ID Cover Page

Decision Factors Of Corporate Venturing Strategies With A Focus On The Strategy "Partner"

Work project carried out under the supervision of:

Advisor: Alexandre Dias Da Cunha

Reading observations for jury:

If applicable

A Work Project presented as part of the requirements for the Award of a Master's degree in International Management from the Nova School of Business and Economics.

Decision Factors Of Corporate Venturing Strategies With A Focus On The Strategy "Partner"

NIKLAS THONET

Work project carried out under the supervision of:

Alexandre Dias Da Cunha

23/02/2023

Abstract

Decision factors of the corporate venturing strategy: partner

This field lab is exploring decision parameters of different corporate venturing strategies with a focus on the strategy “partner” asking when which strategy leads to the most effective outcome in the context of corporate innovation. Hence, the objectives are to explore the decisions for “build”, “buy”, and “partner” in the business environment, giving a definition, an overview of the decision factors and a use case. A framework for when to decide on which strategy to use was established by evaluating self-conducted expert interviews and data from literature.

Keywords: Corporate Innovation, Corporate Venturing Strategies, Venture Building, Corporate Venture Capital, Venture Partnerships, Open Innovation

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Table of Contents

Group Part

Field Lab In Cooperation With Bridgemaker

Bridgemaker, situated in Germany, is a leading independent company builder, assisting corporate partners in discovering, validating, and scaling new business models. They are, at heart, entrepreneurs, combining the agility and values of start-ups with battle-tested strategies and experience to successfully expand corporate companies.

Bridgemaker is exploring corporate decision parameters inside the triangle of “build,” “buy,” and “partner” to broaden its business reach beyond the focus of actually developing enterprises, asking when which strategy leads to the most effective outcome in the context of corporate innovation.

The field lab’s detailed objectives are to explore the decision of build vs buy vs. partner in the business environment and to establish a framework for when to decide on which strategy to use, including success stories of corporate initiatives in the three main strategic approaches.

Among the key issues to be addressed are:

- What kind of different strategies do corporates use to incubate new business opportunities?
- Which are the most successful strategies and why?
- What makes those corporate ventures successful?
- What are the critical decision factors for a corporate venturing strategy?

Introduction

Corporations are continually faced with the task of changing sustainably, creating innovations, and developing new products, services, and business models (Kraus, Kreitenweis, and Jeraj, 2022). At the same time, digital technologies have had a significant impact on the world, forcing businesses to change their business models, strategies, and management methods (Bughin, Laberge, and Mellbye 2017). Because they enable new businesses to enter markets quickly and compete with incumbents, established firms must maintain their competitiveness through innovation (Hopp et al. 2018). However, incumbents face a challenge because they are built to be efficient rather than inventive (Govindarajan and Trimble 2010). To maintain competitiveness, incumbents employ entrepreneurial tactics (Kuratko, Hornsby, and Covin 2014) and use innovation-based initiatives that incorporate entrepreneurial processes (Corbett et al. 2013). As a result, during the last two decades, there has been an increase in corporate incubators, accelerators, and corporate venture capital, each reflecting a different approach to corporate entrepreneurship (Zasowski 2020).

The existing research on corporate entrepreneurship investigates how established organisations build incubation systems to aid in forming new ventures. Aside from corporate incubators and accelerators, corporates are developing other approaches, assisting in the rapid development of new ventures. Each organisation must decide which best matches its strategic vision and operational constraints (Zasowski 2020). These strategies are classified as "build," "buy," and "partner" and will be elaborated in depth within this field lab. While the processes of incubators and accelerators are receiving increased attention in the scholarly literature, the issue of other corporate venturing approaches receives little attention.

The goal of this research project is first to define the different innovation strategies, then conceptually compare corporate venturing strategies with other entrepreneurship processes to investigate their potential. Furthermore, this field lab aims to establish a framework for when to decide on which innovation vehicle in order to answer the key issues raised by Bridgemaker.

Theoretical Background

Over the last few years, large corporations have experimented with a variety of methods to capture some of the start-up pixie dust, ranging from accelerators to internal intrapreneurship programs and corporate venture funds. This chapter aims to dive into the initial situation of corporates, where radical innovation is challenging to implement. It sheds light on the corporate need for innovation, especially with the rise of start-ups. This project will concentrate on many prospective innovation vehicles, particularly corporate venturing, and associated terminologies and definitions, not least because the existing literature employs multiple terms for the same/similar topic. Furthermore, a differentiation from other identical innovation strategies is made in order to provide a clear picture. Finally, an overview of the innovation landscape within the DACH area is given to conclude this chapter.

Corporate Needs For Innovation

Many established large companies – so-called corporates – are facing the problem of having to reinvent themselves: be it because the needs of their customers are changing as a result of digitization, because they are being attacked along their value chain by new players from other industries, or because a new technology has become available that solves customer problems differently. The situation has changed massively with the emergence of new, digital competitors that are both more customer-centric and disregard existing practices. Suddenly, customers are presented with new options that are not only more sophisticated but also more affordable and user-friendly than the offerings of established players (Frick and Meusburger 2021). The level of complexity in digital transformations is unparalleled, posing an existential threat to most corporates (Saldanha 2019). To remain relevant in the long term, an established company must respond decisively or, better yet, proactively set the pace. Incremental optimization of the existing product, process, or service is no longer sufficient. Instead, the radical rethinking of a solution approach is on the agenda. But, while corporates are good at exploiting and optimizing what they have, they are relatively bad at exploring what is new (Frick and Meusburger 2021). Most businesses are gradually realizing that practical innovation is about more than just process changes and R&D spending; it is also about using and creating new business models. This is not to say that R&D investments and process improvements are no longer necessary. Successful businesses must investigate new prospects (re-inventing aspects of their operations) and capitalize on existing ones (getting better at what made them successful in the past) (wattx 2022).

The Role Of Start-ups

Start-ups – i.e. technology-oriented young companies with high innovative strength and excellent growth dynamics – are a global phenomenon. They are enriching and changing value chains and customer relationships in all industries (Elz and Weber 2022). Unlike an established company, a start-up is a temporary organisation searching for a working, scalable business model. Start-ups are the epitome of exploration and benefit from many advantages: They have no "inventory" to consider, no long lines of communication and decision-making that make them highly inflexible, no employees who shy away from change, and they run no risk of alienating their existing customers (Frick and Meusburger 2021). In the process, start-ups demonstrate a speed of innovation that traditional corporates with their established innovation processes lag behind (Elz and Weber 2022). Consequently, when it comes to agility, start-ups outperform huge organisations, whereas giant corporations have resources that start-ups can only dream of. The pairing of entrepreneurial activity and corporate capacity appears to be an ideal match, yet it can be difficult to establish (Weiblen and Chesbrough 2015).

