case table. The results from word clouds are very straightforward comparing with the results from the cross-case table where the main analysis was based on the author's interpretation and in circumstantial sources. In the Appendix B10 is possible to appreciate a table with the most used words from each interview. To get the data as clean as possible; all the questions from the interviews 'transcripts were removed. The world cloud generator used for this analysis was (wordclouds.com). In the word clouds all single and plural words were unified and all words with one or two occurrences were also removed. Once the words were filtered, the author made a comparison with the most used words against the cross-case analysis.

The author selected the top five words more mentioned during the interviews; **“companies”**, **“programs”**, **“mindset”**, **“startup”**, **“people”**, **“accelerator”**, **“time”**, **“entrepreneurs”**, **“differences”**, **“successful”**, **“innovation”**, **“impact”**, **“ideas”**, **“corporates”**, **“team”**.

An obvious similarity exists with the most used words: **“companies”**, **“programs”**, **“startup”** and **“corporates”** since these topics are implicit on the main research questions and in the questions for the interviews. There is no further analysis regarding these words since their meaning is self-explanatory. But there are interesting findings for comparison, like **“people”** and **“mindset”**.

From all the interviews, the term *people*, was one of the most used words, in comparison with the cross-case table analysis most of the interviewees made emphasis in the importance of putting together people and all benefits were discussed on the analysis part. For Fundwise the usage of the word was implicit in two important factors; putting *people* together with different backgrounds was the most relevant advantages of the in-house accelerators and also as one of the key factors to achieve a successful startup, hiring the best *people* was mentioned (Appendix A4). Estonia Startup, Lahhentagge, TransferWise and Tallinn Dolls made emphasis on the happiness of the *people* and how by implementing an in-house accelerator can benefit people's life. (Appendix A1; Appendix A2; Appendix A6).

” **Mindset**” along with “**people**” were the most mentioned words, practically during all the interviews, the *mindset* of the employees and startups running in-house accelerators was an interesting topic to discuss. It matches with the purpose of this research and with the results from the cross-case table. The *mindset* word was used the most in the interview subtheme “Startup” where all participants along with the author of this thesis, discussed about the founder's mindset of successful startups. Interesting to notice that during the interviews, Makery, mentioned that the main purpose behind the implementation of these programs, is the provision of entrepreneurial mindset (Appendix A5), while for Seeker Solutions and Cofounder Magazine one of the major advantages of the implementation of such programs is to provide a change of mindset, which hopefully could improve employees' life (Appendix A3; Appendix A9).

The following batch of words were also mentioned for most of the interviewees;” accelerator”, “**entrepreneurs**”, “**differences**”, “**successful**”. These words were implicit within the interview protocol. In fact, these results matched with the cross-case analysis since CEO's and main representatives were asked about the startup setup, startup founders' mindset, purpose, pros and cons of in-house accelerators. There no further analysis needed for these batch of words.

The word clouds based on the purpose and advantages of the in-house accelerators showed, “**time**”, “**innovation**”, “**impact**”, “**ideas**” and, “**team**” as the most mentioned.

The words *time* and *impact* are what get the author's attention since they were mentioned from many participants during the interviews. The word *time* was used in the interview subtheme advantages of in-house accelerators and participants emphasised about the time consuming with the implementation of these in-house programs. Makery, Fundwise, Tallinn Dolls, Seeker Solutions and Cofounder Magazine aligned with the conclusion that such programs might be time consumer and taking a lot of resources from the companies organising them (Appendix A2, Appendix A3, Appendix A4, Appendix A5; Appendix A9). Inherently enough, the organizers of the programs like TransferWise and Microsoft have not mentioned the word in this subtheme. For them the cost of the programs might be the biggest disadvantage along with losing the best employees during the process.

It is not a surprise that *innovation* came up as one of the most mentioned words in the word cloud analysis. It perfectly matches with the results of the cross-case table where participants pointed *innovation* as part of the founders 'mindset of successful startups, as the main goal of the in-house accelerators and as one of the major advantages (Appendix C).

Tallinn Dolls and Microsoft have mentioned the generation of new *ideas* as the main goal for the implementation of an in-house accelerator (Appendix A2, Appendix A7). It seems that the results from the word clouds are aligned with the result interpreted from the cross-case table by the author.

CONCLUSION

The aim of this paper intended to demonstrate the real intention of startups adopting the in-house accelerator approach and answering the following questions: What is behind the implementation? What are the pros and cons? What is the long-term impact after the implementation of such programs? When should the in-house accelerator be implemented?

The research was focused on organizations running in-house accelerator programs or internal mentoring programs but also the opinion of the startup ecosystem in Estonia was considered. Startup Estonia, Tallinn University and Cofounder Magazine were included as main representatives of government, academia and press. The intention of including these participants was to consider the whole startup ecosystem in Estonia.

For this thesis literature review, specially TransferWise and Proekspert case studies should give initial insights for the reader. For the writing of this paper there was a limitation, since the topic is quite new, there were not many academic journals yet developed. In fact, while the author was developing the research, new articles about the topic were released and published. The in-house accelerator approach was hard to analyze since there is a huge number of startups with different practices, but the author narrowed the study to startup in Estonian market.

In this paper the methodology used was a multiple case analysis based on the author's interpretation. The analysis was based on TransferWise, Cofounder Magazine, Fundwise, Tallinn Dolls, Makery, Seeker Solutions, Lahhentagge, Startup Estonia and Microsoft. In order to complement the study, a word cloud analysis from all the transcripts was done to obtain an additional comparison of results and further conclusions. The model selected for this paper was a qualitative research to better understand the reasons behind the in-house accelerator approach and provide valuable insights to the readers, especially considering that the topic is quite new and therefore, not

much information is available. The data was collected based on semi-structured interviews with all the participants. Everyone accepted to be recorded for research purposes and only Microsoft have asked to modify the transcript due to security policies from the company. Nevertheless, the author was able to complement the information with public materials.

The multiple case analysis was done in four subthemes; *startup*, where the author intended to understand CEO's and main representatives opinions about the general founder's mindset of a successful startup and then understand if there is any pattern which encourages the generation of approaches such as an in-house accelerator. *Accelerator programs*, where the author asked CEO's and main representatives opinions about the in-house accelerator setup and personal opinions. *In-house accelerator' purpose*, where author pretended to investigate about the reasons behind the implementation of such programs and could find any patterns and *In-house accelerator' advantages*, where the author went deeper about the main pros and cons about the implementation of these programs and also trying to understand the long-term impact on the participants in the programs.

From the main research questions, the first was: **Why startups are encouraging their employees to become entrepreneurs?**

The booming of new startups in Estonia has encouraged the adoption of new approaches and trends, most of the startups are looking forward to becoming successful and survive in this competitive market. Companies are looking for new approaches that boost their inner **innovation** and more importantly to maintain their **employees happy** and keep them for terms. TransferWise mentioned that the key of a successful startup is to provide the best environment, freedom and make its employees happy (Appendix A6). It seems that new startups should adopt the same thinking mindset if they want to succeed. New generations are looking towards freedom and challenges, more people are looking for a meaningful job. The era of working only for a remuneration seems to be over and companies should adopt to that change. If an organization wants to evolve and keep their best employees happy, they should consider approaches which encourage its employees to be more, to learn more, to discover more.

There are further assumptions from the analysis of the results that can answer the research question; startups are looking for way to enhance an entrepreneurial synergy among the people who has succeeded within the organization, and consequently contribute with their development. A synergy of **Win-Win**. The company will win by having more skilled employees and its employees will remain happier and more satisfied. Another assumption is the generation of more **in-house leaders**, when a company encourages their employees to adopt an entrepreneurial mindset, new potential leaders might come up from inside the organization.

The second research question from this paper was: **Why startups are performing in-house accelerator programs or internal mentoring programs?**

As any accelerator program, startups are running these in-house programs by opening an application procedure, where candidates from inside and outside can participate, as the application period is finished the best ideas are selected to be part of the competition-project and the duration of the programs are **within 3-4 months**. TransferWise mentioned that mentors will be given from the startup staff normally with some exceptions doing weekly or bi-weekly coaching sessions with all the teams (Appendix A6).

During the duration of these programs, startup mentors will help all participants by **mentoring** and guiding through a practical framework, which is basically what they do on a regular basis, asking difficult questions, making sure there is a clear focus, suggesting ways to think differently about the main problem. Since new startups are adopting this approach it is important to understand what is the aim of these programs; attracting new potential candidates? development of the local employees?

The programs though, are very similar with accelerators daily business. But still the main purpose behind the implementation has not been demonstrated and this research intends to provide insights which can help new startups in Estonia and organizations to have a more accurate decision to implement the approach or not (Cohen, 2013).

Based on the results from the multiple case analysis, the author could propose further assumption which could answer this research question; Through the implementation of in-house accelerators, the organizations may develop potential partnership network, even of their employees leave the company. TransferWise expressed the possibility of potential partnership as a long-term impact on participants after the implementation of an in-house accelerator program (Appendix A6).

Additionally, with the implementation of such programs, based on the result the **creation of a proactive and entrepreneurial synergy** among the employees seems to be a possibility. Also, by implementing these programs the organizations encourage the communication and renovation amount employees. Fundwise shared that the major advantages about implementing such programs are to provide executive skills to participants, foster innovation and enhancing the communication within teams, something than in a long-term brings therefore the happiness of the employees (Appendix A4).

Another assumption is the possibility to implement a coaching mindset among employees, usage of inner talent inside the organization to boost the **innovation** and **creativity**, obtaining new and fresh ideas/perspectives to boost existing products/services and practices.

Limitations

In order to have a useful research, the author of this thesis, narrowed the research to a local market in Estonia. The selection of the interviewees for gathering the data was based on “*The Triple Helix*” approach. As a limitation for this approach, not all the subparts of the startup ecosystem in Estonia were equally covered.

Further research

A further research could be broadened to a Nordic startup ecosystem or to whole Europe to understand the differences between cultures, business ecosystems and approaches. If future research is well-defined there is the possibility to make it global.

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APPENDICES

Appendix A: Interview guide

Questions for CEO's and main representatives:

A. Startup

Entrepreneurial mindset

1. Today, startups look for faster means of growth and development. What kind of a mindset will founders require in order to achieve constant growth and development?

Startup set up

2. Can you describe some of the key factors to achieve a successful startup?

Entrepreneur mindset

3. What is your opinion about the saying “entrepreneurs are not managers”?

B. Accelerator Programs

In-house Accelerator programs – Trends

4. Nowadays, startups are adopting certain trends and it seems that in-house accelerators or internal mentoring programs are part of it. If you know about it, can you describe the process and what is the main goal of those programs?

5. What is your opinion about those programs?

6. Can you name some other companies running this type of programs?

C. In-house accelerator programs' purpose

Main purpose

7. If a startup decides to run an in-house accelerator, what are the reasons behind?

Differences with other in-house programs

8. To mention some examples of corporates running in-house mentoring programs, Google with its “Area 120” program, Microsoft with its “*Microsoft ScaleUp*” and Telia with its “VUNK” program in Estonia. From what was said, running an in-house accelerator program on a big corporate can be different than running it in a startup. Can you name the differences, and why they occur?

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D. In-house accelerator programs’ real advantages

Pros and Cons

9. In-house accelerator programs imply several advantages. Can you name the major ones?

10. If so, what about potential cons?

Long term impact

11. In long term, what impact will such programs leave on the participants (usually startup employees)?

Appendix A1: Transcript interview with Marek Mühlberg - Lecturer at Tallinn University and Co-Founder at Lahhentagge.

The interview was done on 7th of February 2018 at 01:00 pm at Tallinn University in Marek's office. The interview was done in English and transcribed. The interview was 35 minutes. Marek is lecturer and entrepreneur, also main organizer of **STARTERcreative** program in Estonia, Tallinn. The interview was made by the author of this thesis.

So, from your point of view what are the major difference in mindset in between entrepreneurs and managers. What is your opinion?

Marek: Okay. The popular theory out there is that there is the thing called fixed mindset and the thing called growth mindset and we can basically assume that a lot of the time when people are in an administrative position which you know a lot managers are, then they might have a more fixed mindset which means that they try to stay within the boundaries of the process and the goals they have to achieve. The growth mindset on the other hand would be considered more entrepreneurial which means that people are more interested in making things better, improving the process and so forth. But I'd say that there's a little bit of overlap between the two roles as well meaning that it's really dependent on what kind of person we're talking about and what the organizational culture looks like. So if let's say that managers are encourage to be more entrepreneurial and the environment around them supports it, if management demands it for example, then there might even be a difference in that sense.

Commented [YB1]: Managers: fixed mindset

Commented [YB2]: Entrepreneurs: growth mindset

Commented [YB3]: Intrapreneurship

Ok. So, coming with the second question. It's interesting to realize whether the manager should change the mindset or should adapt to new environment. So where would you say the differences are coming from?

Marek: There's value in both. I think it's very much dependent on what the organization is trying to achieve. A lot of the times having very fixed process might be tied down to quality management, meaning that if you are able to execute process the same way for like 99,9999% of the time, I mean that's the underlying principle of for example, which in production business could be very useful so if you keep things the same way that could be very beneficial for the company. But then again if you have a business that is very much dependent on how the market reacts to your products and services you may have the need for a lot of different innovations. So this would mean that it's beneficial for a company to employ people who are able to adapt quickly who are able to change processes and so forth. So it's really dependent on what organization needs.

Commented [YB4]: Mindset according to organisation's needs

Commented [YB5]: Need of innovation

Okay. So how would you describe startup mindset?

Marek. Startup mindset. It's a difficult question to answer because that keeps changing all the time. It used to be lean startup and from 0 to 1 and all those, what I'd even call them legacy books these days. It used to be the NVP, now the NVP is dead supposedly now we have RAT which is a Reasonable Assumption Test or something like that, can't really remember at this point. I'd say if I'd have to describe the core of the startup mindset it's people who want to make things better, want to deliver value and do it the best way possible. So it's the optimal solution for delivering value to people around you. And that requires breaking down a few barriers here and there. To sort of disrupt markets that are inefficient or not able to serve people's needs in the best way possible. Look, public transport in Dublin for example.

Commented [YB6]: Dynamic definition

Commented [YB7]: Adding extra value

Commented [YB8]: Characteristics of entrepreneur

Commented [YB9]: Innovative mentality

Okay. So let's pass on to the second part of this interview. Which is related to the accelerator and incubator programs. So more specific about In-house accelerator programs and their trends. From your point of view what would you say are main objectives of those?

Marek: Again, it depends on the organization. I am a university employee so that's a different scenario, but I'll really quickly touch on this one. I'd say that for university it starts off with the Triple Helix Concept, something that was developed in Stanford a few years ago. The goal is quite simple. The THC has 3 different stakeholders. You have the government, the academia and the industry. So the government creates the environment for innovation to happen. So that's all kind of interesting laws and support mechanisms like the startupand innovation vouchers and all that. And the universities, they create the novel science and novel discoveries. They create the things that have value in terms of innovation that are new. And companies, the industry then, gets to commercialize that. So that's sort of the quick recap on what's the Triple Helix is. So what's university is trying to achieve is trying to be a supplier type of an organization that keeps producing the innovation and teams in the early stages of entrepreneurship. So they get to feed the pipeline later on. If you're talking only about industry, then for the industry it's a cheap innovation. Because if you to collect goodness of people, let's say that you want to achieve something you want to build something. I'm not being cynical here, but it's not bad thing. I think it's a win-win for everyone. Cause the employee gets to sort of achieve their dream, gets to build something that has an impact. Let's say that you work for a company that has a million clients and you're the employee of that company and you build something and you get to push that innovation to those consumers with basically snap of the finger. So I mean you get the impact quicker than you would on your own and you get to actually change something so that's good. But what the company gets is that they're adapting to your desires, your passion, your collective goodness. They get something for less money most likely. I mean it's like if you host an in-house program or Hackathon and you sort of have this push for innovation in that sense. It's a very quick way to achieve results and it's usually done separately from different business processes, because it's a way to sort of isolate different cultures. There are organizations who you try to tie together, which usually works for startups but if you're an established organization it's very hard for you to be innovative without breaking current corporate culture. So you have to isolate different type of process. So you end up with RND facilities, startup programs, Hackathon evenings, stuff like that. It usually won't work if it weren't win-win.

That's fine. So just for the record could you mention some other startups or companies that you know are running in this In-house accelerator programs?

Marek: Usually it's the IT companies. I know that Proexpert is a champion of leaderless organization. They try to cultivate that type of mindset, but they also have In-house hackathons. TransferWise has them. Nortal has their own effort to capitalize internal resources. Lot of the times it's the IT companies cause it's simple for them.

Okay. Third part of the interview would be the corporate vs. startup. What would be the biggest difference of implementing an In-house accelerator program in corporate vs. startup

Marek: I think that first we have to establish what's the difference between the two to begin with. I say that startup will not always remain startup, which means that after you have proofed your business model, after you have validated your business model and you have product market fit. After a while you stop being a startup. So Transferwise is no longer a startup, Skype is no longer a startup. There's no sort of

Commented [YB10]: Triple Helix

Commented [YB11]: Innovation

Commented [YB12]: Innovation at early stages

Commented [YB13]: Win-win for everyone involved

Commented [YB14]: Employees empowerment and recognition

Commented [YB15]: Cheap innovation

Commented [YB16]: Fast way to achieve results

Commented [YB17]: Isolate processes to develop them

Commented [YB18]: Proexpert, TransferWise, Nortal

Commented [YB19]: Definition of startup

opposition there, I'd say in a way, but the functions differ. If you are a startup your main goal is to solve the puzzle of validation. You have to validate your business model and all of the activities are geared up. Either customer development or validation. And if you're in established organization, you want to ensure some type of strategic leverage. You want to develop new products, new services, repackage the old ones, stuff like that. So it's basically kind of the same but not quiet. You're doing the same things for different reasons.

Commented [YB20]: Startups have to validate their business model

Commented [YB21]: Corporates: new products, innovation

Makes sense. What are the main functions of these programs? Talking about the approaches, you already kind of answered this question, but maybe you can elaborate a bit more. Why are companies doing such programs?

Marek: Number of reasons. It's obviously all types of innovation is quite expensive and if you can do it cheaper that's the reason for starting the program but lot of the times it's also strict and its visibility so if you look at the SweatBank for example. They are running a prototron, which is a fund for prototypes and this is part of their CSR and there's nothing wrong with that. I mean bank is able to finance early stage teams, early stage ideas, one of the biggest.....in that path, which is building the prototype is very costly and if bank is willing to finance that then the economy wins, the people win, and the bank gets a little bit of coverage. Again a win-win scenario. A lot of the times these programs don't end up producing sort of for the organizations that run them the revenue streams, that could be derived from such teams and such programs and products are hard to come by. So it's a lot of time it's kind of the good will, because if you're running an incubator or accelerator, monetizing that type of the model is very hard and that's why they say that innovation is both difficult and expensive. So you ask yourself why are you doing this? Is it merely hope or the delusion that something will come out of it. But there have been good examples and I'd say that it's the quickest way of achieving something. And I'm not sure that there are a lot of better alternatives that cost the same as running a start up programs. It's relatively cheap to create innovation that way. I'd actually like to touch on something a bit wider as well, in terms of background. A lot of countries have chosen the sort of focus areas for the economy. In Estonia it's all about smart specialization. You know, it's a tiny country, not a lot of people, not a lot of capital and you still have to grow, you still have to be competitive, so how do you grow if you're a tiny country, if you don't have a lot of people and lot of capital? The easiest way would be to build something..... That is what smart specialization areas are designed for. You have the ICT cross different sections, you have Healthtec, Cleantec, and all of these are basically startup material in that sense. You can create 2-3% teams and if it builds something that then it brings enormous value to the economy in general. So you always have these stakeholders involved, it's never just the companies, you always have to match interests, you have to take into account the government, the academia, the industry, the teams. It's always about finding the balance within the ecosystem, wherever you are. No one can pull off these programs in isolation and it's not smart to do it that way anyway.

Commented [YB22]: Innovation and visibility

Commented [YB23]: Innovation difficult and expensive

Commented [YB24]: Quickest way to achieve something

Commented [YB25]: Smart specialization in Estonia

Commented [YB26]: finding the balance within the ecosystem

The impact won't be as efficient.

Marek: You have to have the macro view. Let's say that you're the organization and you're doing this program and you're doing this in a very isolated way. You would either end up duplicating something

Commented [YB27]: Big picture

that's already out there, basically wasting your resources, or you could be excluding people that could contribute to your organization. You could be including people that might not contribute enough. It's always mix and match in that sense.

Ok. So let's talk about the real benefits. I'd like to get a little bit deeper. You've answered already what is the main purpose, so if we already talked about several benefits coming from these programs, it's a cheap way of innovation, you mentioned several aspects, what would be the biggest benefits from such programs?

Marek: That's always difficult to choose the one, but I'd say that speed. Usually innovation takes a lot of time and it's in organizations' interest to speed up the process, so if you have an in-house program you could do like two batches per year. As a comparison in the university, in the startup program we have about 60-70 teams per year. If you look at the volumes, in the early stages a lot of it is filler, not trying to be mean here but basically a lot of the time the ideas are not that original and that's ok, we all live in the same environment, we all face the same problems. Even representatives of the same peer group, let's say programmers, designers, startupers, students, whatever. If you share a peer groups with someone, those groups usually have similar challenges, and even if we're talking sociologically, we all have different roles to fill, let's say that you're a parent, an employee, an entrepreneur. You tend to have the same challenges as your peers. So that's why people come up with similar solutions to similar problems. Because there are cultures contexts similar as well. That's why I encourage people to travel a lot to see what other people are doing in another countries, cultures. The cheapest way to learn even though it sounds the opposite, I mean travelling costs, right? But for organizations the speed, the quantity of ideas, the relative cheapness, it makes sense. And also if you can service people's inner desires for building something themselves. You can be an entrepreneur without actually taking the risks that come with it . So if you do it within the organization you build something interesting, you may already receive capital support for that idea, you are able to push it to million customers, your risks are in check in that sense. You don't have to take a lot of risk, it's a win- win. It's just makes sense to run those programs. May there would be methodological differences, maybe there would be something instead of the lean startup after a while. But I'd say that it's one of the most beautiful things when you can combine people's interest a lot. It's me saying that it's cheap innovation, it's a bit cynical but it really depends on who is trying to maximize the.... here, I mean you as an employee have to knowledgeable of what you're doing as well. I mean you don't have to think about it but it urges people to think about it. So I mean maybe let's say that you all of a sudden want to stop being an employee, maybe you can lead the spin-off of the company. A lot of people do that as well, that's a way of building new products or services, based on corporate innovation.

What do you think is the impact in a startup employee in a long term?

Marek: I'd say that it's one of those things that is very hard to measure. Measuring impact is infamously difficult, especially for these types of programs. I mean you could choose some Key Performance Indicators and you could say that "ok after the programs let's say we take the period of 1 year, how many people have started their own company after 1 year?" or "how many people have increased their earning?"

Commented [YB28]: Speed and fast way towards innovation

Commented [YB29]: Cheap way to learn and generate ideas

Commented [YB30]: cheap innovation

or whatever. You could find different KPIs and you could try to measure the impact but I venture to say that the only impact that you can measure is long term impact and you can measure the amount of new companies in 10 years time for example. Or you can measure economic growth in 10-20 years time. People talk about Silicon Valley as this magical place but they have been building that place from the 70s. It's not an overnight success. I mean you have clustered technology there, but it took a lot of time to build, so running a program for couple of years or running a few generation of the same program for a few years most likely improve people's quality of lives. They will understand the world around them a bit better, they will be more knowledgeable about what's broken around them. You will start seeing opportunities everywhere. So let's say the chair you're sitting on is uncomfortable and you would like to build a better one. There's room for improvement, maybe you end up changing or throwing out your shirt every 2 months cause for some reason it doesn't last. There's always room for innovation if you walk around with your eyes open and you try to make people's lives better. I'd say that this new view on the world will improve your quality of life tremendously because you will see how many opportunities you have or what are the thing that are out of your control. Hopefully it'll ignite some kind of passion in people. But in a long term you will see results in maybe 10, 20, 30 years. It's one of those things that you kind of know is the right thing to do like saying "please" and "thank you" and you can't really measure impact of it. Let's say that you nod to the driver every time he stops for you to cross the road and after 10 years you notice there are people nodding too and traffic quieting down a little bit and all those things. Butterfly effect or something like that.

That's very interesting. That's how you can change something in a Nation. That's how maybe the USA became that Imperialistic country. They started a long time ago and at some point, you can see the results.

Marek: One bite at the time.

The last question would be do you see any financial benefits coming from these programs?

Marek: I mean there will probably be direct financial benefits for people who acquire new skills. So let's say you're able to work within the lean startup framework. That would most likely give you the pay bump or salary bump within a couple of years. Cause you're able to think more strategically, you're able to understand how to build products and services. So you have this wide toolbox in your possession. Previously you've only dealt with a very narrow field of responsibilities, so if you have this toolbox in your arsenal you are able to that again is very much up to a person themselves, they have to want it and for organizations, if you have people like that: more proactive on you pay roll, who are willing to approach and say "hey I think we can make this thing better, we can save 30% a year". They are more intelligent listeners, let's say someone from customer support keeps hearing the same complaint all the time, so that's a input for development. I mean, there are mechanisms in place for that but maybe the complaint is being expressed in 17 different ways. But the person is able to deduce "oh it's the same problem". Or if they're having more meaningful conversations with customers or even if you're designers, having this additional perspective into customer development and validation will help you build a better product. So it's complimentary skill and it's interdisciplinary view that will yield results in

Commented [YB31]: improves people's life

Commented [YB32]: awake employees' awernes

Commented [YB33]: develops entrepreneurial mindset

Commented [YB34]: encourage passion in people

Commented [YB35]: acquiring new set of skills, increasing salaries

Commented [YB36]: companies' savings and % profits

Commented [YB37]: happy customers, increasing MNU's

a long term for the company as well. There are just some things that you can measure with ruler or with any type of the device, all constructs that we build, all KPIs that we build are not perfect, they're insufficient, that's why modeling exists. Because models are derived from the real world, but they are a perfect representation of something, when things don't have that fuzzy layer in between and real world is always a bit fuzzy in that sense, so the impact is infamously difficult to measure. Everyone is struggling with that. I've had the opportunity to lead a few of those programs and obviously you have to prove that they work, which is how accountancies think, which is that we gave you this much money and we want this much result, or we do a little bit of guessing, how much team, organization will be creative for our money and obviously you can recruit a certain number of teams, but you can never really regulate the quality of the team, ideas, the kill rate in that sense, how many will drop out. People will keep having scheduling conflicts, they will keep having personal emergencies, they will keep having motivational problems, they will be dropping out of these programs, they will be pursuing other things as well, let's say all of a sudden a kid gets sick. The project can wait. But the program is only running for two months and your kid is sick for one month. It's a priority thing. So measuring things is horrible, it's bad. I'm not saying that we should base everything on belief, but I think that hopefully there's some intelligent middle ground somewhere there.

Well, super interesting topic, but that's it from the question that I wanted to ask you. Just to conclude the interview I'd like to thank you and I will be sharing with you the results, if it's interesting for you.

Commented [YB38]: accuracy with defining KPI's, efficiency in new processes

Appendix A2: Interview with Mari Martin - Director and Owner at Tallinn Dolls

The interview was done on 16th of February 2018 at 11:30 am at Mari's office- Tallinn Dolls store. The interview was done in English and transcribed. The interview was 33 minutes. Mari is an entrepreneur representative of Estonia. She has been part startup mentoring programs and also, she has been a mentor on them. The interview was made by the author of this thesis.

Talking about today's entrepreneurial mindset from startups and non-startups. Today startups look for faster means of growth and development. What kind of mindset will a startup require in order to achieve this, from your point of view?

Mari: I think mostly, just from my own experience, it's quite like hectic, so keep testing and changing our mindset all the time and actually like testing the market and being able to change all the time I think that's the most most most important at least for us. We have changed so much of our business plan because of the feedback we get from the market and you have to do it very quickly so otherwise it takes such a long time to just prepare something and then start testing it but I kind of believe that you tested right away when something is ready and right away you change it when you get the feedback. It means that you are very flexible and you have to change a lot and maybe sometimes the next process is gonna be completely different already because of the feedback you got from the previous one. I think still being up to and able to have flexibility. Some people who like to be very secure, in the very secure environment, that's definitely not the startup environment, so that's antiseptic basically I guess that's how it is

Commented [YB1]: Testing and challenge the market

Commented [YB2]: Flexibility and adaptation

Commented [YB3]: Out of the comfort zone

I agree, there are also several factors like being open-minded, flexible and being always ready to be proactive like proactiveness is an important role.

Mari: Yes absolutely it is actually if you fail in one way it didn't mean you failed over all it means you have to try another way, you just don't take no for an answer its like "okay good to know okay", we'll have another chance then

Commented [YB4]: Perseverance

Can you describe some of the ways to achieve a successful startup like from your experience?

Mari: I think still when you have to evaluate its gonna be a successful or not in one stage it has to be more secure and more safe as well, you have to manage to get, especially in the stage where you have a team it has to be some kind of a stable income coming in as well. I think that's or like at least even if it's not income like a client base that's when you know that you have achieved some kind of success, that's kind of a level where you can evaluate that there some success has been in our process. Or maybe it has been for us that if we feel we wouldn't get any new customers then most probably we're doing still something wrong so we see that ok now it's moving then we see we did something right this time, that's the first sign of success for us and then to manage it you need to start having a different kind of a team, the ones that are proactive and creating it, the other stage it still has to be run day by day as well

Commented [YB5]: Good foundation, good structure

Commented [YB6]: Clear targets

Commented [YB7]: Well definition of KPI's

Commented [YB8]: Team with different profiles

Y: despite of the flexibility, so it's still an organization so a real structure is needed

Mari: It's very much needed

I agree, that's the fundamental part of a startup to have an instructor and a strong team

Mari: The team is definitely the key element of it, managing team is completely different strategy than creating a business idea

Ok, let's talk little bit about differences between entrepreneurs and managers, what do you think are most major differences in mindset of entrepreneurs and managers?

Mari: I am definitely the entrepreneurial mind, like 100% I guess and I think it's necessary that these people have a partner that's more of the manager type of a person as well, so not all of the startup as really good CEOs themselves or managing the teams themselves I think. Especially hiring a team now and last year I did a lot of research in psychology how to understand and create a team, what kind of qualities need to be in one team and I realized that there is much difference between entrepreneurial and management. Entrepreneurial person is always open for new opportunities and maybe it's sometimes difficult to choose one, sensors are so much open that you see a chance everywhere, and that's my. But someone has to focus it down, right now that's what we do and we have a plan here 1,2,3,4,5 and that's a management type of a person and that's a huge difference, sometimes I am offering to my team opportunities and I'm telling them if they are struggling with some kind problems, I'm the one who is opening a new window "let's have a look there, don't worry, try this one" and then "oh we didn't see this one" they are the ones that choose one from my 5 options. They are taking it down to constructive plan basically.

Commented [YB9]: Both are important, balance

Commented [YB10]: Diverse team

Diversity and profiles are really important in a startup, you cannot have only the entrepreneurs otherwise you can lose a track or being super optimistic all the time

Mari: That's definitely true, entrepreneurial minds are more optimistic than management type of people, that are always more sceptic, that's a good combination as well, it has been many times told me "we never believed its gonna happen, you were the only one who believed it could happen", but on the other side I've had some of the other plans and they also said "we don't have to try everything, let's skip this one, let's focus on that one" and then later on I've been like "that was a good one, that was a good decision" so it's a good combination of both a necessary. I personally believe that the CEO should be the one which is entrepreneur otherwise the growth is never gonna happen, someone has to think big, otherwise you will stay flat and happy but where is your growth someone has to be always thinking big, and just do it. But still somebody has to did it as well then, only thinking does not get you where you want to be

Commented [YB11]: Thinking big

Commented [YB12]: Innovation and prioritization

So talking about accelerator programs like I described to you, what are the in-house accelerator programs one program made only for employees inside the startup. Can you describe the process and the main goal of one program.

Mari: It is the matter of how you call it, like most companies they do make their accelerator programs all the time in their company but there is like a meeting, some kind of inspirational meeting, something like that so even if we do not call it a accelerator program in our company we still have our meetings and we are generating new ideas, there are different kind of meetings, some meetings are just to set up next week schedule maybe, but some meetings are also just inspirational meetings, brain storming basically, now we are doing it more often than before because now we need to find new kind of opportunities for us because we have more people, more capacity, manufacturing as well, we have a new printing machine which has a huge capacity so we are thinking how to fulfil capacity so we are doing loads of inspirational brainstorming, what could be the new product groups that we can bring to the market, what kind of new brands we can start, how could be expand of the markets. there are that kind of brain storming events that we have. They are taking place here but maybe a bit less like formal way, just some are drinking something, last time we were just laughing because of the brainstorming

Commented [YB13]: Creating new ideas, brainstorming

because of some names of our product group we wanted to start, and then we were opening a cider, because you want to get out of your everyday routine, when you come to the same studio you're like you have your own everyday routine so you want to get out of it somehow and you try to find what could be the ways to get yourself a little bit more stayed for your able to brainstorm a little bit better, so it's still the most of the companies they do it somehow called in a different way but still brainstorming

Commented [YB14]: Get the team together

Commented [YB15]: Companies calling the in-house programs in different ways

What do you think would be the main goal of this?