Overview Of The Innovation Ecosystem

Facilitating innovation through a venture creation process is critical in order to delivering a successful outcome. However, when it comes to choosing the right strategy, corporates often face difficulties in the process which is why it is necessary to consider decisive factors beforehand. Corporates can actually choose between a variety of different strategic venture modes. In order to address the key questions provided by Bridgemaker, the focus of this project is set on a handful of venturing strategies, which will be described in Figure 1 below.

Innovation Vehicle	*Strategic Venture Mode*	
Build	Corporate Venture Building	Creating new ventures or business units within the parent company that specialize on new goods, services, and business methods.
	Incubator / Accelerator	Protected environments in which internal or external early-stage concepts and businesses can be developed or executed, aided by money, knowledge, expertise, coaching, and other resources or services.
Partner	Venture Partnering	A problem-solving business relationship between a corporate and a start-up established either directly or through a third party platform.
	Independent Venture Building	A service provider that assists corporations in identifying, exploring, developing, launching, and scaling new products and services (e.g. Bridgemaker)
Buy	Corporate Venture Capital (Direct Investment)	A corporation invests a minority equity stake in a start-up in order to achieve both financial and strategic goals.
	CVC Investment in VC Funds (Indirect Investment)	A corporation invests in a VC fund to benefit from a portfolio of start-ups in terms of insights, distribution, and risk diversification.

Figure 1: Overview of different strategic venture modes (own presentation derived from thorough literature review and self-conducted expert interviews)

It should be noted that the boundaries between the respective strategies “build”, “partner”, and “buy” are blurred, so the distinctions are not always one hundred percent clear. Yet, each of the three overarching innovation vehicles serves as an individual part of this field lab and will be analysed in detail in the assigned chapters.

Definition Open Innovation

Considering how frequently the term “innovation” occurs in today’s discussion, literature or headlines, it is evident that companies are constantly confronted with optimising their innovation strands. In order to define the different concepts of venturing, it is essential to understand the basic conceptualization of innovation. The first practice to consider in this context is “open innovation”. As described by Chesbrough back in 2003, open innovation is the “use of purposive inflows and outflows of knowledge to accelerate innovation” (Chesbrough 2003). This approach is based on the logic that corporate innovation should be seen as an open system rather than a vertical integration within corporate activities. Thus, open innovation combines traditional R&D methods from internal processes and sources with the aspect of leveraging resources outside a company to help foster ideas (Chesbrough et al. 2014).

Since its initial appearance, the term has had a major impact on literature and research, as reflected in web searches, publications, and essays. In practice, it is also apparent that managers have recognized the importance of developing skills for internal use and achieving efficient external collaborations. In addition, open innovation should not be limited to corporate activities in R&D but emphasizing the importance of functions such as HRM, procurement or IT (Chesbrough et al. 2014). The concept of open innovation is becoming increasingly important in the venture ecosystem, as the critical factors for successful ventures are not only the size, access to resources and age of the new ventures but also external knowledge sources (Eftekhari and Bogers 2015).

The McKinsey 3 Horizon Framework - Dimensions Of Innovation

The framework covers the issue of how businesses can strike a balance between the optimization of their current core business and the investigation of novel business concepts or possibilities. The goal of many companies is to maximize their current business models. As a result, fresh concepts and creative endeavours either fail due to routine tasks or need to be pursued with the required intensity and resources. The McKinsey 3 Horizon Framework provides a framework for innovation management (Blank 2019):

Horizon One (H1) covers measures to improve the efficiency and profitability of the current core business model. Targets are innovations that increase efficiency and promise short-term value growth(Blank 2019). Here, optimizing performance to maximize the remaining value is the primary goal. Horizon Two (H2) includes new prospects, such as developing adjacent businesses that have the potential to make significant profits and expand a company’s current business strategy and core competencies to new markets, consumers, or objectives. Horizon

Three (H3) is the development of transformational abilities and businesses to capitalize on or react to opportunities presented by disruption or to combat it (Blank 2019).

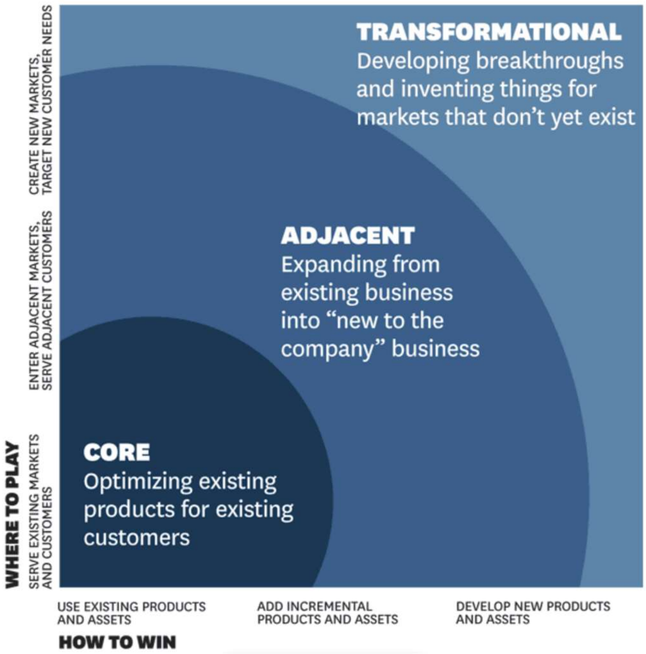

Figure 2: McKinsey Innovation Framework (derived from Viki)

Overview Of Venture Partnering

The "partner" strategy is another type of corporate venturing that is important to the current discussion and is categorized in this field lab as the following figure shows:

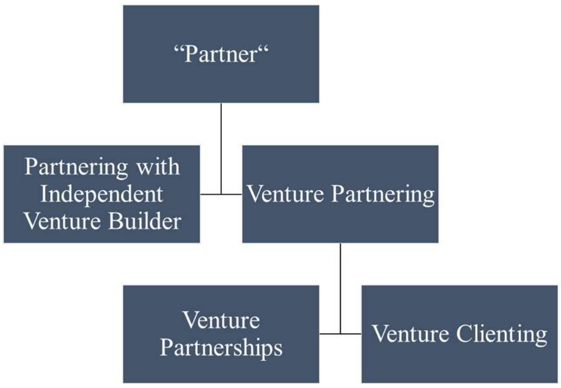

Figure 3: Distinction between the different subdivisions of the "partner" strategy (own presentation)

Apart from differing between Venture partnering and partnering up with an Independent Venture Builder, which will be further discussed in detail in the "partner" chapter, it made sense for this work project to divide venture partnering into two categories: Venture partnerships, and venture clienting. Venture partnerships involve two companies collaborating on a project or initiative with a shared goal (Elz and Weber 2022). The goal is to leverage the corporation's resources and knowledge and the start-up's innovation agility to provide a competitive advantage to the start-up and the corporation. This type includes for example licensing agreements, joint development agreements or research and development (Elz and Weber 2022).

In contrast, corporate venture clienting is when a company provides a services to another company. This could include providing advice, resources, and connections to help the client company achieve their goals. The goal of these services is to help the client company, and the start-up providing the services is paid for their efforts as well as gains a testing of their product (Gimmy and Schnell 2019).