Mari: You have to have, you want to have different, let's say when we come together when we brainstorm we want to get the views from different perspectives. We have marketing people, manufacturing people, we have me, we have sales people. We want to get their feedback from their field of industry, so like which product group we could produce, which product group we could do marketing for, which we could sell. Then the brainstorm I bring up my ideas but then I want to get feedback what they think, without whack, what's their first impression, so the goal is that I get a feedback from different industries, I get their new perspectives, and their ideas, that they would actually be thinking with me, not only getting ideas from me, and then they are writing failure, so the overall goal is definitely that we would like to fix some of the topics, we want to find out which product groups we are bringing to the markets, what name would it be and later on move on to the strategy how we do it, but first we want to get the bigger picture, set up which product groups next year, what we expect from them, how much can be produced and then later on we fix the name, we fantasize what would be cool, what would be the goal for us, for the maybe at least the first one, then we do the test and we get the feedback and we fix it more realistic way maybe. The goal would be still that your assumptions or topics you want to find out that you still achieve something as well, not just brainstorming randomly, you still want to fix it somehow later on.

Commented [YB16]: Get bigger picture, views from different perspectives

Commented [YB17]: Get feedback from all fields-ecosystem

Commented [YB18]: Innovation, bringing up new ideas

Commented [YB19]: Get big picture

Commented [YB20]: Setting realistic KPI's and goals

You mentioned that you are gathering all different profiles. So what do you think is the impact for all these employees?

Mari: First of all, it is a very huge impact that you involve everybody in company, so that whatever project you're going to have, they knew it from the beginning and they have confirmed it and they have been in it to give their feedback right away and they know we just don't block them somehow do it, so it's important, that they are involved in everything, because when the new project comes in everybody is informed and we are discussing it before hand. Definitely every industry has so many specific problems, I don't know everything myself, I don't know about manufacturing myself. I need a feedback from a person, telling "I'm sorry, these products are too difficult for us to produce and it's too inefficient, let's try something else, that would be much more efficient" and then the sales person says "ok it may be efficient for you to produce but for us to sell it's not so easy". So we spend another much more time to the marketing or maybe to the sales than to manufacturing and then we need to find a good balance which would be the best so one person says "it would be perfect to me" but other industry says "for us it wouldn't work at all". So we have to know all the details and then kind of make the decision knowing as much we have information at this point. We make a lot of assumptions today because we're testing a lot, we like to test, but I don't want to test everything any longer because we have already more than 10 years' experience, so first of all we make many assumptions. We come together and we're like "give some assumptions what do you think, give your assumptions what do you think". Later on we see if we were right or not, what's the price to us, which way

Commented [YB21]: Involve all the teams towards same goals

Commented [YB22]: Accelerate feedback

Commented [YB23]: Employees able to see big picture and understand co-relation between departments

Commented [YB24]: Empowerment and expand make-decision responsibilities

the market surprised us, and it's a knowledge for us again, next time we know it. It's a lot of experience, it's completely different thing when you know a little bit about market and when you know nothing. There's always an element of surprise, you can't know everything so you know even if you have all assumptions you still need to test it but it's good to know how many assumptions we actually know, and we didn't know anything it also makes us worried how we don't know market at all. So they give a lot of feedback and they give us also their ideas from their industries and that's a huge impact, and also a huge impact that they are interested in the final goal, not only their goal but whole system we work together so it's completely different, "I did my thing it didn't work", it's like a joke we say, it's something we don't want, if you say it didn't work then please offer us a vision how we could test it again.

Nice. Could you name some other companies trying this kind of programs like let's call it in-house accelerator programs. Could you name some companies or other startups?

Mari: No, I don't know. Let's say it's not like accelerator maybe motivational like...
I guess some companies are quite big as well, I'm pretty sure the hackathons are able to create.. I think somehow makes it so if they get a collaborate, like a partner then they ask some kind of a budget from them, then they create the topic for them.
I think they offered something for our industry as well, some time ago.

Commented [YB25]: Similar to Hackathons

Running these in-house accelerator programs in corporates can be a bit different than running them in a startup. Can you name some differences?

Mari: I know that for us it's extremely quick. When I have an idea in the morning then sometimes it's been ... in the evening. So it's very often like that. When I come to the office I say "I was thinking" then people are already afraid. You don't have to get any confirmation, you don't have to, it's a huge procedure. I know my sister for instance works in a Swedbank and it's completely she has also been working in bank it's completely different, whatever change they want to make it's gonna take a huge time to make it, most of the times it doesn't happen, it's never gonna happen actually, quite often that the system it has so many levels quite often like some kind of messing between some of [... I don't want to take this responsibility and the other person doesn't take, there's no one written who needs to be responsible for that but nobody knows to write everything that's gonna happen in the company, "it wasn't in my contract I'm not responsible to do that" There's nobody to task it and confirm it, because it was a new idea and nobody has it in contract so it's completely different. I hear loads of people in corporates talking about their contract. In my company nobody talks about their contract, it's a basic contract and it says that we're flexible and we have to make it happen, that's all, that's our mindset. I definitely hear it from my sister. I've never heard a sentence or like a respond to me that "it wasn't in my contract".

Commented [YB26]: In startups is quicker

Commented [YB27]: In startups less bureaucratic

Commented [YB28]: Corporates: hard to make changes,

We talked already about advantages of these in-house accelerator programs, but can you name the major ones?

Mari: Mostly I think team spirit is definitely a very important part of it. You can have team spirit in different ways, but it's a good kind of a team spirit, you can also have a team spirit in summer or winter days, but it's not very often about brainstorming in that case, it's just about relaxing or amusement so I think raising team spirits and inspiring each other and it's important. Also this team spirit about seeing the vision, it's very important thing as well, that you share the vision

Commented [YB29]: Raise Team spirit, motivation

Commented [YB30]: Encouraging passion

Appendix A3: Interview with Tarmo Virki - CEO at Cofounder Magazine.

The interview was done on 16th of February 2018 at 4:00 pm at office of the author of this thesis. The interview was done in English and transcribed. The interview was 30 minutes. Tarmo is an entrepreneur divulging the success of startups in Estonia and provider of international context, helping Estonian startups to get more exposure with Cofounder Magazine. The interview was made by the author of this thesis.

- *Startups*

Let's start with the conversation about startup and entrepreneurial mindset. Today startups look for faster means of growth and development. What kind of mindset will startup require in order to achieve this, from your point of view?.

Tarmo: I think in a way, being a startup does require that, nothing has really changed. When people were founding companies 50 years ago, they were also looking for ways to grow it fast and keep costs down and grow the sales as fast as possible. I mean, startups have been around for 50, 100, 200 probably as long as there's been business in a way. What has changed the world a bit is this funny thing called Internet, which has made this key ability just so much easier. You can run a taxi business in Nigeria without ever visiting Nigeria. This was not possible 100 or 50 years ago. The mindset is the same as it was 50 years ago or 100 years ago, nothing has really changed, the tools have changed.

Commented [YB1]: Same mindset as 50 years ago, tools, internet have changed.

That's interesting. You said running the business in taxis, you should be there in person and that right now it's no longer necessary. Can you describe some ways to achieve a successful startup?

Tarmo: It's a long process, you can write books about it. The key for any startup is firstly to find the problem to solve, talk to the customers as much as possible to see how is the solution and secondly from the inside, sort out the team who can actually solve that problem. Early team building efforts are often the ones which are not taken as seriously as they should, often the example is the Hackathons. In half an hour you put together a team of 12 people, how can you know that you will actually go together with this guy for 5 years just on bread and water and build a world successful company. You have no fucking clue. One Estonian friend of mine said nicely when I suggested to him that he should take a start by the Hackathon and he said "I don't know would I ever go to spy together with them". And there's a saying from the Estonian or Soviet time that you trust somebody when you go to together to spy with that person, if you don't know him you wouldn't have a clue whether you would actually do it together. From inside the team, from outside the customers. If those 2 things can be solved then I'm sure many good startups will be borned.

Commented [YB2]: Find a problem and fix it – talk to customer

Commented [YB3]: Build a team which can work together and solve problems

Thank you. Let's talk a little bit about differences between an entrepreneur and a manager. What do you think are major differences?

Tarmo: That's a good one. I think the riskiest the attitude towards risk and ability to manage risk, ability to live with the risk. You could always take a job in a big company and make okay living, compared to starting something on your own and trying to figure out how to create enough sales and profits to live from. That's by far the biggest difference risk.

Commented [YB4]: Strong team – knowing the team and knowhow to work together

I wanted to ask where do you think the differences are coming from?

Tarmo: It all comes down to money, right? I've been on both sides.

Commented [YB5]: Mindset and taking risks. Knowhow: sales and profits

Do you think it's important to consider different profiles in a startup, like entrepreneurial

Commented [YB6]: Financial interests

mindset people, like managerial mindset?

Tarmo: In the longer one definitely, at the same time in very early days when you are founding something, not necessarily. I think it's more important to have a different world view, different background people. I've tried to found a company together with a person of roughly my background, roughly my interest. It was a disaster, it was seriously disaster. The only difference we had was age, he was slightly younger than me. We were way too similar, it was horrible. In a current venture, when we are building the team we assure to take abroad people who are totally different, I mean we have 5 people in the team, 2 of them are really creative, like ready to fly. 2 of them are really down to earth, one is an accountant and the other one is the IT guy. The IT guy is thankfully thinking a little bit strategically also, so he can kind of parallel this flight and down to earth thing, somehow balance it. And then in addition to those tools we have a fifth guy in the team who is totally separate creator, who likes to do things on his own and create the visuals and the branding and stuff like that. It kind of works, in a way it was intentional. The first team was the 2 highfliers and creator and I'm thankful we took those 2 others. Otherwise it would be not necessarily a disaster but it would be much more difficult to build it.

- Accelerator programs

Talking a little bit about accelerator programs. We really introduced a little bit entrepreneur mindset, a little introduction about startups as well. Could you describe the process of an accelerator program? If it's in-house, if you know how it works in the house.

Tarmo: I've been involved mostly outhouse accelerators, I've been involved with couple of Finish ones as a mentor, not all of them, couple of finish ones as a mentor, in a vertical and a startup sauna? Then in Estonian and Latvia the startup wise guys and build it. Maybe something else too, but these mostly.

How can you describe the process?

Tarmo: Basically, the accelerator programs' main idea is to help startup fly off faster. So that the team who may not know how to build a brand, build a team, build a product, would have some external top level advice how to make it. I think that's the main point of accelerator program. The whole concept of inhouse acceleration sounds a bit strange, because by definition if you're building something you're entrepreneur and you want to build something of your own, when you're building it's somehow inhouse. In a way it's kind of balancing the risk profile. If you're inhouse, it fails, nothing wrong, you probably have your job back, life can go on. At the same time you're not really entrepreneur, if you're building a company on salary. We have place to be. Somebody thought "hey let's build a startup, I hire you to found this startup". I mean it's kind of nice, but it's not really you know.. it's a weird concept, by definition I think. If you call something startup like inhouse acceleration program, I can in a way see it logic for the big bank, or somebody who have like 100000 people working and trying to build this, to make people think a little bit outside the box or outside the system. But if you think you have a 200 person startup and you create an inhouse acceleration program to build new companies inside of this hundred people, I would probably say that this company would be better off trying to focus the 100 people on the product, on sales and customers. Maybe with some small twist, like in big companies if you build a financial system, if you have some extra product idea, this could fit in

Commented [YB7]: Different perspectives inside startup, different backgrounds

Commented [YB8]: Crucial to have different profiles inside a startup

Commented [YB9]: Helps startups to fly and bloom faster

Commented [YB10]: In-house accelerator: you are not really taking risks, you are not really an entrepreneur, safe zone.

Commented [YB11]: For big companies: Making people think outside of the box , encouraging creativity

Commented [YB12]: For startups medium size: lost of focus

our company, you give that idea to some team who can run it as a startup, that could make sense, but I would not call it an inhouse accelerator program. In a way, if the inhouse accelerator program is successful it means you lose your best guys.

Commented [YB13]: Loosing your best people as a risk eventually

That's one of the assumptions. What is your opinion about these programs.

Tarmo: I think it's weird. Especially for the startup. There is big risk to do it poorly and even bigger risk to do it too well, as I said. It could ran away. The biggest challenge for those 100, 200, 300 person startups is recruiting, how do I find the best guys, how do I keep them in the house and so on. Probably they will try to run this kind of accelerator program sometimes to keep those best guys happy, so if they have some entrepreneurial ideas of their own, they could do it inhouse and not leave to do it on their own. I can see that logic from the HR side. But at the same time I don't think very highly of the HRs so I don't think they are that smart. Maybe they are, maybe they'll surprise me, but I doubt.

Commented [YB14]: Biggest challenge for startup is recruiting

Commented [YB15]: HR strategy: keeping the best employees happy and providing entrepreneurial opportunities inside the startup

How would you think would be the biggest impact in the employees?

Tarmo: In a startup I would.. I have no idea. I've heard before, that TransferWise has it seems house accelerator program, and I've been assuming that some other big guys have also, but at the same time I don't know , I think it's a better question to ask for those teams themselves, who have attended it, because as I said, if it's done very well, those guys will leave the company, it will stop.

Commented [YB16]: Employees starting their own startup

Can you name some companies that you can recall are running similar programs?

Tarmo : I've come across the ACB, then the one of the insurance companies also, but they are big companies. I've heard of TransferWise before. It's usually the kind of external linked accelerator programs, which have come to my radar. Then it's already big companies usually. From Finland the interesting example was Stora Enso, the forestry company, which was running kind of combination from inhouse and outhouse, so they were actually kind of taking some bps from the company and put them in the teams of the startups who apply to the accelerator. It was kind of mixture of the both worlds. Some kind of cooperation with Vertical in Finland last year. I don't know really of the others, probably some of them have been on my radar at some point.

Commented [YB17]: ABC, Transferwise, Stora Enso

- *In-house accelerator programs' purpose*

Why are the companies running these programs? Why would it be even an option?

Tarmo: I think the small HR was one of the idea we came, if the HR would be really small, they would maybe try to keep the people in the way. More logical thing is that they would try to, the reason why I would do it is to find new ways to grow the business. I would not call it accelerator program, I would call it a renovation or something, that are indeed labs or something like that who would be working on how to take the company forward or find out new business slimes or something. Because the line, in a way you would like to sell to the young staff the idea that it's accelerator program, go on build your dream, but at the same time you want to keep that dream inhouse in your control. So it's really fine line, and it would really depend on the person

Commented [YB18]: Trying to keep the best employees and new ways to grow the business

Commented [YB19]: Keep the game safe, giving opportunities but control it

attending, where do they see that line is. We call it this way, everybody will be happy. For somebody the idea that I will build something it is my own, then fuck off company I will leave when I want to, right? For the other guy, he would be happy to play that game much deeper into the corporate side. Adding to previous answer, in Finland and Estonia, Tieto, the IT services provider

has been running quite an interesting program, I don't know anything about results but I remember we covered in co-found when they launched it about a year and half ago, they were opening the 2 way accelerator, not the same way I stood up but they were taking in teens to classical accelerator program and they were taking in. Also the classic accelerator program was defined that they would take in ideal level teams and would give them a salary. So that the risk would be moved away. If things go well, they would expect to get something, what's the percentage or some kind of holding the company, if things don't go well, you would be offered a job at the company. Kind of clearly the HR channel, the higher route into the company. It was launched from headquarters but I remember I asked them directly also that if an Estonian team wants to join then we're like "no problems, we have business in Estonia, they can work from our Estonia offices" and so on.

Talking a little bit about corporates and startups, the differences. Running an inhouse accelerator program on corporates can be different from how you run it in a startup. Can you name some differences?

Tarmo: I think the biggest difference should come from the kind of mindset of the people attending. When the ECB has running a program, their challenge is probably that our guys are stuck in their system for 20 years, we have to figure out how they can be a little bit more creative or think outside the box. In a startup they think outside the boxes, built into the system. The challenge you face is how do I make the people attending accelerator happy and keep them in a company. It would be difficult.

- *In-house accelerator programs' real advantages*

Talking a little bit about benefits, that we really did, but just to have a summary. These programs imply a number of advantages so can you name the major ones?

Tarmo: Diminishing risk for a startup person or the entrepreneur the person attending accelerator. Lowering the risk comparing to the real life case, I would expect that startups are not raising capital and trying to live from raised capital first, but they would probably on companies payroll. In a way, it's adventure with very little risk, but that same time it's an adventure, when you leave at 5 o'clock, check out at 6 o'clock and you go. I don't know if any startup ever has been built that way, kind of successful startup. Maybe they have, but..

So talking about the cons. That would be one of them?

Tarmo: It's kind of both ways, in a way it's a pro because from the person doing it, it's a benefit. At the same time, early days possibly in the sector where speed matters, it kind of doomed.

Commented [YB20]: Mindset of participants

Commented [YB21]: For startups, how to make employees happy and willing to stay , for corporates how to be more creative and think out of the box , innovation

Commented [YB22]: Playing safe
Lowering risks compared to real life

Commented [YB23]: Time wasting

What do you think, talking about for example big companies as Skype. They started the Skype mafia, a lot of Skypers started spreading the word of Skype.

Tarmo: I think the Skype mafia thing is totally separated from this. Skype mafia is a classical in a way, the big exit case in a country, where big corporate concept takes over, bringing capital, a lot of those early staff members, reaching out to investing the companies, a lot of them are trained enough, always enough high level that they can launch their own companies. I think it's not related in any way really.

Okay. That's just out of curiosity. Cool. Last question would be, thinking about nice scenario in the long term, what impact will such program leave on employees or a startup?