The distinction between the different modes of the "partner" strategy which will be further discussed in the "partner" chapter (individual part).

DACH Innovation Landscape Overview

To narrow down our research, we will focus on the region called DACH, a sub-region within Europe. The designation DACH region is derived from the initials of the countries it represents Germany (D), Austria (A) and Switzerland (CH). The fact that German is recognized as the official language in these countries of Western Europe is one of their key points in common. The DACH region is one of the most important and prosperous regions in the world, with more than 100 million inhabitants and a combined economic output of more than five trillion US dollars (Statista 2020).

Status Quo

Technological developments and new megatrends are not stopping companies in the DACH region and are changing how entire industries work. At the same time, many fast-growing companies with new, often digital business models are entering the market or even creating new markets. Many corporations have increased their innovation efforts in response to these difficult circumstances. For most corporations, innovating their products, services, and business is the cornerstone of their long-term strategy (Schilling et al. 2021).

The innovation consulting company Pioneers has performed in-depth innovation research of the DACH region, which dives into how firms approach innovation and the causes for success and failure. The survey data was gathered from senior managers in 104 organisations with over 1,000 workers and more than €500 million in revenue. It found that 87% of companies already have an innovation strategy, and 33% additionally measure clear KPIs for their innovation efforts. The study identified three primary reasons for corporates to engage in innovation efforts. The first and foremost reason is to gain a competitive advantage. Of the 104 companies surveyed, 82% said they were driving innovation to gain an advantage over the competition – which on the other hand, means pressure to innovate coming from competitors and new entrants. The second most important reason, given by 57% of the roof companies, is the desire to increase sales and, therefore, turnover. Last but not least, the study shows that 51% of the respondents are pushing innovation to meet the wishes and needs of new and existing customers (Schilling et al. 2021).

The mentioned study also explores the different strategic venture modes within the DACH area. Corporations rely on multi-corporate collaborations to foster innovation. Moreover, the study shows that cross-industry partnerships are crucial for the future success of corporates if they want to keep up or stay ahead of the competition. Germany, for example, has the largest share of accelerator programs, while Switzerland runs the highest number of CVC investments in the DACH region (see Figure 8) (Schilling et al. 2021). Even though this field lab focuses on the described topics in Figure 1; it is noteworthy to provide information on the overall existing innovation landscape of the mentioned countries.

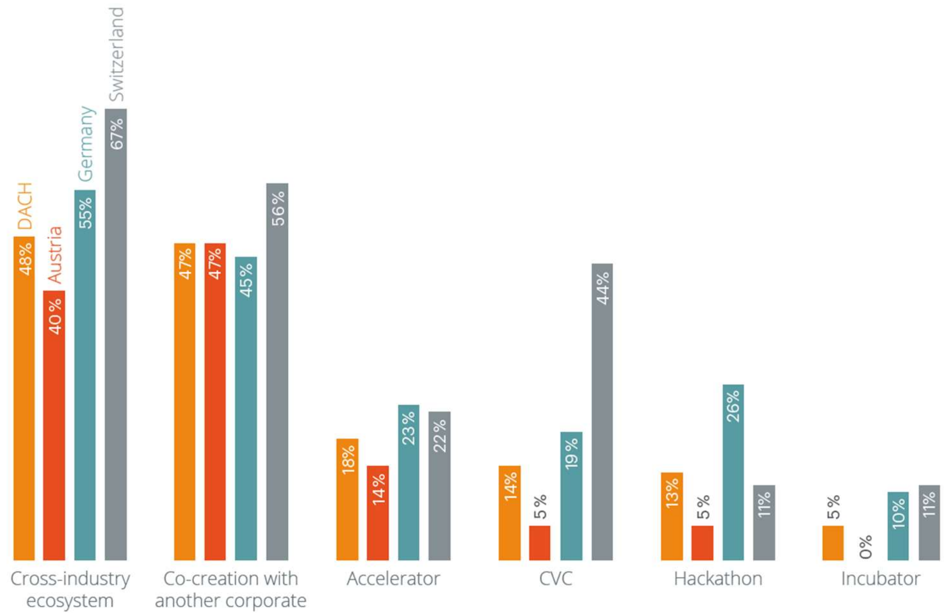

Figure 4: Strategic venture modes in the DACH region (derived from Schilling et al.)

Industry Analysis

A deep analysis of corporate innovation efforts revealed several critical differences between industries which will be discussed below. The following industries have been considered: Energy and Utilities (E&U), Transportation and Logistics (T&L), Telecommunication and IT (T&IT), Manufacturing (M), Automotive and Mobility (A&M), Financial and Administrative Services (F&AS), Chemical and Healthcare (C&H) and Wholesale and Retail Trade (W&RT). The key differences were grouped into five topics, namely accessibility, organisational structure, opportunity, goals and challenges. Accessibility refers to the manageability of innovating within the industry and whether any hindering or supporting conditions exist. The various organisational structures indicate how ready a company is to innovate within that industry. The column opportunity analyses the possibility of entering that industry with (external) innovation efforts. The next column mentions the industry's divergent goals regarding innovation. Finally, each industry lists different challenges concerning their innovation approaches.

Industry	***Accessibility***	***Org. Structure***	***Opportunity***	***Goals***	***Challenges***
E&U	Strong barriers of internal resistance	Not ready	Not yet fully exploited	Product and process development	Communication, IP rights

T&L	Strong challenge with innovation culture	Lack of top management involvement	Need for external support	Strong culture focus, product innovation	Technical integration, internal resistance
T&IT	Already exploring a variety of practices	Very open to innovation	Advanced industry	Product development, entering new markets	Different cultures, internal resistance
M	Strong internal resistance	Lags behind	Seeking external support	R&D	Rely heavily on assets
A&M	At the forefront of innovation	Very open to innovation	Already using external consultants	Product development, innovation	/
F&AS	Investing heavily in innovation	Lack of top management support and clear strategies	Already using external consultants, co-creation	New products and services	Technical integration, cultural fit
C&H	Emphasis on internal innovation	Fostering intrapreneurship	Highest demand for external support	Process development, cultural improvements	Technical integration, IP rights, cultural gaps
W&RT	Strong barriers of internal resistance	Lags behind	External support needed	Product and process innovation, idea generation	No funding

Figure 5: Industry Analysis (own presentation based on Schilling et. al)

An industry analysis of the Pioneers report on innovation reveals that there is already a strong emphasis on innovation spearheaded by start-ups. While the manufacturing industry plays a vital role in the industry landscape in the DACH region, it is nevertheless the industry which is least involved in innovation efforts, whether done through intrapreneurship or collaborations (Schilling et al. 2021). Additionally, compared to manufacturing, the majority of the other industries are focusing more on intrapreneurship. Although results of the report show that internal resistance is the main obstacle towards corporate innovation, presumably, this is accelerated by an old-fashioned mindset in an mature and entrenched industry like manufacturing. Since the number one reason to innovate is the pressure of competitors and new entrants, it can be assumed that the high entry barriers in the manufacturing industry, which result from the great resource investments in machinery, material and other assets, are playing their role in the dismissal of innovation efforts. Out of the Top 50 rated corporate ventures in the DACH landscape, the majority were within the mobility, energy and logistics sectors, followed by construction & infrastructure, business intelligence, banking and health (Schilling et al. 2021).