Tarmo : I think it's a challenge, because as said, if it goes well, there are not gonna be employees of that startup anymore. If it fails, maybe they learn something, maybe there are positives being in a company if they fail, but that would mean that for the companies better if they fail. Why the heck do it? So I think it's kind of difficult.

We could find those partners outside the company. Try to keep your staff happy, doing your company's story. I've heard about probably these companies some HR chefs being speaking somewhere, how the company would like its staff to be entrepreneurs. I mean not really, if you're a little bit smarter, you see through the bullshit, seriously, I mean it's good that people have entrepreneurial mindset or keep costs slow and try to make the company its tribe. But you know the entrepreneurs. No, seriously no.

Commented [YB24]: Employees able to create their own startup

Appendix A4: Interview with Gleb Maltsev- Co-founder of Fundwise and Founder of Stoneful.

The interview was done on 25th of February 2018 at 5:00 pm at office of the author of this thesis. The interview was done in English and transcribed. The interview was 60 minutes. Gleb is an entrepreneur, speechwriter and trainer. Fundwise is helping many startups to achieve funding. The interview was made by the author of this thesis.

- *Startups*

Today startups look for faster means of growth and development. What kind of a mindset will a startup require in order to achieve this? What kind of a mindset will a founder require to achieve constant growth and development?

Gleb: There is this classic demand for . it seems like a fashion a little bit as in exponential growth, financial growth and that's pressure of finding at least one company in a portfolio every few years or so, that will have this growth, that means it will put in even 10 million, maybe a million and get 10 out, most case that's even more. Most of the companies don't reach that level and that's a challenge so as soon as you receive a capital from potential investors, there is a certain set of expectations, so a founder, your mindset, you are financing for, initially you put your money in and you raise .., maybe you took someone money to fuel growth that's very diverse vehicles of financing. So when it comes down to mindset, I'm a cofounder of company that shares the world wise with your company, that's foundwise. I had the privilege of seeing one of the high goal companies here fits me, many years ago I was the second employee of that. I got to see as an employee, early one, and everything from product development, to design, to sales, to marketing, all of that. Very different start. I've built 2 companies of my own, I made mistakes, I made some good things, now as a guy who teaches people how to pitch now, I listen to lot of founders talk about what they see is going to happen to their business, to the future, growth. Coming back to your question about mindset, well what I found, the founders that tend to reach some revenue or they attract some kind of founding from purely seeing on a subjective level, seeing 900 pitches a year or so from founders. I could tell you they have it's usually more than one, so they have a mindset that allows that allows them to work with somebody else. I personally have a cofounder, a partner, his name is Henry and he compromises my weaknesses and hopefully I compromise some of his. The mindset allows you to have more than one, usually masters proceed the single founder as a higher risk than two. That's one element of it. Mindset for growth it's a very broad question, let me attempt the answer further. When it comes down to helping that company grow farther will require certain level of grit. Angela Duckworth, if you may. Her book on grit and her study of it. Early on and even later on you're going to face pressure, keep a good word for this. Pressure from investors, pressure from employees, pressure from the market, pressure on a tax side, pressure on your personal side, maybe you have a spouse, maybe you have a significant other, and you are working 14 hours a day so you will feel pressure, so if you want to talk mindset, one of those qualities and there are many that a founder ought to have and often doesn't, and it's very human. One of the grit as in ability to overcome adversity as in, you know, cannot change the fact that even if the investor is going to decide they're not going to support you anymore, because they lost faith in the project, you cannot change the fact if the market doesn't want your initial version of a product and you have to pivot, you cannot change those. What you can control to a degree is your attitude towards it and . is very much about and I found to be one of the determinants. Now I'm trained to answer it in such a broad way, now we're gonna keep going, back to the first one, mindset allows you for a cofounder as in managing your ego, being able to share, being able to listen, that's part of the first thing. I would have anything else, leadership. Pretty much this is exercise in leadership. I would not qualify to preach about leadership and what is it about, I'm gonna speak from subjective experience, not the stuff I read or attempted to study, I'm gonna talk about realities of it. One of my businesses I had around 6, 7 employees and eventually I had to fire all of them, this was for an agency, not my current

Commented [YB1]: Able to cooperate with any kind of personality

Commented [YB2]: Able to handle high level of pressure

Commented [YB3]: Flexibility

Commented [YB4]: Entrepreneurial attitude

Commented [YB5]: Able to share and to listen

business and the designers people, director, editors, Americas, Brits, Swiss, Estonians, Canadians, even the Turkish fella. I had a lunch with one of them today and the challenge you have as a leader is people talk about loneliness, they talk about things you cannot talk about with your employees and as in people who run teams there's certain pressure. Dealing with this pressure is, you need somebody to listen to, to share with them.

And the agency, I was a 100 percent owner, hiring and basically hand picking the people, there are at some point, the former head of marketing mentioned that I was able to get the best people turn the content of agent. I was very proud of that. Unfortunately I meet some many leadership at stakes that running even a small crew like that, and by the way there's a study on how many people can a single individual handle, it turned out 7, also good book that cofounders recommend that would be "Extreme ownership" by a former Navy SEAL and it's also talked about this. So around 7 people, so I just had the very minimum of that and that was plenty. Just dealing not only bring business in, sales, but also managing the process even if you had a project manager. If you have any form of character flaw, witnesses and you don't have a cofounder or you're not working enough yourself, or you're not sleeping well, you're not eating well, you're not exercising, you're under constant pressure, that's gonna affect your leadership, that's gonna affect your judgment, you're gonna make mistakes, be the financial, be the people wise, be the client wise, be the negotiation, beat the positioning the businesses, which event to go to, where spend money or to how to advise or support employee, when not to do that in the first place, that's such a long list of things you can do as a founder of a company. Sometimes you even feel you don't wanna call yourself a leader, and I'm talking subjective. if I come back to the mindset of a founder, I think if I would add anything to grit and being able, being open-minded in terms of having a cofounder and learning about humility. By humility I mean identifying the things you're not good at, if you're not keeping yourself intellectually .. that's gonna cost you. And I literally mean that. I could go on, there's a longer list, whole paper studies fox published subject, and I can go on but I think you better guide me.

Related to employees' mindset for startup. What are the major differences in mindset of entrepreneurs and managers?

Gleb: I'm gonna comment on the question, I'd like that to be on the record if you may. The two are not exclusive, you might have entrepreneurial mindset, if you have a business call which is what entrepreneur ought to have it's a managerial aspect. Even if look a manager accounting from ratios to projections, for instance, estimates, entrepreneur would reckon how much of a market they can potentially take over or pursue and goalsetting and managing opportunity which is entrepreneur ought to be doing, they see that there's a gap in a market, they see something is not done as efficiently, they see opportunity on sales and they go for it and entrepreneur mindset and managerial mindset can go, you know, I see a clear separation in management studies I guess, there are like two different leader and manager, if you position like as an entrepreneur and a manager, who would be hired externally by the founder for instance, the entrepreneur to manage the company, to do things that entrepreneur was doing or should have been doing better, there's you can look at this from a different angle and it would be dependent on what actual specific case of the business is. I would tend to look at expectations for both the manager and the entrepreneur of having a significant overlap. As in the entrepreneur has to be manager, and manager has to in main cases not all the time, have the entrepreneurial mindset, when it comes down to making a bet on the future, manager still has to do it. They might look at that as a spreadsheet as in Excel and data and business and what they have left

Commented [YB6]: Able to hire the best people

Commented [YB7]: Ability to focus and prioritize

Commented [YB8]: being open-minded and keeping intellectual

Commented [YB9]: humility

Commented [YB10]: concepts no exclusive to each other

Commented [YB11]: Managers have to be entrepreneurs and vice versa

in stock, products, what the market demanded, what kind of clients they had, at some point they have to make responsible choice, predicting how much, what purchase decision that will make inventory, firing, hiring people, they would still need to be able to predict future. And a founder is.. there also making that's about the future. Now.. I find the question challenging in many ways, as in ideally look at the differences and the similarities I look at specific cases or entrepreneurs also the managers of the company, I look at managers who were hired as by founders, by entrepreneurs to maybe fill certain gap, what level of managers as we're talking about middle management, we're talking about CEO executives level, we're talking about the on the ground, anything from location manager, we're talking software, companies, corporate. There is a high degree of complexity in the question you're asking that has so many shades at least to me, I'm sure there's management researcher that say entrepreneur's this, manager's this, using definition, then I hope to be guide and I don't wanna be as arrogant to presume that I know the definition, I'm a practical level as an entrepreneur myself, let's say I wish I'd have stronger managerial skills and I was forced to having some managerial skills and not as many as I'd like, and as a manager would have, making higher decisions back in the day, even looking at talent, that's being physical responsible to the pay offering the employees, being able to sustain it in the long run, being able to estimate cashflow, being able to predict how delicate your monthly income vs. your revenues . And have both managerial, had entrepreneurial at the same time and maybe later on when you're employed by a larger firm, you might have a stronger separation. But early on it's all mixed.

Commented [YB12]: looking better at the similarities rather than differences

From where those differences are coming from?

Gleb: I'd like to stress one thing. My answers should be taken with emphasis on subjectivity. There are things you read, Harvard business review, or an management textbook or investment pdf , or what would say a manager or editor chief or founder in company would say, or professional manager would tell you and I'd like to say that this is very subjective point of view, based on experience that needs to be taken as part of a larger data, so keep in mind that experiences are not always clean cut, sometimes they are messy, especially as an entrepreneur can tell you if you're gonna be purely "I'm only gonna be this", you'll come to face decisions that will not fit in your framework, but in the manufacture you'll have this streamline process from a to b, you need to achieve a success or how to run a productions process, how to optimize logistics, very extreme line, very exact steps. It comes down to coming up with a new product, be the in a context of hackathon or within a larger firm or within a small firm, and you're forced to positions because the market require someone else or the current margins are low in terms of profit and you're forced to position you're not have a exact method. Very often you'll have to come up with completely new stuff and there's no textbook to answer to that. Textbooks are sometime chasing after management practices that have been set in place already and you know the theory is plain catch up, because the petitioners and people like me, have to find a working solution ready and then in a way this is interesting for me because you're collecting information, ending master thesis and maybe you'll have less and less interviews. I'm sure they will be valuable interviews, what's interesting for me is larger studies but this is certainly interesting.

Commented [YB13]: For startups there is no difference to be manager or entrepreneur, for large firms maybe there is

Commented [YB14]: Framework and fields of companies

Commented [YB15]: Complexity of the challenges

- Accelerator programs

Can you describe the process and what is the main goal of in-house accelerator programs from your point of view?

Gleb: For the record I'd like to highlight, understand the inside of an acceleration program, background wise I had.. my experience with these programs are those around a very specific skills and that is how to help people. As part of acceleration programs as in a founders or managers, we're pitching. As in delivering an idea. Let's say a valid proposition from business in a very short way. Pitching is a specific reason why I usually get to see either explicit focused accelerations programs like startup wise, guys you build it or the internal ones. Now those are again individual cases, this is what I like to stress, there are patterns but they don't always apply exactly in each case, they're reasons they might be the whole set of underline reasons that are very individual to that case. Let's start with classic acceleration programs, if you want to call them like that, that became all standard acceleration program. I recently, a few months ago interviewed one of the new partners of Y Combinator as a part of startup interview and they ..2005 and they've looked at over 56k applications. 2017 they had 7200 applications and they accepted 100 or 110 or something. It started Poor Graham I guess it's one of the no names behind it. They had a contrary view as in they didn't want found suits as in people in finance, Wall Street, the ones with the hoodies, with t shirts, with cargo shorts, laptops and the ones who been coding since they were teenagers or kids. It's how the story goes. And they managed to succeed it in many ways and now those early founders they helped came back and became the partner I was interviewing, was part of the initial batch, along with twitter if I'm not mistaken and that project, not Twitter, went down he eventually moved on to different ones and now he became a partner. And now he's selecting other founders too become part of the program. Interesting it's like assistant that feed themselves in a way, people keep coming back which is cool. I'm not sure I'm the biggest fan of.. I saw members of Princeton, they were mafia in Estonia skype mafia, you can add Paypals, skype or TransferWise mafia that's the new one, I'm not sure I completely enjoy that metaphor but understand why people use it . It's closed clique of people who starts companies may have come from one environment Paypal or Skype and same time they go on businesses and they support each other and put advice, they build successful businesses, hire tons of employees and grow financially, globally, which is cool so it's in a way it's interesting. What I wanna come back to is acceleration programs and that was the terms of your question. In trial acceleration programs they tend to emulate what actual accelerators have done and that short period of time. I moved to some 3 months on average been able to help founders, early stage founders grow, as in introduce to corporates help them reshape their business models, help them pivot completely, hire people, get early investors. I recently also was hosting an event where two partners from fiveapp startups were presenting , actually running a pitch workshop. I asked them a few questions and all that, what I can tell you ... startups or even help texters who..., also know quite a few people I can tell you less than let's say . guys and tell you that they're going through deal flow, through founders, a team they're looking for founders who are able to execute, be not just technically good but also able to learn I think a big emphasis is ability to pick up skills they don't have in a short period of time. Because you don't have all skills in a startup, are you coachable, are you able to pick them up, are you able to listen to advice. Were you arrogant, that's one of those things. These classical clever established acceleration programs they repeat themselves, there are strong similarities and in general programs let's say corporates would have, anything from telcom companies to banks what's called fintech, just payments also online banking, private or company focused. They understand that when there's a bunch of new cameras in your market, in your industry and you'd been doing the same things over and over again and your market is increasing , there's new entrance, you can decide to invest like Mastercard and larger banks would invest into fintech companies if you look at CB Insights, there is lovely graphics, very thick, very

Commented [YB16]: Finding the why about the solution proposed

Commented [YB17]: Finding partners

Commented [YB18]: Giving back to the entrepreneurial community

Commented [YB19]: Emulating what normal accelerators do, 3 months average duration

Commented [YB20]: Help to define their business models, pivoting , get investors

Commented [YB21]: Helping how to fill a team with different profiles

complicated sometimes but they show you a massive amount of companies that the startup.. have invested into and they usually come for externally so internal process is set in place not I guess too far back to be able to actually start generating those ideas themselves, because they have tons of talent, tons of experience, and they're really investing in all these companies so why not. Just makes sense.

- *In-house accelerator programs' purpose*

Startup are looking forward to providing new skills to their employees, the ones that are participating in those programs and somehow getting new skills vs running those programs in corporates where they are looking forward maybe innovation..

Gleb: The way you understood it is the difference between the internal acceleration programs and the established acceleration programs is that startup or early stage company, specifically is keen on joining established acceleration program to upgrade the skillset. As oppose to the internal one within a corporate, that will start that form their perspective to acquire company to get fresh ideas to basically diversify the business. That would be a gross simplification, there may be elements of that and again case by case cannot just claim that corporate is only interested in innovation, that not interested in hiring talent. Very often corporates who would acquire a startup let's say Facebook would do that quite a bit. There's a good book on this by Chaos Monkey, come by a former product like Facebook, where he would describe his experience how his company was bought by Facebook and basically this way you'd fell the talent machine. There are elements to this and that very often becomes faster way to acquire skills by just buying a startup. But back to established ones, founders very often do learn within those programs whether they want to or not. That's a fact. Let's me quickly come back. That just to comment on your summary of it, when it comes down to the word innovation and acceleration programs there is a term and I encourage you to look it up, beyond this interview Innovation Theater. Corporations that's put a lot of lovely words in the websites in their corporates statements and actually maybe set up a program but not do much about it, to grow it, but the reports still present that we do have a acceleration program, innovation stuff. There's a thing. There is Harry G. Frankfurt, American philosopher, published a little slightly humorist poke, that originally was his paper, called "On bullshit". And it's not the easiest book to read but that's very short one and in it he attempts to define what bullshit is. So if you talk about innovation theater it's skipping the impression of something. It's not actually doing it and corporates are you know not all of them but some of them have certain capacity to do that, that is to given impression. And that's what BS is, sometimes described that. Let's come back to acceleration programs. Founders, they have capital anything from 15000 euros into three founders .. founder to over 100000 dollars when it comes down to ... They could do actually, get money, office permises, they get access to potential early clients, they get access to mentorship and that's valuable. This is how accelerate it, to position it. Internal programs, acceleration programs suppose to come up with new ideas, suppose to come up with at least a few business industry disrupting. Using that word, because they used companies that would help original business survive. The point being is there is case by case. You need to look at this case by case. Some larger firms, honestly, more specifically the people within those companies attempt to mix things up. Sometimes individually the board, so they decide to pitch their idea to their board to set up a program. Keep in mind, this is still run by people. Sometimes a director goes to conferences that the competitor has an internal program and

Commented [YB22]: Use internal talent and take advantage of it

Commented [YB23]: Upgrade skillset

Commented [YB24]: Fresh ideas and diversify business , innovation

Commented [YB25]: Innovation and acceleration

Commented [YB26]: Getting access to potential clients, mentorship, money, office space.

Commented [YB27]: Coming up with new ideas, disrupting the industry

suddenly I want one too. And of course they're not gonna say that publicly because it's petty and almost childish but they will come up with whole set of reasons why they needed that so they rationalize it. Sometimes it's still truthful and honest and people need to understand they need to innovate. Ask me about proportions- I don't know, I just know that elements of that exist on a practical level, I can tell you if you attract founders into program and they go for a three months or whatever, but does the corporate actually have the decision-making process and place to be able to either acquire the company, support it or become its client. Not every program has that capacity. Are they there to help the founders and buy those companies or they're just fishing for talents and ideas. You ask me to generalize, I would find it difficult. I think it means larger metastudy and would require some level of transparency from actual corporates which may unfortunately not such a positive review, it would be difficult to achieve.

Commented [YB28]: Trend, because other startups are doing it, just following the trend

Commented [YB29]: Need to innovate

What would be your personal opinion about these programs?

Gleb: First of all, a startup in a classic sense of the word, company that is looking for its business, more like a state, that term became, people start using it quite liberately as in, many things depending who's using it but the word startup itself ought to mean a transition of start, a company that is has hypothesis and is testing it out. If you wanna look at it like that. But if you look at your question, the place that would startup be company, start an internal acceleration program, company can't afford it because small company already kind of upgrades in accelerators, so it doesn't have to start acceleration program, so presumes that is more established that has a certain level, a certain employee count, level of revenue, certain market share, so it can afford to do it or cannot afford not to do it. Specifically if I look at larger company, let's say 200 employees or so, it's been offering for the past 5 years, market's changing, industry changing, the company is not changing rapidly enough and it wants to change course but the employees are so set in their habits and their processes that changing their action can be difficult and one of tools, I keep stress that, one of the many tools it chooses to start.. resources from the employees, money wise, it can make sense but it's one of the tools. If you ask me what I think about this potential scenario, and there's many scenarios, not just company changing market years in operation, let's say over 5 years or I would not suggest for a startup, because I assume that transitional state for company, like a startup already presumes certain mindset, than accelerator has, doesn't actually always need that internally. It may join the accelerator to get access to contact, resources, early financing, mentoring and all that, but starting a accelerator would be expensive and expensive diversion of resources which I would not suggest. Larger company, let's say the one that we're sitting in right now, TransferWise, it consume multiple purposes, one is to give the experience for employees, to mentor it, to grow as executives. It can help attract new ideas within the company, but it can give a project, to employees, this is I guess we could look at this as new take on corporations, 20% time, giving employees additional time to come up with your stuff, look at this as a new form of the same thing. Similarities, but it's not exactly the same thing.

Commented [YB30]: Startups small size usually cannot afford these programs

Commented [YB31]: Startups at least 5 years old have already similar mindset than accelerator has

Commented [YB32]: Purpose: access to contacts, resources, financing, mentoring and thought internal programs could be affordable

Commented [YB33]: Give experience to employees to mentor, grow as executives, attract new ideas within the company, new opportunities

Commented [YB34]: Google: 20% of free time

Google already running this 20% free of whatever you wanna do in company.

Gleb: I guess those teams understand that ambitious people within the company and that they will want to pursue those ideas, why not give them that and that seems like the smartest solution. I would encourage you and maybe the readers of this to think of that, it's a tool and trial accelerator program is a tool, it can serve multiple purposes including employees

Commented [YB35]: Understanding employees needs and pursue their ideas

satisfaction, improvement to actually diversifying the business itself, especially in a rapid changing environment. I wanna be more specific here, but broad question broad answer. Small company may not be able to afford it, in fact they may need to have already the principals of accelerator in place but setting up a tone it's too expensive. Although you can apply same principals, for company the size of TransferWise I guess I think it's a key moderation tool and maybe even come up with internal solution to internal problem a such as vacations and KYC problems and maybe upgrading some product and maybe it's just a good frame work. One out of many to help solve those problems said maybe the day to day habit which environment may not provide that, maybe one of that. There's probably answers that I'm not given, not thinking about right now myself, but this are just a few that come to my mind right now.

- *In-house accelerator programs' real advantages*

So if we talk about the pros and the cons about these programs. Could you emphasize main pros of such programs and some main cons?

Gleb: Of an internal acceleration program. Ideally it's to analyze the company so I try to put it some form of specific context. Let's pick company abc. Company abc has experienced rapid employee growth, that means specifically hiring 100 people during the past year, and just shortly half a year before that they raised let's say 50 million euros and those employees are actually financed by that and its goal is to expand globally. Let's say they have one key product that they want to expand in the future. Let's say, if it's a financial product and it has been purely focused on payments and transactions, now it also want us to create a wallet for people or maybe provide additional lending facility or overdraft facility and now it needs a whole department of fraud and anti-money laundering or identification, what they try to do with that, simply could not afford and now they have to actually compliance so eventually they might bring in a lot of talent from banks, different working cultures and maybe lawyers and suddenly maybe cultures start becoming more stiff, and they will be bound to the period of adjustment and maybe you have this kick in new streamline processes, communication issues and just maybe the goal is to build the product, people working together, let's say new product that it's compliance to the latest financial regulation and developer may not have even a slightest idea, but regulation frame work or elements and they would just quickly solve things and they would work but they would not be compliant. After the fact, may create the whole.. later on and the CEO will look at that and say hey I want you to do something about it, and that may be reactionary and maybe in that context you know what, one way to get these people to talk, to try to less organize on acceleration programs they can form cross disciplinary teams and come up with solutions to problems they already have. I'm giving you more specific example, there can be tons of other specific examples. Pro of that is that it gets people talking one to another or someone would say to faster renovation and cross cultural communication department simply get people to talk to each other, who knew. And now we want to take in again we don't have enough time to be so specific all the time, what I like to put in context, there are explicit benefits, the pros such as like hey we have fraud program but in the financial product but for that to happen we need to identify what fraud is and developers will need to talk to lawyers or a financial engineer and actual soft engineer, soft engineer may not have a background of finance engineer, finance engineer may not have the

Commented [YB36]: Satisfaction, diversify business.

Commented [YB37]: In-house accelerator are a tool,

Commented [YB38]: Possibility to upgrade internal products or methodologies

Commented [YB39]: Innovative ideas to expand

Commented [YB40]: Bringing people with expertise, different working cultures, backgrounds,

Commented [YB41]: Put the team working together

Commented [YB42]: Being compliant

Commented [YB43]: Faster renovation and cultural communication, get people together

level of actual experience developed. Getting them to work in a hackathon program or an accelerator program and form a unit and team building and all that can be very strong benefit so team building, problem solving, creating actual products that are developed across different teams. If I would couple of cons it can be very expensive, it can take time, for our company, it can limit resources for company, it can it's not for everybody, not everyone enjoys that kind of culture, some people enjoy more predictable environment, they literally join a bank and a law firm and specifically it's their cup of tea. They want predictability to the certain grade. They are comfortable with certainty. So if you apply on certain acceleration program and you don't know what's gonna come with it, you guys in TransferWise had something similar, I don't know if you still have it, people come in and say look for boss and they are supposed to find out what to do, I'm grossly generalizing. Only what I heard it can make a few people uncomfortable, so that kind of mentality isn't for everybody. The same with acceleration programs. Cons could be if it's just part of innovation theater we'll starting ambition program but does the manager actually meaningfully supported and looked at resources and time or just a side thing employees can do, like we have it and it's cool, but you still need to deliver your KPI and if you have energy leftover aside from your personal life and your existing workload, then sure, of course, join the innovation thing or acceleration thing. You actually have time left and willingness to do it. These are just few specific cases, so if you ask for general pros and cons, well, on paper the pros should be, it should faster for team building and innovation, and whatever that word means nowadays, creating new things, new products, the cons would be that it may literally take a lot of resources and cons can be distraction from main business, depending on outcome of course and depending on outcome management rationalizing as in experiment has been very useful for company and now they rationalize it that wasn't experiment that helped us build unity within team and explore new ways to solve problems. Or actually the product could be that will become main product of company and it will completely change the business. I'll use Rovio and ... being this 51st or 52nd game and sometimes you can build whole set of products, the one you build may be 50th 51st attempt, the big bang so who knows, maybe that pro can be finding that, the angry birds, I'm not the biggest fan of the game the principal behind it, but it's just a metaphor.

In long term, what impact will such programs leave on the participants (usually startup employees)?

Gleb: Who knows man, it might build something useful, they might waste a lot of time, they may personally develop but not being valid to the business, they may start a new company, who knows? Could, should, would.. didn't. It supposed to help faster innovation mindset whatever happens, bring people together, solve problems, create products and business models and maybe whole companies out of it. The impact to those employees who participating in such, may be that they come back to the main company and bring new processes in place, new ways of thinking, new ways of building products, it might create new approaches, who knows. The point being is, it supposed to go where people have considered it going. I guess that's the principle of it. Depending on how it's actually done, supported or not, you might have different outcomes. I just give you a quick answer, I just try to name a few right now.

Commented [YB44]: Unify the team

Commented [YB45]: Cons: expensive, time consumer, limiting resources of company, not for everybody, not everybody enjoys it,

Commented [YB46]: High expectations, predictability

Commented [YB47]: Poor quality of mentoring and support

Commented [YB48]: Not guarantee support from organizers, not clear ending goal always, since organizer need still to focus on their KPI's

Commented [YB49]: Taking lot of resources and distractor

Commented [YB50]: Uncertainty, who knows?

Commented [YB51]: Faster innovation mindset : Bringing people together, happiness, creating new business models and ideas with potential

Commented [YB52]: New ways of thinking, building products, approaches

Appendix A5: Interview with Avery Schrader – CEO at Makery.

The interview was done on 20th of April 2018 at 10:30 am at author’s office. The interview was done in English and transcribed. The interview was 29 minutes. Avery is a young entrepreneur representative of Canada. He has been part as participant in startup programs. The interview was made by the author of this thesis.

- *Startups*

Today, startups look for faster means of growth and development. What kind of a mindset will founders require in order to achieve constant growth and development ?

Avery: The biggest issue I have seen with struggling founders that they fall to in love with their own solution and not the clients problem. In order to continue to grow in existing and new verticals, it’s important that the client comes first. Having a user-first mindset is imperative. Once you have a clear vision of your user and their issues, you can move into solving their other problems, and perhaps abandon your existing model entirely. The world famous Flickr came from a feature in a video game made by the founding team. The game failed but flickr would sell to Yahoo for 25 million in 2005 (around 32M today). That same team, understanding the struggles of team communication, went on to found Slack (around 10 Billion evaluation). User first mindset, is very very effective.

Commented [YB1]: Focus on customer needs, customer first

Commented [YB2]: Clear vision of the problem to be solved

Commented [YB3]: Be flexible

Commented [YB4]: User first

Can you describe some of the key factors to achieve a successful startup?

Avery: More than anything, a skilled, connected, and dedicated team is incredibly important. It’s important that a team is able to struggle together and have a shared vision. Innovation, without having to say it. If you are doing something new and exciting, you shouldn’t have to debate that its new and exciting to relevant people. Looking to the market and finding real problems and solving them is the place to be. Especially problems that have no good solution. Plus, when possible jumping into emerging markets and making strong contributions there.

Commented [YB5]: Skilled, connected and dedicated team

Commented [YB6]: Shared and clear vision

Commented [YB7]: Innovation

Commented [YB8]: Finding real problems and try to solve them

Validation. Before you start building anything, making sure that the problem is real and your solution is the right one and that people care enough to pay for it. That means finding 100 people you don’t know who will pay you a dollar for a blog post on how to solve that problem manually (for example). You really need to verify if people will pay you before you waste your time and money.

Commented [YB9]: Validating your idea /people would pay for it

What is your opinion about the saying “entrepreneurs are not managers”?

Avery: Entrepreneurs are everything. We manage people and strategy etc. Strictly by definition and considering mindset. Entrepreneurs are less risk averse. Managers are more about stability. An entrepreneur will eagerly leap at an opportunity to enter a new market or solve a client problem, where a managers focus may be more about maintaining the status-quo and making sure you hit your quarterly goals etc.

Commented [YB10]: Manager: stability and entrepreneurs the opposite

- *Accelerator programs*

Nowadays, startups are adapting certain trends and it seems that in-house accelerators or internal mentoring programs are part of it. If you know about it, can you describe the process and what is the main goal of those programs?

Avery: While I'm not thoroughly familiar with startups running accelerators, I am familiar with more corporate entities running such things. The process typically involves a batch of potentially fruitful startups that are relevant to the industry of the company. Said startups are given resources (usually space, mentorship, sometimes money) for some period of time to develop that idea. The set varies case to case, but especially when money is given, some amount of equity is expected in return.

Commented [YB11]: Startups are given resources

I've also seen corporate accelerators or hackathons focused on very company specific issues. Where they will have 1 or 2 people work to solve a specific technical issue or develop a feature for the company itself. In this case, I would estimate the trade is that the company gets the tech and the employees get a bit of a change of pace + a bonus.

Commented [YB12]: Innovation

Commented [YB13R12]: Win-win

What is your personal opinion about those programs?

Avery: When they are executed well, they are surely very fruitful for everyone involved. However I suspect that they are often run haphazardly and without a-lot of thoughtful strategy. It is important for these companies to continue to foster innovation and push their employees capabilities so they can learn and feel fulfilled. Accelerators may be a way to help do that. As far as innovation and maintaining relevance goes, It seems to be a natural direction to go. As long as the administrators and leaders of those accelerators have an affinity and skillset that fits the startup mindset.

Commented [YB14]: Not thoughtful strategy

Commented [YB15]: Foster innovation and keep employees fulfilled

Can you name some other companies running this type of programs?

In Estonia I'm familiar with transferwise, Express grupp, creative fuel (division, ADM interactive etc). Of course the giants of the world like Facebook & Google.

Commented [YB16]: TransferWise, Express grupp, creative fuel, FB and Google

- *In-house accelerator programs' purpose*

If a startup decides to run an in-house accelerator, what are the reasons behind?

Avery: As a startup CEO, the reasons for me would be particularly focused on entering new verticals. If we wanted to move into the chatbot space and had the manpower to run an accelerator we would. It makes sense to have teams get into startup-thinking mode and focus on one particular problem.

Commented [YB17]: Entering new verticals

Commented [YB18]: Providing employees entrepreneurial mindset

Moving into new verticals, solving in-house problems, or perhaps raising company moral / giving the opportunity for people to be fulfilled at work.

Commented [YB19]: Raising company moral, values, people to feel fulfilled

To mention some examples of corporates running in-house mentoring programs, Google with its “Area 120” program, Microsoft with its “Microsoft ScaleUp” and Telia with its “VUNK” program in Estonia. From what was said, running an in-house accelerator program on a big corporate can be different that running it in a startup. Can you name the differences, and why they occur?

I feel I’m not familiar enough with the inner workings of the two. However you could assume that while corporate entities may have more money and resources, startups have startup mentality. The thing that truly makes you act lean and fail quickly.

Commented [YB20]: Startups: act lean and fail quickly

When you are given a huge grant as a startup, you use it. You linger on trying to sell a product you have wasted money building because you didn’t need to validate it first. I imagine that a similar scenario plays out in well financed accelerators that don’t adopt a strong startup mentality.

Commented [YB21]: Big companies will go with validated ideas, don’t waste time and money

- *In-house accelerator programs’ real advantages*

In-house accelerator programs imply several advantages. Can you name the major ones?

Accelerators can foster innovation, solve pressing problems and provide valuable experience for the members within.

Commented [YB22]: Foster innovation and provide valuable experience for the participants

If so, what about potential cons?

If not executed well, of course there is a loss of time and money.

Commented [YB23]: Loss of time and money

In long term, what impact will such programs leave on the participants (usually startup employees)?

For the participants it can be an incredible tool for learning if they are well mentored and really experience the struggle of a startup. There is of course usually the benefit of having a runway of some sort, meaning you can work on your project without the risk of investing money into an office space etc.

Commented [YB24]: Play without big risk

This kind of opportunity can often inspire people to chase new ideas and become less risk averse. You start to learn how to manage the risks of new business and validate before you execute.

Commented [YB25]: Inspiration and change of mindset

Plus, you foster relationships with potential co-founders of future projects. You might end up with a massively successful startup. The impact is endless when these things go well.

Commented [YB26]: Building network

Appendix A6: Interview with Kairi Pauskar – Employer branding at TransferWise.

The interview was done on 06th of March 2018 at 10 am at TransferWise office. The interview was done in English and transcribed. The interview was 42 minutes. Kari works as Employer Branding at TransferWise and she is also main organizer of the in-house accelerator program at the company She has been part of startup mentoring programs and also, she has been a mentor on them. The interview was made by the author of this thesis.

- *Startups*

I was pretty interested in TransferWise, because it was one of the companies who actually run an inhouse accelerator program, building entrepreneurs inside the startup. As a founder, what do you think, what kind of a mindset will founders require in order to achieve constant growth and development.?