Regarding the European landscape of venture builders, it is noteworthy that both corporate and independent venture-building divisions in Europe maintained a consistent level of activity in 2021. Although the pandemic had a significant impact on many corporations and innovation budgets were drastically reduced, it is encouraging that corporations retained their internal venture development teams and continued to build ventures. In Europe, there are 134 active independent venture builders and 32 corporate venture builders. In terms of numbers per country, Germany and France have the most venture-building units, with 46 (35 independent and 11 corporate venture builders) in Germany and 28 in France (18 independent and ten corporate venture builders), followed by the United Kingdom and Switzerland (Kuther et al. 2022).

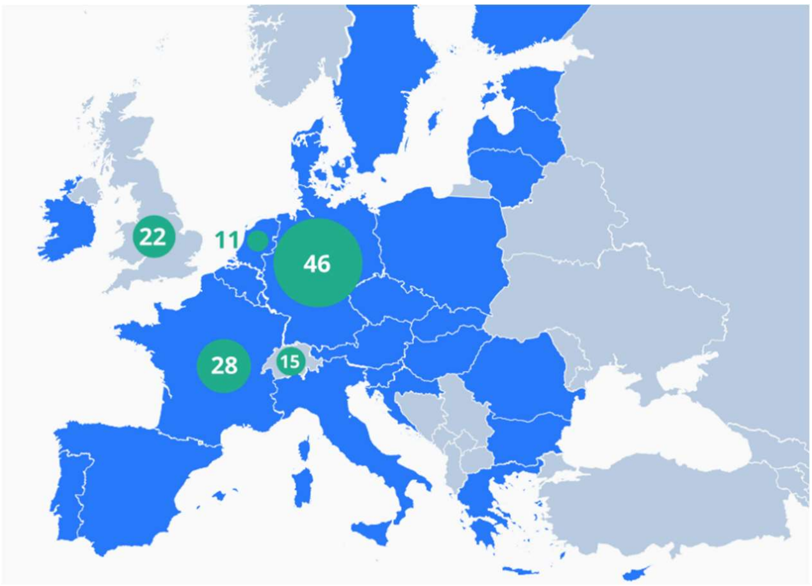

Figure 6: Total number of corporate and independent venture builders in Europe (derived from Kuther et al.)

Data And Methods

This chapter presents critical aspects of the research design and methodology as well as the planning, conduction and analysis of the interviews.

Research Design And Methodology

Besides analysing existing data and literature, the research topic and the questioning are best answered using primary data. More precisely, this work project uses expert interviews as a qualitative research method. Individual perceptions, attitudes, patterns of judgment, or processes become evident through the qualitative research methodology. Commonly, there are two situations when qualitative research techniques are applied. Firstly, researchers use qualitative research methodologies when they want to understand the "why" behind people's decision-making behaviour. Secondly, qualitative research techniques are also applied when a researcher wishes to create a study that will draw from a broader, more representative sample and is interested in learning more about a specific issue from the viewpoint of the interviewees (Rosenthal 2016).

> *From this perspective qualitative research provides a way to get an in-depth understanding of the underlying reasons, attitudes, and motivations behind various human behaviours.*
>
> (Rosenthal 2016, 510)

Qualitative interviews are ideally suited as a method of data gathering since they give participants the chance to respond, share their knowledge, and debate their understanding, perception and experience in corporate venturing strategies (DiCicco-Bloom and Crabtree 2006).

Since the research focuses not only on decision factors of corporate venturing strategies but also on the perception of advantages and disadvantages of choosing a designated venturing strategy, a total number of 24 semi-structured interviews with experts highlighting and representing the three strands of venturing procedures – namely build, buy and partner – were conducted. The role of the respondent as a source of special knowledge about the examined subject is defined as an "expert" in the context of this project. As a result, respondents were picked based on their professional experience and expertise in corporate venture building. The semi-structured interviews are organized as a series of predefined open-ended questions, allowing for flexibility and the detection of correlations when new topics spontaneously arise in the course of an interview. Furthermore, the in-depth consultation with one individual at a time lets the interviewer react pliable to ambiguity or a need for further information (DiCicco-Bloom and Crabtree 2006).

Figure 7 provides an overview of the diversity of the experts interviewed:

Description	**Country**	**Strategy**	**Interviewee Position**
Strategic Management Holding	DE	Build	Junior Venture Architect
Software Company	DE	Partner	Venture Builder
Multinational Energy Corporation	PT	Buy	Head of Corporate VC
Venture Capital Fond	AT	Buy	Investment Analyst
Management Consulting Company	USA	Partner, Buy	Associate Consultant (Venture Team)
Multinational Chemical Producer	DE	Build, Buy	Venture Developer
Aerospace and Construction Company	CH	Buy	Head of M&A
Agricultural Manufacturer	DE	Build, Buy, Partner	Venture Capital Analyst
Automotive Manufacturer	DE	Build, Partner	Venture Developer
Engineering & Technology Company	DE	Build, Buy	Innovation Manager
Automotive Supplier	DE	Build, Partner	Corporate Innovation Manager
Management Consulting Company	GB	Partner	Venture Architect
Logistics & Transportation	DE	Build, Buy	Venture Architect
Energy Provider	DE	Build	Senior Business Developer & Manager
Biotechnology	DE	Partner	Business Development Manager (Interim CEO)
All-in-one Start-up Scouting Platform	DE	Partner	Venture Expert
Independent Venture Builder	DE	Partner	Venture Architect
Independent Venture Builder	DE	Partner	Lead Venture Architect
Global Innovation Platform	USA	Partner	Director Partner Success
Retail E-Commerce	DE	Partner	Venture Client Lead
Energy Provider	AT	Build, Buy	Project Manager
Scouting Platform	DE	Partner	Program Manager
Domestic Appliances & Commercial Equipment Manufacturer	DE	Build, Buy	Senior Vice President
Researcher	DE	Build, Buy, Partner	PhD Candidate

Figure 7: Overview of the self-conducted expert interviews (own presentation)

Data Collection & Analysis

The empirical data collection took place between October and November 2022 in order to keep within the time frame of the field lab. The time span of the interviews amounted to 45 to 60 minutes. Due to the spatial distance, MS Teams was chosen as the communication channel.

To systematically gather and assess qualitative data the grounded theory approach of Gioia was used (Gioia, Corley, and Hamilton 2013).