Kairi: I think one really important thing is that founders need to have really clear mission why they do what they do, in order to have first costumers and first team around them, who believes. Really often you don't have money or anything but you have a big dream and also that founders need to be.. in a way they need to have this learner mindset so it's not that I have an idea and I start to feel it and I don't care whether somebody use it or not, but like if you have an idea or the clear understanding of the problem you need to go to first customers and test it out to learn feedback or listen feedback and learn from it, and all the ways feel ready to change idea or like take feedback in. A lot of entrepreneurs who would start the thing, they built like half a year or one year, they got loan or the money in it and then nobody actually needs it. So it's really important from the beginning, have this kind of, if you have strong idea, strong vision, go there and start to talk with potential customers and learn from them. And see different angles and build prototypes and see whether it's needed or not.

When setting up a startup, can you describe some of the ways to achieve successful startup?

Kairi: I think, one thing that I said, to startup to be really successful is to have a really clear understanding why they're doing what they're doing, so the mission or the purpose need to be really clear and then you need to hire, build your team, like with entrepreneurial people who can think themselves so it's not like, especially if you grow and you have hired people as in entrepreneurs or entrepreneurial mindset people who can understand the problem, implement solutions, learn from customers and so on. Then it's like really important to build environment, where those entrepreneurial people who works in your company, have the freedom, to do those things, otherwise if you hire really strong people, like people with strong passion who believes in your idea and start to tell them what to do, they will either leave or will be demotivated in company. So it's like especially important when you start a group, grow fast, in the beginning, of course if you have a small team you can still tell everybody, have a strong understanding, what is needed as a founder and tell everybody what to do. But if you start to scale you will be really quickly like strong paddling. For growth because it's like what we have down in TransferWise we have always new startups growing within to solve concrete customer problem and we can trust those people to understand or to learn what the problem is and build a solution for that problem for customers. Either way have more than forty startups in a one startup, more than forty productive teams, it's all connected in our mission. So it's really important to associate. Have a clear purpose why we're here so everybody who does their own stuff, that know how to connect with a big thing and then give them freedom to people so people can be independent, optimistic and they can own their things and of curse if they fail let them fail fast and learn from it, so it's really important in order to scale to create environment where people can do mistakes and learn from mistakes and be stronger as afterwards.

What do you think about the saying that entrepreneurs are not managers and viceversa.

Commented [YB1]: Clear vision and mission

Commented [YB2]: First customers and team

Commented [YB3]: Flexible mindset

Commented [YB4]: pivot

Commented [YB5]: clear purpose , hiring the best employees

Commented [YB6]: proper environment, providing freedom , keep happy employees

Commented [YB7]: have clear vision and share with the team

What do you think are the differences in mindset between them?

Kairi: I think managers hire people to solve their problem and they give orders and they look whether people do what they say and entrepreneurs build a strong people who can think themselves, who can think innovate, I think entrepreneurs they help people to get maximum of their potential, so they help people to grow and releasing this potential you will have innovative ideas and people will take ownership of making those ideas happen so I think the biggest change is that those managers they like power and they like to tell really often they even hire people who are not so strong so they can be like “oh I’m a head of this and I can tell everybody what to do and say oh you’re not good enough” but leaders or entrepreneurs take care of people growth and they’re really strong people as I understand it actually in longer term help them so much more.

Commented [YB8]: Entrepreneurs can create and have innovation, help others to grow

Commented [YB9]: Managers like power and bureaucracy

Commented [YB10]: Entrepreneurs take care of people and help them grow

Do you think it’s important when you’re the foundation of a startup to have both kinds of people? What do you think about this?

Kairi: I think that leaders or entrepreneurs they also have to have an understanding whether things are going whether we deliver, in a way they do a lot of project manager tasks, in a way, so they still need to look whether everything is going but they’re doing differently, as their mindset is different and people it’s like really big difference if somebody always ask where you are, have you done it or not or people give freedom you come back and sit from your own initiative like say “oh we are doing this, now we have to achieve that” so I think you need to have those some of those skills or project manager are doing, there are a bit difference are you a boss or you’re lead.

Commented [YB11]: Important to have both profiles to compensate

Where do you think differences are coming from?

Kairi: I think in a way, some comes from history, so 20 years ago the whole market was totally different, people companies not like owned people, but it was companies that were in the first place. They said if you don’t like here, go away I will take next person from the line but today is not people in the line, people will choose whether I want to go to the company or not. So it’s like now companies, still lot of companies have this similar mindset, they still think that the others everywhere people in the queue, if people come they will be the whole life and doing a great work for me, but it’s not the case anymore, so people have really high standard, when they look companies and leaders and people travel so much they’re not like if they go to Luxembourg they will think I really wanna be here 50 years. So the mindset in generation have changed as well, and there lot of those things come.

Commented [YB12]: From history, fordismo, ets

Commented [YB13]: Nowadays people choose companies not vice versa

Commented [YB14]: Change depending the generation

I think really it depends on what kind of organization you are, especially in startups, they need to grow so this is in a way one way you say what different startup from the companies, startups grow really fast and growth will come normally either from innovative solutions, and you can’t get those innovations if you tell people then a lot of companies will already have it, so you need to create this kind of environment where those ideas are like listened and people can execute those ideas.

Commented [YB15]: Depends on the organization’s environment

- Accelerator programs

About the in-house accelerator programs, as TransferWise have done. Can you describe the process and what is the main goal of this programs?

Kairi: Last year we did mentoring program so it wasn't only like internal I it was also opened for internal people. The reason we did it is we really strong believe that entrepreneurial people can make so much world better in a way and they can help, they can make big changes in company or if they go like TransferWise for example and build their own stuff. Like it was said that if some years from now if you look back then we can said that our culture has been successful above all new companies builded by TransferWise people. So the more new entrepreneurs have key for TransferWise the more successful our entrepreneurial culture has been. So this is one sentence but summarize it all. If you look Tavet himself is from skype and skype people have built 30 or how many companies and this is one of them. This is the same thing it's not only this concrete program but the whole way we work everyday and all are teams like product teams each quarter they plan or they think what to build and as those startups we had in a program and we have mentors or feedback coaches who will give feedback so as I think about it is that the whole startup journey is being entrepreneurial is cool so you will learn how to understand what is the problem, like really problem for customers. You will have a chance to build a solution and see how it went during again and again until you're actually.. if you're ready enough to go and do it yourself and even more what this program did internally for us is that all product managers, product people they were able to test what they have learnt here in totally new areas so we had physiotherapy company, we have nutrition company, we have law company, also of course fintech topics so people, companies from different areas and what they actually found out themselves from that but they have learnt here how we work here will help in each field because they maybe ask questions, think through really hard problems, it's really similar how you can ask similar questions, whatever is the problem and you understand what is exactly the solution or if this solution actually helps, what is the problem. It was the biggest thing so all our mentors learnt that the way we work here helps really different entrepreneurs from different fields and whenever they are ready they can go and do something themselves.

Those skills that you need as an entrepreneur, they could help other entrepreneurs with them but also they understood that whatever field I am is not that they need to do fintech company. But like if they go whatever thing they're passionate about, the same approach will help them in the future as well. They can help people in other areas.

So it's a win-win.

Kairi: Exactly. Other things, people like to do something good and this is a thing that super important in people like TransferWise, people want to do things that help others. They learnt that how we work helps people whatever fields or areas they are at. It was really big, they get 3 months they practice coaching skills and lot of mentors took those skills that they practice for 3 months and started approach our internal teams, similar ways but how it did the startups .

You mentioned about quarter plants, it's basically the same. You are analyzing what you have done, what you done wrong, where are your wins and you make decisions, you make a plan for the next quarter. The same thing you would do on a startup. They call it pivot so they need to change approach and try something else.

Commented [YB16]: Believing in people's potential to make changes

Commented [YB17]: Opportunity for employees to practices what they have learned as leaders

Commented [YB18]: Give back to the community

Commented [YB19]: Helping people in other areas not only fintech

Commented [YB20]: 3 months of coaching practice

Kairi: This is not only those programs, this is kind of whole culture we have, whole all the time our growing, future entrepreneurs, it's not important whether they go and do something themselves elsewhere or they will build new teams here all the time, or whatever field they are right now, make it better and better all the time. But it's like especially in product teams, all the time. This whole planning or the whole life here in a way it's like building a future strong entrepreneurs.

Commented [YB21]: Building strong future entrepreneurs

What is your personal opinion about these programs?

Kairi: About this last year program I think it was really successful in different ways so what we got out as TransferWise it was different things. First it was those product people like mentor, most was product people, some engineers and I, and Mark from PR so it was cool to work together as a group to do something because normally we don't work together. All of those product people are really separate and now it was some program, put us together we have several lunches, brainstorm or something we have those sessions where we talked about different things, how to focus on a product or how to build a team, how to think about PR messaging, all those sessions in one for teams. What it did, it made stronger connections within our product, within those mentors and the whole group. It was already one really big win. Then the second thing was that all teams have 2 mentors and every mentor had two teams. What this did was that 3 people worked closely together who didn't work together at all normally and it also made stronger connections for those pairs and as a company if you have strong connections then people can share ideas and learn each other, they can get ideas in the future. This was second really big thing. Also as I said it's great to do something huge. People like teams are thankful and one nice thing, interesting thing, when we had our last date and all of them talked what they learnt and what they got out as teams, it was like funny lot of team started with "Oh I thought that we really come here and learn how to market" because TransferWise is all about marketing we have strong marketing and what they actually learnt that we put so much effort on our product, like asked why did you do this thing, how it helped. Whether this approach will help more customers but exact problem you solves with customers and lot of teams started think about product and they understood why it's so successful so it's not like only great marketing work and great PR work but it actually is so much about always asked it was hard questions themselves and they learn how to ask those questions for their own. And they start to think about oh it's not only how to start marketing but how I think about product I'm building. And who are my customers. Some teams who had really big amount of customers they had never thought who are those customers and what they use, if you want to scale you need to understand it. If you want to scale even more, grow even more. I think our own people, they could use something great. We care lot about entrepreneurial, we want to help future entrepreneurs to be successful, it's not even a part of those internal or external in a way it's giving something back to community and also our own mentors got this confidence that they we work here every day will apply whatever field people did. Those things.

Commented [YB22]: Putting teams together through that program, internal company benefit

Commented [YB23]: Builder of strong connections between internal teams

Commented [YB24]: Learning from different expertise

Commented [YB25]: Learn about the main focus of company: build strong products instead of focusing on marketing only

Commented [YB26]: Identify who are your customers

Commented [YB27]: Mentors got more confident with the experience

Did you actually have that intentions? Or actually you discovered how much more are you running?

Kairi: For example we did one massive benefit, we didn't think at all in the beginning. People

actually felt that they practice coaching skills 3 months so they were so much stronger about this thing. We didn't even think about it. Didn't you this program to get people possible to train their skills but it was a massive benefit so they're actually took those skills that they already got and started how to get feedback within the company. Also we thought ok of course, brings our people together. It was bigger win, we didn't think it was so big. In the beginning we started to do it because lot of companies talk about things but really does something for example. Lot of companies said our employees have the biggest asset we have and in real life it does nothing. They say our people are important to us and we do love our people, but we also say that the whole entrepreneurial community is important so we thought ok we actually do something, we don't just talk about it. And it's so much bigger influence if you give your knowledge and support compared you just get money. So we thought ok we be do it, we show were doing something we care about, not just talk oh entrepreneurial people or entrepreneurs and having more future entrepreneurs is important to us but we did something but all the other things were extra bonus for us.

Commented [YB28]: Practice coaching skills during 3 months was not planned

Commented [YB29]: Bringing people together from different teams

Commented [YB30]: Showing to the community that TW cares about them

So that was the main purpose of this program.?

Kairi: It's not only talking it's doing it and giving back. Not only giving money back, always easier to give money but the impact will be so much lower.

Commented [YB31]: Giving back more than money to the community

You won't remember who gave you money. You will remember who actually helped you build something on your own. Can you name other companies in Estonia doing the same if you know?

Kairi: I don't know exactly how many companies do this for longer period thing, but I know that SEB is doing lot of this kind of innovative days or something, I think and hackathons as well. I don't know how many will take 3 months every week putting their own people time, I don't know maybe there is this kind of scale

Commented [YB32]: SEB bank

- Main purpose of these programs

So running an inhouse accelerator program in corporates can be a little bit different than in startups. Can you name differences if you can see them? Just imagine that for example Telia is doing the similar program than us, may be different. Can you see any difference coming from that?

Kairi: I haven't ever worked in corporate company myself, never ever, so I can just imagine but I have talked with some people who work in this kind of corporates who are like as people really entrepreneurial. I know in this company there is much harder, we have idea to make it happen because you are really within some kind of box and need to do something really concrete so I don't know, this maybe can be one big difference because if you have ideas and even idea is great and nothing happens afterwards it's not possible there to nobody should give time and can't see that this idea one day will end up in product but like here we have so many examples and people have idea and they give their space to think about it and try it out and even people who give feedback and then I have really many new teams even born as a result of it. Lot of new teams have borned from this idea, like I think customers can need this thing. It started from

Commented [YB33]: The freedom you get in startups, you can make things happens, new ideas running

request money the request money came from one hackathon so one thing will lead to another and something big can happen afterwards. I'm not exactly sure.. I know that one hackathon talked about request money and from request money they were some kind of connection with borderless Maybe the biggest difference is that this is that in a way this is how we live here every day, even those programs and maybe corporate they need those programs to get those new initiatives started. This is the way we live so if you do this in our planning and you see this didn't work, let's try out this, we form team rounded they will try they will see whether they succeed or not and we have scaled from 3 product teams to 40 from this process. Maybe the biggest difference is that this is how we live our everyday life and big corporates need those teams or like special programs to get the ideas. This is the way we live all the time, not only like the hackathons.

Commented [YB34]: Get started all new initiatives

Commented [YB35]: Startups are already on sort of accelerator mode already and corporates need to create a special department

We already talked about pros and beautiful things, is there is any cons?

Those people will leave if you have really strong entrepreneurial people one day they will leave so it's always of course it's really bad, strong people that will leave but in the same times it makes open new possibilities like next people to take ownership and take this room. In the same time even if those people leave it's maybe also one different mindset of entrepreneurial manager if somebody leaves from team who is managed by manager it's like big tragedy and he said can think I put so much into and now you leave, but if you have this kind of entrepreneurial mindset then you see now that person goes and even our impact to society is so much bigger that person only can do in this company. It's always how you think about things and if you grow strong people then of course they can go but if you have this environment you still attract strong people. We are like massive company almost thousand people and we still get people who are really strong. Normally will go only really small startups but they join us because we work as startups, we have 40 more startups inside a company so the innovate ideas that people will come here due 1 2 3 years and they will leave but in the same time from that 2 3 years we have got so much for us and that person has learnt so much so that person can build or have a lot of impact.

Commented [YB36]: Loss of great employees at some point

Commented [YB37]: Opening new opportunities for other employees

You believe in long term partnership?

Kairi: I don't know whether we have something really in place in this distance, but of course whatever the company is doing in the future if some kind of things that is possible together like I don't know in your reason why it shouldn't happen but normally it's like 8 companies built by ExWisers.

I think they're like in different area or at least 7, 7 or 8. What is the challenge. This is one thing. People won't to stay here forever and do things but in the same time it's not only bad it's okay as well.

Commented [YB38]: Potential partnership

Thinking about long term. What do you think would be the final impact in the employees participating this programs?

Kairi: People will get more confidence, self-confidence. Again, even think about it only as a program but like more how we react everyday operate. I think in short term it will be always easier if leads tell you what to do and you will just do it. Leaders or managers can tell you what to do and you will do it. In short term I can understand how everybody works but if you scale then you need to have all the time people who think themselves, otherwise manager will be so

Commented [YB39]: Increasing self-confidence

quickly paddling so the reason I believe that this kind of approach we have all the time why it works is people will learn from doing things they learn from mistakes, they learn from successes that they have had, they understand that what they are doing, how it contributes and they learn how to have impact how to understand whether they have impact or not. They can contribute individually or autonomously in a way, company success not their own successful as somebody says what to do because otherwise if you scale it doesn't happen anymore even if in really small team it can work, you can't control anything anymore if this is like 100 people or 200 definitely one person in control if this is like 1000 people. You need to have really strong individuals who can take ownership and who have confidence to take ownership of hard programs and execute them.

Commented [YB40]: Faster understanding of main roles, purpose, etc

Commented [YB41]: Taking ownership

Appendix A7: Interview with Sandra Valle – Business Administrator at Microsoft.

The interview was done on 20th of April 2018 at 9:00 am at Microsoft’s office in Estonia. The interview was done in English and transcribed. The interview was 50 minutes. Sandra is the main organizer of internal mentoring programs at Microsoft, she has been working for the company for 12 years already. Unfortunately, due to the internal security policies and confidentiality of the company the transcript from the interview has been reviewed by Microsoft representative and much of the information was deleted. Actually, the interview was one of the longest but I have to respect their policies. The interview was made by the author of this thesis.

- *Startup*

Today, startups look for faster means of growth and development. What kind of a mindset will founders require in order to achieve constant growth and development ?

Sandra: Growth mindset and think in terms of making a difference, we look for ways to continually learn, improve, and increase our impact. Building on one another's ideas and work, and getting feedback along the way, is a key component of our culture and helps us achieve the greatest impact.

Commented [YB1]: Growth mindset and making difference thinking

Commented [YB2]: Constant learning and improvement

Commented [YB3]: Searching for constant feedback

Can you describe some of the key factors to achieve a successful startup?

Sandra: Here I would quote the Skype Founder Niklas Zennström "Surround yourself with smart, dedicated people – to build something isn't a one-man show. It's more important to have smart people who really believe in what you're doing than really experienced people who may not share your dream."

Commented [YB4]: Getting the best employees on place
Smart People who believes on the company’s vision

People, communication and hardwork are characteristics that eventually in a corporate like Microsoft always be present.

Commented [YB5]: People , communication and hardwork

- *Accelerator Programs*

Nowadays, startups are adapting certain trends and it seems that in-house accelerators or internal mentoring programs are part of it. If you know about it, can you describe the process and what is the main goal of the those programs?

The **Microsoft Garage** is a Microsoft program that encourages employees to work on projects that they are passionate about, even if they have no relation to their primary function within the company. Employees from all divisions of Microsoft are free to take part in **Microsoft Garage** activities and small-scale innovation.

Commented [YB6]: Microsoft Garage

The **goal of this program** is to be a platform to explore technology and encourage employees to develop and launch new and innovative ideas.

Commented [YB7]: Explore new ideas and encouraging innovation among employees

What is your personal opinion about those programs?

Great for opportunity for networking, do something different outside of the routine and put help to evolve the company values.

Commented [YB8]: Networking, evolve company values

Can you name some other companies running this type of programs?

Telia, SEB back, TransferWise

Commented [YB9]: Telia, SEB back, TransferWise

- *In-house accelerator programs’ purpose*

Appendix A8: Interview with Maarika Truu– Head of Startup Estonia.

The interview was done on 18th of April 2018 at 10:30 am at KREDEX building. The interview was done in English and transcribed. The interview was 29 minutes. Maarika is an entrepreneur representative of Estonia. Startup Estonia is a governmental initiative aimed to supercharge the Estonian startup ecosystem in order to be the birthplace of many more startup success stories to come. The interview was made by the author of this thesis.

- *Startup and accelerator programs and purpose*

Nowadays, startups are adapting certain trends and it seems that in-house accelerators or internal mentoring programs are part of it. If you know about it, can you describe the process and what is the main goal of the those programs?

Maarika: So the idea is with Garage48, the idea with that started from actually again internationally in 2010, when we started in Estonia, why I am saying that you should look at global what has been happening as well, in 2010 there wasn't much going on in the community in the startup ecosystem. Towards helping the new people to coming to the startup community, right? How to start your business? What are the first things I should know? How to find a developer? I'm a designer myself, I need a developer. Garage48 was one of the first organizations here in Estonia that started organizing hackathons. Now with that what we realized back then I joined in 2010 and a half, somewhere there, what we realized then is that the same mentality and mindset could be just as a format putting to different sectors and verticals. Let's say, we started from simple software hackathons and it could be now very popular hardware, it could be going into construction, there was just an event happening in digital constructions. It could be sector specific, fintech hackathon, then it could be also taking larger verticals, let's say we wanna have social impact and we wanna bring more women into tech. Then just put more focus on how to bring women to the events and give them the same tools and mindset so they could go out and start opening own businesses. Now this is just to give you an overview, this is how the community has been evolving here as well, so how to bring different sectors together at the same type of format events, and give them the same mindset? This first started with sponsors coming onboard and helping this private sector, internet., banks, even Estonian energy company or insurance companies. And now when they realized that this is such a cool format because you can see how new startup star growing, they wanted to happen it internally and if you look what's happening in the world, companies using their own inner talent to boost innovation, so mostly the big companies and now this is what I'm sure with your thesis you're gonna understand this world because your interviewing them, is that they go either looking for innovation and these are different reasons why they do that through hackathons or through acceleration programs like this, is because typically they don't have a separate department focusing only on innovation. It's financially very expensive or they lost it. They used to have it in the beginning when they were innovating, they found the market position and they started working on this. So they wanna get back the innovation opportunity, the second thing which is happening and this is what we talked already is that you have the problem of keeping people happy and this is company culture and happiness of teams. And now there are big researches what have been done or asking what is the main thing for the young person, we are typically the same millennial generation. Typical thing for millennial generation to keep them happy at work. And what is interesting is that millennial said that yes, of course, salary is one thing, I need to keep myself alive, but this is not the main thing while I'm not there. What they say is if see myself self-development potential then I wanna stick there. What it says is that typically millennials they change positions as soon as they don't feel that they're evolving. And this is a very big problem for big companies, because you have career paths, you have hierarchy there, you need to keep them busy and developing so the millennial will understand he's still happy and . and they will stay. What is then happening is that a lot of companies are creating those levels of hierarchy just to pop the people to the next level so they feel they are accelerating in their career, when it's not like that. You understand what I mean? A lot of companies today are creating those levels of hierarchy. first you are support or juniors support ., then you're senior support . they creating those levels in between to motivate you instead of, because if you would spend 2 years just being support . you would feel that I'm not developing anymore, what's the next thing I could do, and then the company can't provide you anything and this is when you usually leave, and the company loses a great talent. What the research says is that time between you lose your talent is around one year and a half and 2 years, because if you can't provide them new steps or can't show them the journey where they're growing, then the person starts looking .. other companies. And I think you're smiling because you're thinking of yourself ..

Commented [YB1]: Put different profile/people and give them the same mindset

Commented [YB2]: Different business sector realized that such programs are cool format

Commented [YB3]: Inner talent to boost innovation

Commented [YB4]: Corporate looking for innovation, they don't have a department focused on this

Commented [YB5]: Keeping people happy and company values, culture

Commented [YB6]: Millennial generation wants to see self development potential, change of position when they don't see that

Commented [YB7]: Companies creating fake hierarchical levels , loosing talent in 1-2 years if no clear growth path

Maarika: So there's keeping them happy, right? Happy people. This is keeping them engaged and showing that actually their ideas are worldwide that once you come through hackathon .. and the idea is great, you're gonna start building it. The real problem happens after that, after the hackathon, when the great problems, challenges and ideas are being worked at, there's actually resources to work on this, and this creates the loop of again what could we do, how can we implement those great ideas. This is where we were trying to help, what we realized. I'm talking about corporates, big companies. This is what Garage48 .. with the hackathon it was great, the energy was up, energy was up. Create ideas, prototypes were built, everything cool. But then you came on Monday to work and it was the same routine. No one sticks with the ideas, because there was still no department to deal with innovation, to keep working because everyone has their own work to do, you can't just . time on new project. So then what is now created on top of it is that those internal processes are pushed into an acceleration program or kind of I would call it, it could be sprints, it could be other hackathons but we call it follow-up program, with Garage48. Basically we tell them that once you go through this hackathon this is just the first step, actually even before the hackathon you have steps, like how to find those ideas, which to start working on, so the people wanna join your event internally because this is again people will start putting their time into they need to see the company is motivated to hear those ideas. The next steps are how will you show your people you're actually gonna implement those things. And this is very difficult, you need to have separate people putting their efforts from all different departments. This is finding money, but actually finding time. And what we try to do now is, what I think you could go and talk to, if you still haven't ... it's a program which is meant to bust innovation in corporates and she actually works on daily basis like this. I was just a couple of weeks ago I was at . company hackathon internal one and she's now working towards the next steps with them. She could tell you quite interesting information.

Talking about startup, What would be difference within the startup trying to run this kind of programs?

Maarika: Let's start with the definition of Startup. Idea and innovation should be. What the difference is between a startup and just a tech company. Just a tech company providing tech services, they don't focus on one product or service. Good example Nortal, right? It's a big tech company, providing IT services. They are not a startup, they have never been because they have always done what their customers are asking, so they're providing IT services. TransferWise is a startup because you commit to one product . customer. Inside of course you have little products, but for customers is pure . money transfer. So it's one product specific idea which is one product specific or service, and then is high growth. It needs to show at least 100% growth per year. Then it's considered a startup. That's why there's this hockey stick scalable model right and this is why startups need investment, because they need to get this acceleration and growth and they need resources, very many. If you take a normal company you will grow steadily year by year, as much money as you have, and maybe take a loan, typical way. You will grow longer. In terms of startups, you usually die between first 2 years, or maximum maybe 5-6 years. Because you understand that you're not getting this growth , you're not nailing the market as you would need. Then you have already put so many resources into that you can't be a normal company, as well growing slower with a slower path like typical companies would do. In startups what happens is that they do this what big companies are now finding way their back to, they do this all the time because you have this competitive market, you need to be on the top of the edge, so you constantly do the same loop: you validate, you test, you validate, you test, and you either do that through . developers have their own methodologies, you might organize a lot of startups organize their team hackathons on monthly basis so that they do just . they close themselves down and they finish some piece of the product, what is needed, but they do it in form of a hackathon. This is how you would need to grow up.

Commented [YB8]: Keep happy people

Commented [YB9]: Big companies: No clear follow ups after hackathons are finished

Commented [YB10]: No special department to deal with follow-ups

Commented [YB11]: Follow-up program: programs are first step, next steps, how to show to the employees that you will actually get something out of it

Commented [YB12]: Startup is commit to one product and innovative
Tech company they do what customers ask for, no so innovative

Commented [YB13]: Startups needs to show 100% growth per year

Commented [YB14]: Because of this rate growth startups need fast investments, acceleration, many resources

Commented [YB15]: Normal company you grow steadily

Commented [YB16]: Startups do a constant sort of accelerator program in a daily basis, test and validation

That's basically startups are doing this in-house accelerator programs in daily basis.

Maarika: They don't call it acceleration, it's just startup life, you need to do that, otherwise some other competitive will be faster in market already.

- *Advantages*

What would be the real advantage of this?

Maarika: The real advantage is keeping the market, keeping competitive advantage and cutting edge mindset, you need to constantly be thinking am I doing the right thing? If you're not thinking that then you're already lazy in your thinking and you can't be growing as fast as you would want. You constantly need to validate what I created, does it actually serve the needs of the customer I want to focus on. And if not, then I'm doing something incorrect. I need to go back, I need to test, look into what could be better. It's definitely an advantage and this is also showing worldwide why startups have gained so much competition and so much advantage over, even in the very historic sectors, we see disruption in the sectors where for ages you have had companies, it's just that startups come in with different mindset how to validate things we've been doing for centuries, are actually the things we should be doing.

Do you see any cons? About these programs?

Maarika: Maybe the cons are more around, I don't see there's anything wrong with . mindset and thinking like this. What I see is a lot about the hype of whole startups. The traditional companies, traditional sectors are very sceptic about overall startup thinking. I think this is because of the hype which has been created around startup sector. This has been giving a bit of skepticism to the traditional sectors. If we find through the methodologies we would find ways how to start a discussion and corporation with traditional sectors and companies, it could be so much easier. It's not around actual things have been done, more around the hype which has been created.

We can find corporation between corporate sectors and startups. Corporates can even help in a way to startups, if they actually understand this, this is what I understood.

Maarika: It's my god feeling, very often I feel very good startup company or let's say an innovate new tech company can rise from someone who has long worked in a traditional sector, in a corporate because you then can compare those two worlds, but if you've never worked in a corporate or never even being close to them then you can't come and say what's wrong in the corporate. You need to know the two worlds to actually understand those better.

In the long term, what impact will such programs leave on participants?

Maarika: Definitely what I see what is happening and really see that, in corporates with people taking part in internal programs which are provided by the company, is that first of all people feel, I wouldn't say happier, but more content at their work because they feel that their ideas are listened to. The point is that you don't lose the ideas, you work on with them, this is a process which is need to better understood by companies, the idea overall that you want to ... is really . important. Second is that you give confidence to those people, when they go through project like this, but they actually behind .. they have always been thinking maybe I can be entrepreneur. And now they get the first step on how to do things, I think company will lose talented specialists but overall economy will win, because we get new entrepreneurs who have entered the market and want to try out with their new companies. I think in a longer run it's better because you give them new practice, new knowledge, new experience, either they will give it back in the same company or they will go and give it back somewhere else.

Commented [YB17]: In-house accelerator programs are startup life

Commented [YB18]: Keep up the competitive advantage

Commented [YB19]: Constant validation and feedback, customer orientation

Commented [YB20]: Startups with validation mindset

Commented [YB21]: Corporates and investors are sceptic of this thinking

Commented [YB22]: Need to know both worlds, corporation and startups

Commented [YB23]: People feel more content and appreciated

Commented [YB24]: Providing confidence and executive skills, determination for the ones wondering to be entrepreneur,

Commented [YB25]: New entrepreneurs will give back to the company or to the ecosystem

What would be the purpose of doing this in startup in early stages?

Maarika: In terms of startups, if you use this kind of methods, then you just fail faster or you succeed faster, in failing is also good because you understand what you're doing wrong, maybe failing faster would mean that you understand it, the overall idea what you came on with it's not valid, you don't need it anymore, you start understanding what's actually happening in the market, then you will find your way back into being a specialist somewhere in the company. That's not bad either, because you're coming with new experience, you know how to not to do things, and you're working being as a specialist, let's say TransferWise, you also now how to do things in procedures and how not to fail. I think there are both ways, it could be that you're coming in from university, become entrepreneur right away, you come in you work as a specialist somewhere in companies, either in startups or government or somewhere in corporates, and you become an entrepreneur. Or you do both together. How many Estonian have their side companies? Very many. Everyone is working on something little. Or you become entrepreneur, you failed, you see it's maybe not the right time right now, but it doesn't mean in the future you won't try again and you go to work somewhere. I think those loops are more than 3 way, there are dozens of those. Overall it gives us more opportunities and more experience, so the next time you come, the tendency is that you wouldn't hopefully fail. Or that you would know faster that if you're failing you will fail faster and start again.

Commented [YB26]: Failing faster, validating ideas faster and better understanding of what is happening on the market

About entrepreneurial mindset and how the founders think. We talked about today startups look for faster means of growth and development, so what kind of mindset will founders require in order to achieve constant growth?

Maarika: There used to be good saying, a million dollar question, million dollars now is too little. Trillion dollar question, what you're asking me. Everyone wants to know what's behind the mindset of successful entrepreneur, but to be honest, we are just working on this and my team as well, because we are putting together strategy, we call it future founder. How to grow more future entrepreneurs to Estonian society. What I believe strongly in, is that you need to there is in sports, they say that there is 98% of hard work and 2% of genes and talent. Everything else is . work. I don't know yet if that statistic is the same for entrepreneurs, there is talent of course, and the talent in the sense, I don't mean that you're more intelligent or you have bigger IQ, but talent is how fast to find the visionary content. What ideas to stick on, what to work on, how to tackle the problem. These are things you can learn through hackathons or through those business competitions, practices, failing, you failed with your own first company, next time I will come to the market, I will know what not to do. I believe that those kind of tool should be given to our future founders, lot earlier than we give them today. Basically we're looking into how to already have secondary school, so starting from 12 years age, how can I start giving them those tools, those type of hackathons, those type of student company programs, that they would already fail and try out succeed, have their first success stories during school and once they come out from school they would already create a successful real company which would be successful.

Commented [YB27]: Validation and failing fast thinking

Commented [YB28]: 98 % and 2% talent

Commented [YB29]: Experience and failing and failing Visionary culture, recognizing needs of the market, practices, business models

Is it governmental interest?

Maarika: It is both, I'm looking from the government side. We are very interested to see that people would be entrepreneurial, that they would want to create more companies, they would want to grow our economy, not just grow but innovate, bring new technologies and innovation in, and this can happen through learning, you need to still go to school to understand things, but then how to give them the tools so they could experiment faster with learnings they have, instead of just learning in the books. You have more practical ways. One thing is what we're doing in this, but second is that we are looking into, what is behind the successful entrepreneur, you know. There are hundreds of different combinations what has been giving success, if you ask startup founder here, a successful startup founder, usually they say it was just pure coincidence. Coincidence of things, universe brought the things together. It might be also they had great influence when they were young kids.

Commented [YB30]: More practical learning and real experiences

Appendix A9: Interview with Rain Järv – CEO at Seeker Solutions.

The interview was done on 18th of February 2018 at 3:00 pm at TransferWise office. The interview was done in English and transcribed. The interview was 27 minutes. Rain is an entrepreneur representative of Estonia. He is been part as participant of the in-house accelerator programs offered in the ecosystem in Estonia. The interview was made by the author of this thesis.

- *Startup*

Today, startups look for faster means of growth and development. What kind of a mindset will a startup require in order to achieve this (while still facing the challenges of our era)?

Rain: Well, first of all I think that the mindset of an entrepreneur is almost always directed by the urge to change something. An entrepreneur usually sees some issues with existing services or/and products and finds new ways to solve them. Furthermore, I think that growth and development of a startup are important, but they shouldn't be the focus or a drive of a mindset. Their main focus should be in developing of the idea and providing the best solutions. If that is set properly, growth and development will follow.

Commented [YB1]: Urge of changing something

Commented [YB2]: New ways to solve current issues

Commented [YB3]: Focus on developing ideas and provide solution

Can you describe some of the ways to achieve a successful startup?