Data Protection And Management

Due to the voluntary nature of the interviews as well as anonymity within the scope of the evaluations, which was explicitly referred to in the interview instruction, the aspects of data protection are considered to be fulfilled. In addition, the data is treated confidentially, so that no conclusions can be drawn neither about individual persons nor companies from the results.

Decision Factors Of Corporate Venturing Strategies: Build, Buy, Or Partner?

While the previous chapter of the paper (group chapter) already covered the respective corporate venturing theories in general, the innovation vehicle of "to partner" will now be examined in more detail. This chapter provides an in-depth look at each strategy and link information from a literature review with insights gained from expert interviews.

Decision Factors Of The Corporate Venturing Strategy "Partner"

The objective of this chapter is to explain the corporate venturing strategy "partner" and delve further into the decision-making processes and success factors that underlie this approach. This study project's general strategy is to examine every factor from the standpoint of the corporation. As a result, we included the corporate perspective of working with an independent venture builder in this chapter. A comprehensive description of different configurations of partnering up is presented first, after which a summary of the expert knowledge discovered through 11 (out of 24) self-conducted interviews pertinent to this innovative approach is provided. Finally, a case study is presented to show how the indicated strategy works in practice.

Definition And Introduction Of The Corporate Venturing Strategy Partner

In the face of increasing customer demands, ever-shorter innovation cycles and the growing complexity of products, more and more established companies are looking to work with partners to drive innovation, optimize their core business or build new opportunities outside their core business. For a corporate, the strategy "partner" is particularly exciting because not all the necessary skills are usually available in-house (Elz and Weber 2022).

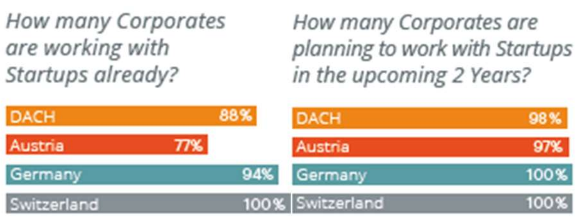

Figure 8: Engagement between corporates and start-ups in the DACH region (derived from Schilling et. al)

According to the above mentioned study of pioneers, 88% of DACH companies are already working with start-ups and 98% are planning to do so in the upcoming future which shows the relevance of this topic (Schilling et al. 2021).

While partnering up, the corporation can provide the resources, established processes, power, and practices necessary for running a tested business model successfully. On the other hand, start-ups or independent venture builders can naturally provide the company with innovative ideas, organisational agility, risk affinity, and ambitions of fast growth(Weiblen and Chesbrough 2015).

To “partner” can bring a decisive business advantage to corporates through the unique focus and innovation approaches of external partners. In particular, identifying and accessing disruptive innovation can be achieved through engagement and cooperation with start-ups or an IVB. Collaborations with other individuals and organisations are often the key to success.

Partnering With Independent Venture Builders (IVB)

As it is known by now, venture builders set up start-ups generally and provide them with the business idea, take on the interim role of building it and mobilize a team that will take over the lead sooner or later.

Independent venture builders do the same, except that they strongly encourage collaboration with existing corporations by taking on a “partnering” role for corporates (Jäger and Thiltges 2022). Independent venture builders aim to provide the respective corporate’s support by creating venture-building activities for the corporate as a key part of their innovating strategy. In this context, well known independent venture builders are for example BCG Digital Ventures, Stryber or Bridgemaker, which mainly operate in the DACH region. Independent VBs usually take either a fee and/or ownership of their corporate clients in return for their input.

Venture Partnership

A partnership is evident when both parties, the corporate and the start-up, enter into a sort of alliance in which they work towards a common goal. It allows them to define, design, and test out creative solutions together which fosters a relationship and synergies between the two parties (Prats et al. 2019). The objective can be a mere problem-solution concept but it can also be a strategic partnership in which e.g., the corporate takes over the start-up at the end or becomes a partial investor. The needs of both businesses will determine the partnership's specific structure. It enables them to define, develop and pilot innovative solutions together and allows both sides to build a relationship and synergies (Prats et al. 2019).

Venture Clienting

In general, the Venture Client purchases a start-up's product rather than equity. Because the Venture Client only purchases a sample of the start-up's solution to be tested by a company , the initial purchase is referred to as a "minimum viable purchase", the so called MVP (Gimmy and Schnell 2019). Businesses that employ the venture client model work with start-ups in a relationship as clients, through which corporates profit from rapid access to innovative solutions, while start-ups obtain the first funding they seek to expand and a piloting of their product (Rodriguez n.d.). The primary benefits of a venture client unit for corporations is that it allows the entire corporation to benefit from more and better start-ups, providing it with a competitive advantage, at relatively low risk, with minimal capital in addition to time-to-market advantages and obtaining critical insights into emerging technology (Wiener and Schneider 2020).

The key difference between a corporate venture partnership and corporate venture clienting is the degree of involvement each party has in the venture. With a corporate venturing partnership, both parties are actively involved in all aspects of the venture, from planning to execution. Whereas in corporate venture clienting, the client only buys a product and is not actively involved in the design of the same.

Important Decision Factors And Success Criteria

From a company's point of view, a partnering up with a start-up offers numerous advantages. For example, start-ups can offer them fast, innovative solutions that they can constantly improve based on feedback. Often, a product or new business entity can be developed jointly in cooperation with a IVB, which can be individually adapted to the company's own needs. Such customized solutions are not usually available from large providers. Furthermore, companies can learn from the flexible, agile and innovative way how start-ups work. All of these are characteristics that should not be foregone if you want to keep up with the developments in the market (Elz and Weber 2022).

Those responsible in established companies want to use the "partner" strategy above all to accelerate their own innovation and gain access to new technologies, market segments or ways of working. An interviewed innovation manager and start-up-corporate connector said that "It generally makes sense from a company view and their CSR perspective to cooperate with start-ups.".

A venture expert from an operating system for corporations to purchase innovative solutions put it the way that the corporate's incentive is to gain a strategic edge over the market and because they can't do it themselves, partnering up is the right choice for them. The motives behind innovation efforts are in the end financial but the driver is strategic. To gain that tactical edge over the market the interviewee described the corporate with the metaphor of a crocodile. Crocodiles can run very fast when they run in a straight line but if they want to turn or move left or right it takes them a while and they are slow. In order to stay fast and agile, partnerships are the solution.

Innovation Horizon/Dimensions

Based on the results of the interviews, it seems that the strategy of partnering is often explored in connection with the optimization of the core business field or adjacent business fields up to Horizon 2. For a large part of the interviewees, the reasons given were that the models should be able to tie in with the original business and, above all, that unfair advantages can best be used in the first two innovation horizons.

The underlying core question, according to a corporate venture advisor of a major American management consultancy, is as follows: “How can you as a corporate build the most value from your innovation unit while you capitalize on your expertise of the corporate and use that within your innovation unit”. The answer followed promptly: “You have to capitalize on your strengths and ideally stay closer to your core but you can also have disruptive changes within the core.