Rain: Setting up a business is always complicated and needs a lot of work and dedication. To achieve a successful startup depends a lot of how ready you are to contribute. And a lot is related with the motivation to face the challenges, if you don't have the constant inner urge, the idea usually fades at some point. Furthermore, I think one of the most important thing is to involve a competent team. Hence, you should be critical of the team size and competence, because sometimes it is easier to buy some services in. One thing that I have noticed is that many startups have a really decent idea, but they have not thought about the process as a whole. They have an abstract idea but they haven't but the process in the paper and that's a common mistake. So what I would recommend is to put it all on the paper to get a clear view and find all the (hidden) flaws.

Commented [YB4]: Lot of work and dedication

Commented [YB5]: Motivation and purpose

Commented [YB6]: Competent team

Commented [YB7]: Think about the ending goal and the whole picture

Commented [YB8]: Write everything down

What are the major differences in the mindset of an entrepreneur and a managers?

Rain: The main difference, I think, is in the willingness to take risks as an entrepreneur. When starting/creating something new, the journey is always unpredictable. It's like walking on a thin ice - you might get to the other shore, but you can also fall through. The managers might also be excellent leaders, but they usually are not willing to commit everything.

Commented [YB9]: Willingness to take risks, excellent leaders

Where do you think the differences come from?

Rain: The need for self-actualization might be one factor. As a manager you might not have the possibility to fully control the development, but as an entrepreneur you usually do. It is actually quite hard to answer this question, because I think it is related to many characteristics. Some managers develop into entrepreneurship. As it was for me. I used to be a manager for many years, but that was just not it, I had to always consider that I didn't have full freedom to make decisions of development. And I also saw some false decisions which I did not support, but still had to execute with my team.

Commented [YB10]: Self-actualization, needs and responsibilities of a manager vs entrepreneur

Commented [YB11]: Not clear definition, manager can develop as entrepreneur and voiceversa

- Accelerator Programs

Can you describe the process and what is the main goal of the in-house accelerator programs?

Rain: The process, I think, is quite similar to classical accelerator process and usually involves five stages - selection (different ideas compete and the best one(s) are selected), deal (resources provided to start the next steps), accelerator program (events, networking, mentoring etc. development of the startup into results), completion (a demo day would characterize this stage, usually involves also further funding etc.), alumni program (continuing of development).

Internal accelerator programs are most likely designed to power the innovation opportunities. To find out new ideas and solutions for the the issues they face. It is not so different from the classical R&D process, but as different researches have shown, it usually is more effective if done properly.

Commented [YB12]: Similar to classical accelerators

Commented [YB13]: 5 stages: selection, deal, accelerator program, competition, alumni program

Commented [YB14]: In-house programs are to empower innovation, new ideas,

What is your opinion about those programs?

Rain: I support the idea and find it usually very useful. Nevertheless, I remember an article from couple of years ago that said that one of the failure point is that the resources might accidentally drain. Mainly because the process needs a lot of energy, financial support and it maintaining is complex. Therefore, some mentors recommend using an open innovation model instead of internal program.

Commented [YB15]: Possibility to drain resources, lot of energy, support, etc

If these accelerator programs happen inside a startup, how would it impact its employees?

Rain: It actually depends a lot on the specific startup and the employees size, persons type, time/resource opportunities and the stage of the startup itself. It definitely has an impact for employees and it can be both positive and negative, for an example - if I as an employee do not see the benefit of the accelerator process, i would not likely feel the need for that, but if I am fully aware that it might take the startup to next level, I definitely want to contribute.

Commented [YB16]: Depends on startups fields, size, participants, frame time

Commented [YB17]: Can be a waste of time or a real opportunity

Can you name some other companies running this type of programs?

Rain: Skype. SEB. Transferwise for examples.

Commented [YB18]: Skype, transferwise, SEB bank

- Purpose of in-house accelerator programs

Why are the companies running the programs?

Rain: I think the main idea is to develop new ideas, solutions, innovation. These programs might help to generate problem-solution ideas in a very short time period and by people that might not be working daily with those issues. It also allows to encourage the “out of box” thinking.

Commented [YB19]: Develop new ideas, solutions, innovation in short time , enhancing out of the box thinking

Running an in-house accelerator program on Corporates can be different from how you run it in a startup. Can you name the differences, and why they occur?

Rain: Well I think that the main difference is in the culture of the company and also in the mindset. In a startup the team is usually more open minded and fast growth oriented (willing to take more risks), but in a corporate model it might be more regulated and commonly there are already a bunch of guidelines to follow. Therefore, implementing an accelerator program could be somewhat more complicated. But it is not always the case. Running a successful accelerator program on both types of organizations is possible if it is prepared properly (the whole process), the desired result is set (ex. financial returns or innovation integration in the future), and people involved are willing to fully contribute.

Commented [YB20]: Culture and mindset of company

Commented [YB21]: Startup: open minded fast growth oriented
Corporate: bureaucratic, guidelines

- *In-house Accelerator's real benefits*

These programs imply a number of advantages. Can you name the major ones?

Rain: Well as I pointed out earlier, the key advantages are possible (in long term) innovation, integration of new ideas/processes and economic benefits. But if run properly, the benefits would also rely on establishing better teamwork, open mindedness etc.

Commented [YB22]: Innovation, integration new ideas/processes, financial benefits, better teamwork and mindset

What about potential cons?

Rain: Continuity of the program. Is the program only a onetimer or is it part of the mindset which happens periodically? When it is periodical, it gives the opportunity to get better (or it might also lead to a loss of interest). Moreover, it also (with no results) could lead into a economic loss instead of a growth.

Commented [YB23]: Real follow up in many cases is not happening , not well defined real purpose, loss of interested , loss of money

In long term, what impact will such programs leave on the employees of a startup?

Rain: This one is hard to answer since in this equation there are as many variables. Whether the result is positive or negative is determined by the accelerator program itself. If the desired value (as an example) is not set and clear, employees might not see it as an opportunity but rather as an obligation. But that's only one standpoint and the scenarios depend on a particular case.

Appendix B9: Maarika Truu' Interview- Word Cloud



Appendix B10: Interviews' Word Cloud table; most used words

Makery		Fundwise		TransferWise		Startup Estonia		Lahhentagge	
11	programs	36	company	74	people	22	startup	23	people
11	startup	34	people	19	strong	18	companies	19	programs
8	people	27	programs	17	entrepreneurs	13	new	19	startup
7	mindset	21	acceleration	17	companies	12	people	15	innovation
7	money	18	employees	17	different	10	understand	13	impact
6	accelerator	18	business	17	teams	10	ideas	13	time
6	in-house	18	mindset	15	learn	9	mindset	11	organization
6	running	15	founders	15	time	9	market	11	different
5	accelerators	15	startup	15	work	8	hackathon	10	mindset
5	problems	13	companies	14	program	8	thinking	9	question
5	company	13	manager	14	startup	8	sectors	8	measure
5	team	13	time	14	product	8	faster	8	company
4	important	12	product	13	important	8	time	7	basically
4	corporate	11	entrepreneur	13	build	7	entrepreneur	7	running
4	familiar	11	certain	12	mindset	7	innovation	7	teams
4	solve	10	specific	12	help	7	happening	6	interesting
3	opportunity	10	pressure	11	customers	7	different	6	employee
3	innovation	10	founder	11	problem	7	programs	6	benefits
3	employees	10	market	11	whether	7	already	6	business
3	solution	9	accelerator	11	idea	7	working	6	process
3	usually	9	innovation	10	money	7	talent	5	organizations
3	without	8	internal	10	whole	6	successful	5	difficult
3	solving	8	larger	9	TransferWise	6	advantage	5	products
3	program	8	within	9	understand	6	somewhere	5	industry
3	impact	8	skills	9	approach	6	started	5	example
3	foster	7	corporates	9	skills	6	looking	5	results
3	making	7	experience	8	accelerator	6	growth	4	environment
3	course	6	management	8	successful	6	either	4	Accelerator
3	first	6	resources	8	together	6	maybe	4	difference
3	space	6	financial	8	always	6	want	4	university
3	given	6	products	8	learnt	6	tech	4	corporate
3	work	6	changing	8	future	6	mean	4	dependent
3	time	6	process	8	start	6	next	4	employees
3	real	6	talking	8	team	6	grow	4	building
3	name	6	actual	7	interesting	5	traditional	4	services
3	risk	6	ideas	7	whatever	5	corporate	4	quality
3	case	5	managerial	7	feedback	5	product	4	culture
3	run	5	leadership	7	founders	5	school	4	change
3	Entrepreneurs	5	understand	7	started	5	better	4	create
3	participants	5	cofounder	7	inhouse	5	around	4	ideas
3	development	5	managers	7	leave	5	become	4	early
3	maintaining	5	employee	7	scale	5	years	4	world
3	successful	5	engineer	6	difference	5	happy	4	times
3	advantages	5	problems	6	managers	5	fail	4	cheap
3	mentality	5	require	6	mentors	4	acceleration	4	model
		5	looking	6	person	4	failing	3	development
		5	talent	6	impact			3	government

Tallinn Dolls		Seeker Solutions		Microsoft		CoFounders Magazine	
20	different	13	startup	11	programs	24	startup
20	people	12	accelerator	6	Microsoft	19	company
20	team	12	programs	5	accelerator	18	accelerator
13	feedback	9	process	5	in-house	16	program
13	time	8	mindset	4	startup	14	companies
11	ideas	8	program	4	mindset	14	people
10	accelerator	7	development	4	running	13	build
10	company	6	innovation	4	program	12	inhouse
9	important	6	idea	4	impact	12	team
9	meetings	5	entrepreneur	3	employees	11	risk
9	startup	5	employees	3	achieve	9	person
9	maybe	5	growth	3	people	8	mindset
9	goal	4	differences	3	development	8	time
8	impact	4	in-house	3	Accelerator	7	idea
7	assumptions	4	properly	3	advantages	6	together
7	everything	4	impact	3	something	6	business
7	companies	4	ideas	3	mentoring	6	running
7	sometimes	4	many	3	different	6	outside
7	programs	4	open	3	describe	5	entrepreneur
7	actually	4	team	3	startups	5	differences
7	spirit	3	successful	3	purpose	5	building
7	person	3	contribute	3	opinion	4	interesting
6	industry	3	solutions	3	Startup	4	successful
6	contract	3	benefits	3	company	4	challenge
6	product	3	managers	3	growth	4	seriously
6	market	3	willing	3	Garage	4	Estonian
6	create	3	support	3	term	4	question
5	brainstorming	3	achieve	3	work	4	changed
5	perspectives	3	issues	3	Entrepreneurial	4	biggest
5	everybody	3	model	3	entrepreneurs	3	acceleration
5	thinking	3	fully	3	communication	3	difficult
5	startups	3	opportunities	3	Entrepreneur	3	customers
5	mindset	3	Accelerator	3	accelerators	3	employees
5	inhouse	3	complicated	3	participants	3	somebody
5	process	3	Furthermore	3	continually	3	Estonia
4	perspective	3	integration	3	experienced	3	early
4	brainstorm	3	opportunity	3	differences	3	sales
4	experience	3	challenges	3	opportunity	3	mafia
4	industries	3	definitely	3	Differences	3	entrepreneurs
4	necessary	3	advantages	3	small-scale	3	TransferWise
4	chance	3	difference	3	successful	3	corporates
4	change	3	important	3	networking	3	definition
4	group	3	Therefore	3	activities	3	renovation
3	entrepreneurs	3	decisions	3	difference	3	difference
3	opportunities					3	background
3	inspirational					3	creative
3	environment						
3	differences						
3	management						

Appendix C: Cross-Case table

Organization	Makery	Fundwise	Transfer Wise	Lahhentagge	Tallinn Dolls	Seeker Solutions	Microsoft	Cofounder Magazine	Startup Estonia
Region	Europe	Europe	Global	Europe	Estonia	Europe	Global	Europe	Estonia
Representative	Avery Schrader	Gleb Maltsev	Kairi Pauskar	Marek Mühlberg	Mari Martin	Rain Järv	Sandra Valle	Tarmo Virki	Maarika Truu
Sector/place in the Startup ecosystem	Startup-participant of programs	Startup	Startup – organizer of programs	Startups/ Academia	Startup	Startup /participant of programs	Corporate/ organizer of the programs	Startup/ press	Government
Experience with in-house accelerator programs	Yes	Yes	Yes (organizer)	Yes	No	Yes	Yes (organizer)	No	Yes
Startup									
Founder's mindset	Customer first Clear vision Flexible mindset	Flexible mindset Pressure	Clear vision and mission First customers and team Flexible mindset Pivoting	Adding extra value Innovative Mentality Make things better	Challenge the market Flexible mindset Perseverance	Change New ways to solve issues Focus on innovation	Constant growth mindset Searching for feedback	Same mindset as 50 years ago, tools, internet have changed.	98 % and 2% talent Experience Visionary mindset
Key factors to achieve successful startup	Skilled, Dedicated team Innovation Validation of idea	Share and listen Hiring the best Focus and prioritize	Hiring the best Environment Freedom keep happy employees	Dynamic environment	Good foundation Clear targets Proper KPI's	Hard work Dedication Motivation and purpose Ending goal thinking Strong team	Hiring the best Communication and hard work	Talking to customers Building strong team And knowhow to	Practical learning Real experiences

					Innovation and prioritization			work together	
Entrepreneurs VS managers	Manager: stability Entrepreneurs: no stability	Managers have to become entrepreneurs and viceversa Startups have the mindset already	Entrepreneurs have innovation, Managers like power and bureaucracy	Managers: Fixed mindset Entrepreneurs: Growth mindset Intrapreneurship	Both are important, balance Diverse team	Entrepreneurs: Taking risks Self-actualization Not clear difference	All entrepreneurs should be managers at some level	Entrepreneurs: Taking risks Different perspectives Different backgrounds	N/A
Accelerator programs									
In-house Accelerator ' process and goal	Give resources Fast Innovation Win-win	Giving back to community Fast Innovation Give resources Mentoring and coaching	People's potential Give back to community Win-win Investing for future Identifying customers	Triple Helix Innovation Win-win Employees empowerment and recognition Cheap innovation	New ideas Different profiles Get bigger picture Get feedback	5 stages: selection, deal, accelerator program, competition, alumni program	Explore new ideas and encouraging Fast Innovation among employees	Not real risk with such programs Making people think big Encouraging creativity	Different profiles Fast Innovation
Opinion about those programs	Not thoughtful strategy Foster innovation Keep employees fulfilled	Give opportunities to mentors and participants	Building connections Learning from others Provide experience	Isolate processes to develop them	Startups have the mindset already	Consuming a lot of resources	Networking Evolving company values	Different profiles Fly faster Biggest challenge is recruiting Employees happy	Cool format for big companies Program in a daily basis, test and validation

Companies with such programs	TransferWise, Ekspress grupp, Creative fuel, FB and Google	TransferWise	SEB bank	Proekspert, TransferWise, Nortal	TransferWise	Skype, TransferWise, SEB bank	Telia, SEB bank, TransferWise	ABC grupp, Transferwise, Stora Enso	TransferWise
In-house accelerator programs' purpose									
Reasons behind the programs	Innovation Providing entrepreneurial mindset Raising company moral, values, happiness	Upgrade skillset Fresh/new ideas Innovation Use internal talent	Freedom Shit done New ideas Fast get started	Smart specialization in Estonia Balance within ecosystem	Setting clear goals	Empower existing innovation	Innovation as oxygen for the company	Giving opportunities but control the situation	Keep company values and culture Validation and failing fast thinking
Differences with startups and corporates	Startups: fast failure Corporates: don't waste time and money	Expensive for startups No difference for startups	Startups are on accelerator mode Corporates need to create a special department	Startups: validate model first Corporates: new products	Startups: Mindset Corporates: close minded	Mindset	N/A	Mindset	Innovation No clear follow ups Startups need fast investments and many resources
In-house accelerator programs' advantages									
Major advantages	Foster innovation and provide valuable experience for the participants	Put people with different backgrounds together Faster renovation Enhance communication	Practicing coaching skills	Big picture Upgrade skillset Accuracy with defining KPI's, Efficiency in new processes	Raise team spirit and motivation Encouraging passion Increasing self-esteem	Financial benefits Better teamwork and mindset	Big picture	Lowering risks compared to real life Safe game	Keep competitive advantage Constant validation and feedback, customer orientation

Disadvantages	Loss of time Expensive Loss of money	Expensive Time consumer Limiting resources High expectations Predictable Not support No clear goal	Loss of best people Opening new opportunities for others	Consuming a lot of resources	Loss of time Difficult to keep motivation during process	Not follow up No clear goal Loss of money	Expensive	Loss of focus Loss of best people Time wasting	Skepticism Loss of best people No clear goal
Long term impact on participants	Play without big risk Inspiration and change of mindset Building network	Happiness Creativity New approaches	Potential partnership Executive skills Faster understanding and purpose. Taking ownership	Happiness Employees' awareness Develops entrepreneurial mindset	Executive skills	Can be a waste of time or a real opportunity	Executive skills Happiness	Employees starting their own startup	Happiness Confidence Executive skills