In the case of partnering up with an independent venture builder, the situation is similar, although depending on the risk affinity of the corporation and its decision-makers, the decision can also go in the direction of transformational ventures. One IVB stressed the importance of not going 100% away from the core even when building new pillars outside of the core area, otherwise you cannot use any assets.

The IVB’s answers also show that you can rather make big bets with large corporates (e.g. Dax corporations) or family-run companies. On the one hand, because the capital is available and, on the other hand, because the management and decision-making structure in a family business allows it. The decisive factor in the end is the risk affinity of the decision-makers.

Proximity To Corporate

The evaluation of the interviews clearly showed that the balance between proximity for the use of assets and sufficient distance from the corporate for the partner or venture is of outstanding importance for creativity and dynamism. This balance between bridges and independence was underlined in the interviews as one of the most critical points. In the best case, according to one IVB, it works as follows: “To be able to use the best of both worlds – contacts, corporate know-how and the speed of start-ups and this with no interference from the corporation”.

According to the interview results, it is important to maintain distance from the corporate system, especially at the beginning, and even if the corporate will always try to keep the core processes in-house, to establish a separation of governance structures in order to accelerate the time and be fast.

Time

When it comes to partnering, the importance of time was emphasized several times. According to one interviewee, the project undertaken must be quick to scale in order to be successful against competitors and market changes. In context to this it was described that "The innovation team must be able to fail faster, let go and be able to move on quickly - speed of agility and speed of failure."

Generally, it must be differentiated that the time factor in a partnership is always dependent on variables. In the first place, it always depends on the corporate how quickly the decision-makers agree or how quickly and whether they even know what they want in concrete terms. From there, a venture clienting model in which only a start-up solution is implemented in the corporate system can last a few months and, in contrast, partnering with an IVB to launch a new entity can last several years.

Resources

According to the interview results, in many cases the great innovation ambitions of many corporates do not match their available resources. Frequently, the departments are already working at capacity and cannot devote any more resources (money, personnel, capacity) to the evaluation and potential implementation of start-up solutions. In theory, a company's ambitions should be sufficiently resourced.

One venture architect even went so far as to say that so much budget should be made available so that 5 - 10 start-ups can be built of which 1 to 2 subsequently boom. Overall, it can be said that the status quo of small budgets for corporate innovation is changing.

Ownership And Risk

The typical corporate view of an investment following a successful partnership with a start-up is summarized as follows by a representative of a major German manufacturing corporation: "The desired state is that one comes to an investment over a longer partnership, but that need not occur. Independent venture builders, on the other hand, are utterly interested in getting to invest equity in the new firm rather than just acting as a mindless executor. But many corporations do not want that.”.

Consequently, if the partners intend a long-term partnership with comprehensively aligned interests, the establishment of a joint venture comes into consideration. In this case, the participating joint venture partners each have the opportunity to contribute their strengths to the joint venture. From the perspective of the start-up, it is primarily the medium to long-term business plan as well as the underlying market strategy that determines the level of participation it gives to the corporate (Elz and Weber 2022). As stated by the interviewee, independent venture builders are looking for an equity stake in the new venture. The corporation does not retain 100% control over the venture, but it does create an intrinsic incentive for the IVB and subsequently a situation of sharing and bearing potential risk together.

Only when corporates and their partners work together instead of side by side or even against each other can there be real added value in the collaboration for both partners (Elz and Weber 2022).

Corporate Assets And Unfair Advantages

All respondents were in general agreement about the unfair advantages that a corporation brings to the table. In addition to brand awareness and the network, it is above all the expertise and access to the market and its’ players that a corporation can provide for an unfair advantage. Whether such possible advantages and subsequent synergies exist at all is a prerequisite for a venture, according to an innovation manager of a software company.

Stakeholder Involvement And Commitment

All respondents clearly pointed out the importance of Top Management involvement in the innovation process. Ideally, the entire board should be committed to the company’s innovation agenda. Beyond that, the extended management circle below the board, the so-called Top

Management, is also one of the most important stakeholders who, in the best case, bear responsibility for these partnerships. These business leaders have the power to create acceptance within their ranks or not.

Several interviewees stated that the leadership of the incumbent needs to be a promoter of the innovation effort and stressed that this is the first thing and a basic requirement that needs to be right before entering a partnership. These ambitions should not be driven by an innovation manager, the innovation unit or the external partner so that the C-level must first be convinced, but rather should the impulses come from Top Management.

Another issue is the lack of decision-making transparency, which is a result of the elaborate and complex corporate hierarchical structures as well as the involvement of numerous decision-makers. For instance, it takes the start-up longer and involves more bureaucratic effort than projected if there is no explicit responsible corporate owner who can push information requests inside the corporate (Dörner et al. 2020).

Regarding this problem, one interviewee said: “I have the feeling that venture building works mainly with small and medium sized corporations because the decision-making structures are flatter or simpler. In family businesses, for example, there are one or two people who decide. If they think innovatively, decisions to innovate are radical.

Furthermore, in this context it was emphasized that it is extremely important to get all key stakeholders on board from the very beginning. The consequent alignment of the relevant stakeholders is a basic prerequisite for success. A representative of a corporate innovation platform even raised the question of pushing for management buy-in.

Measuring Success - Key Performance Indicators (KPI)

Partnerships must be mutually beneficial and have common goals so that both parties benefit. Since the aim of partnering up always differs between corporates or situations, it cannot be lumped together. Regarding the measurement of success and related KPIs, the participants did not agree on how and when to evaluate. One interviewee conveyed the opinion that “Some do measure some not. The ones who don’t say it is a people call you don’t measure and that innovation is a soft skill which you can’t measure black and white”. The others say they need to see traditional KPIs like ROI or plus unit economics and in venture building what the size of the innovation pipeline is. A significant proportion of respondents pointed out that traction is the metric they look at when it comes to measuring success.

As a rule, success is when a satisfactory and sustainable partnership comes together that is still progressing in one way or another after several years.

Talent – Incentive Structure

Another important success factor named by the majority of the interviewees is the company’s employees as well as the innovation team itself. The result of the interviews was that, in addition to the right and particularly important incentivization of the team, the “right mindset and openness” must generally be present. You need an innovation manager who knows what makes the start-up tick on the one hand and the corporate on the other. A representative of a German automotive manufacturer stated that the principle takes place top-down, but that intrinsically motivated employees (bottom-up) are also sought through the right incentives. Another interviewee stated significantly: “If there are entrepreneurial people from the company (core) - they will come and propose themselves - that means that they are true entrepreneurs.”.

Expectation Management And Clash Of Cultures

“Integrating a start-up into a corporate is like throwing fire and water together” stated one interviewee. Changing the corporate culture or challenging it externally can be a real challenge. A start-up approach or mentality can easily jeopardise change projects, whereas on the other hand the mentality of a corporation and its employees can be resistant and reluctant to change and innovation, which can lead to problems.

For this reason, it is of utmost importance to practice expectation management and, as already emphasized above, to involve and align all stakeholders of both the corporation and the start-up or venture builder. One interviewee even went so far to say that “The main reason for the failure of projects is that within the corporate the stakeholders are not aligned; a department that doesn’t want to or is afraid of cannibalization and puts obstacles in the way such as blocking the funding”. Both parties should actively seek to understand the situation of the other. A combination of open communication and clear, measurable goals can avoid major stumbling blocks on the way to a successful partnership.

According to the interviews conducted, it is of central importance that both corporate and partner regularly reflect on the expectations of the involved parties, and that it is clear who brings what added value, so that in case of doubt, realignment can take place early on.

Advantages Of The Partner Strategy

The main advantages of the partnering strategy mentioned during the interviews are the following:

- Costs: Partnering is normally less expensive than buying a venture or building one because innovating in-house would need a new team and R&D beforehand
- Speed: Since the team and necessary skills are already there with the corporate partner, problem solving may begin immediately
- Outside perspective: Diversity - the key to innovation - and new ideas come from outside or are often stimulated from there

One interviewee added a notable perspective: “If you have an external company that excels in exactly what I am looking for, then the competence already exists, and you can quickly take it on board. But it always depends: If it’s a highly competitive topic that you want to secure exclusively, then it might not be a good idea to do it with a third party who might be opposed to exclusivity.”

Individual Part Niklas Thonet

Summary

The “partner” strategy between corporates and external entities has definitely risen in relevance and will continue to do so. Since the topic is still young and research on it is not extensive, there are several challenges to be faced, of which many were mentioned within the expert interviews. To sum it up, the most crucial ones will be displayed in the following:

Preparedness in resources: It must be ensured that the partnership fits into the overall strategy of the corporation and that all necessary resources - whether material, time or staff - are available to sustainably advance and innovate your company. Furthermore, a company must be ready for a partnership culturally, operationally and strategically. It is only possible to guarantee that the time component, which is crucial for innovation, is accounted for by taking the steps mentioned.

Expectations and clash of cultures: The corporate must be clear about what is expected from the collaboration and constantly communicate, align and adjust these expectations with all stakeholders. Crucial to the success of this type of collaboration is the culture of the company, the mindset and behaviour of the existing organisation in the established system. In the best case scenario, all these factors are attuned to the collaboration and subsequently 100 % ready for a successful launch. It makes it easier to get support from other business units for the cooperation if the planned project is working towards a predefined goal.

Involvement and commitment: The success of any innovation effort depends on the will and readiness of the existing organisation, the openness to the outside world and the willingness to give something new a chance. The project must be carried out with a holistic view and all relevant stakeholders must be involved from the beginning. The appropriate support of managers at the top level, but especially at the upper and lower management levels, is essential for a successful completion.

These inferences are validated by the following findings of Innovation Leader LLC.:

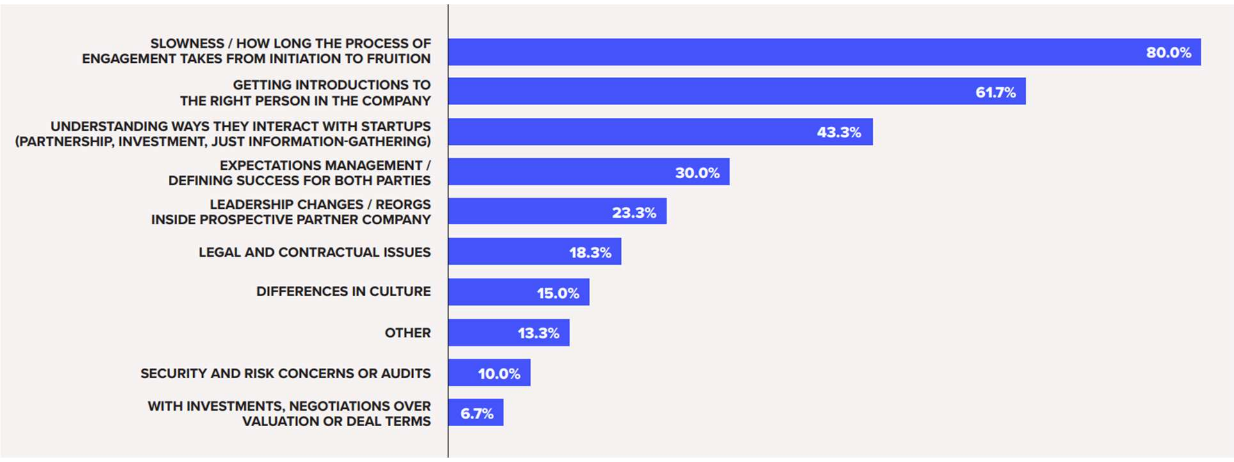

Figure 9: What are the most challenging aspects of a formal engagement with a large company? (derived from Innovation Leader LLC 2021)

Case Study (BSH X GlassDollar)

To illustrate what the "partner" strategy looks like in practice for a large corporation, the following chapter serves as an example of what a successful start-up partnership looks like. Since many of our interview partners come from innovation platforms, the selected case with the simultaneous cooperation with GlassDollar is ideally suited. Moreover, it emphasizes the significance of picking the best partner and offers intriguing details about potential measuring techniques to assess the business impact of partnerships. GlassDollar itself is an organisation that assists businesses in identifying, implementing, and scaling start-up solutions that have a measurable impact on the organisation as a whole.

The corporation: BSH Hausgeräte GmbH is a manufacturer of home appliances in Europe and one of the leading companies in this sector worldwide. The group had annual revenues of 15.6 billion euros in 2021 and was founded as a joint venture between Robert Bosch GmbH (Stuttgart) and Siemens AG (Munich) in May 1967 (BSH Hausgeräte GmbH n.d.).

BSH consistently innovates in order to maintain its position as a market leader. This innovation comes not only from within, but also from outside sources when it comes to implementation and inspiration. BSH receives proven value from the cooperation with start-ups. BSH Start-up

Kitchen was consequently founded in 2018. The unit has an effective strategy designed to create lasting alliances between start-ups and BSH. The unit´s aim is to collaborate with start-ups that provide profound product, services, and efficiency solutions for the BSH organisation. In investigating the best opportunities for collaboration, BSH Startup Kitchen partners with GlassDollar. Together, they manage, evaluate, and constantly improve their start-up partnering activities, and in the end they create the business impact (GlassDollar n.d.)

The challenge: Improving operations and evaluating the effects of the business across all areas of business

BSH Startup Kitchen addresses the difficulty of identifying and prioritizing programs with the greatest start-up partnership prospects due to the large amount of innovative possibilities across a wide range of departments. The aim is to assist business execution for each of these initiatives and ensure that successful Proof-of-Concepts (PoCs) are subsequently integrated and generate the desired business impact (GlassDollar n.d.).

At this point, BSH Startup Kitchen began collaborating with GlassDollar to select superior innovation initiatives, identify the most appropriate start-up solutions, and guarantee an accomplished impact (GlassDollar n.d.)

The approach: The best initiatives to pursue

BSH Startup Kitchen receives several requests of start-up solutions per week. Business units from BSH come to the innovation department with problems that would benefit from working in partnership with an external entity. The innovation team first gathers all requests using the GlassDollar platform to obtain a comprehensive perspective. Before even sourcing a solution, the team selects all start-up requests via the GlassDollar platform which is important to pre-select the most auspicious initiatives because only a few of them will result in a successful implementation (GlassDollar n.d.) This is accomplished by developing a concise business case that, enables project prioritization. The business case is improved as projects go from the procurement stage through evaluation and procurement to the PoC stage (GlassDollar n.d.).

The outcome and implementation: Success depends on choosing the appropriate partner

BSH Startup Kitchen has conducted over 60 Proofs of Concept (PoC) with GlassDollar, 30 of which in 2021 alone. The implementation of the effective GlassDollar software platform allowed for the degree of operational efficiency. This, along with a properly specified procedure roadmap, provided the appropriate incorporation of the team's venture managers, laying the groundwork for a future growth of the business impact (GlassDollar n.d.). The outcome is that a BSH start-up collaboration's impact can be precisely and consistently assessed by a business impact measurement technique that GlassDollar has built. Through the use of this model, BSH Startup Kitchen methodically assessed the effects of the start-up solutions they had implemented in their business, leading to net cost reductions of more than 15 Million Euros (GlassDollar n.d.).

Partnering up for innovation efforts can have both financial and strategic goals and outcomes. In this particular case, the partnership with GlassDollar had a strategic (streamlining of start-up requests) and financial (cost reduction) direct and measurable impact on the BSH Startup kitchen and hence for BSH itself. This case is specifically interesting since KPIs and innovation measurement tools are still disputed or not yet uniformly available, as described before. The combination of financial and strategic outcomes made the partnership a success.

Overarching Findings

After discussing the three main innovation vehicles in the designated individual parts, it becomes apparent that all these models implicate diverse decision factors, multiple possibilities and many advantages and disadvantages for the innovation efforts of a corporate. According to the findings of the interviews, most businesses employ a mix of different innovation tactics. The goal of this field lab is to narrow down the insights received from the expert interviews and from existing literature. Combining all these different sources enables to compare the three underlying corporate venturing strategies, "build, buy, partner", and illustrate them in a novel decision framework.

When deciding on the right innovation vehicle, corporates must first reflect on their given conditions, which were narrowed down into eight topics: ownership, autonomy, culture, primary objective, talent, access to resources, capabilities existing in the market and time to market. Only then they can decide which strategy fits their current situation best. Companies that are successful at this self-reflection make appropriate initial decisions. Nevertheless, they have to evaluate the strategy over time, to ensure that yesterday's decisions deliver optimal results and will allow them to succeed in the future. Figure 10 serves as an overview of the different realities of existing corporates related to their identity and the resulting innovation strategy.

If These Conditions Fit With Your Strategy

Ownership	Autonomy	Culture	Primary Objective	Talent	Access To Resources	Capability Existing In The Market	Time To Market	Then
High (100%)	Low	Risk Averse	Strategic	Skills Available	High	Non-existing To Low	Rather Long-term	Build
Low	High	Tolerates Failure	Strategic & Financial Alignment	Skills Limited	Low To Moderate	Emerging	Short-term	Buy
High	Low	Risk Averse	Strategic	Skills Limited	Moderate	Non-existing To Low	Rather Long-term	IVB
Low	High	Risk Averse	Strategic	Skills Limited	Low To Moderate	Moderate To High	Short-term	Partner

Figure 10: Baseline conditions to determine the actual state of the corporate (own presentation based on Stewart)

After studying their own situation and figuring out where to locate themselves, companies should get a better feeling of which vehicle matches them best at this specific time. In the following step, they can delve further into each venturing strategy, which are displayed in Figure 11.

	BUILD	BUY	PARTNER	
			IVB	Partnerships
Top-Management Involvement	Strongly Needed	Needed	Strongly Needed	Strongly Needed
Risk	No Risk Sharing	Risk Hedging	Risk Sharing	
Proximity To Parent Company	Close	Not Too Relevant	Moderate	Distant
Attracting Start-ups	/	Important	/	Important
Talent Sourcing	Internal (External)	External	External (Internal)	External

Figure 11: Five key criteria essential for each strategy (own presentation)

Through this field lab, five main criteria have been established that proved to be the most important in order to succeed with the chosen innovation strategy. The first one is the level of involvement by the Top Management. This can be seen as a pre-requisite within the build and partner approach, yet it is also crucial for the buying strategy. Moreover, it became clear that management buy-in can be a double-edged sword. On the one hand, top-down involvement is essential for establishing and accelerating innovative projects; on the other hand, it creates a dependency on the potential arbitrariness of the C-suite. Therefore, expectations management is vital for success. The second criterion is the handling of the risk component. While the build strategy implicates no risk-sharing possibility, the partner strategy allows to mitigate risk between the corporate and the given partner. The buying strategy, however, implies a particular risk in general, despite corporates' desire to reduce this risk (cf. risk hedging). The proximity to the parent company is another relevant point to consider. The build approach implies that the new venture must act within the overarching strategy to fit with the corporate DNA, which consequently limits the venture's autonomy. In comparison, the buying approach aims to give the venture as much independence and self-reliance as possible, whereas the corporate takes on more of the role of an observer. Within the partnering approach, a distinction must be made between partnering with an independent venture builder and partnering with a start-up directly. The first case leaves the venture with a moderate scope to design, whereas the latter offers a high degree of autonomy. The fourth criterion "attracting start-ups" is significant for the buying approach, as CVC investors need to position themselves in the venture capital ecosystem. In addition, the question of where to find the best talent differs in each strategy. While building can use internal resources, the rest depends on externally sourced experts. Based on these criteria, the three dimensions, build, buy, and partner, can be compared and evaluated according to their advantages and disadvantages (see Figure 12).

	Pros	Cons
Build	Full control IP Ownership Exclusive prospect of revenue	High bureaucracy No risk sharing Resource intensive Long time to market
Buy	Lower time to market Proportional IP ownership Minor active involvement	High risk & (acquisition) costs Low decision power Less shares for investor
Partner	Lowest time to market “Try before you buy“ Risk sharing Minor resource input	Least control Clash of cultures Active involvement required

Figure 12: Overview Pros and Cons (own presentation)

Discussion

The purpose of this chapter is to point out numerous recommendations for Bridgemaker or IVBs in general and shed light on the limitations faced while conducting this field lab. Finally, it gives an outlook on future research regarding corporate venturing.

Recommendations for Bridgemaker

Several recommendations can be derived based on the findings of this work project through extensive literature review and expert interviews. First, Bridgemaker should emphasise that they are the perfect partner to bridge the clash of cultures between corporates and start-ups. Their speed of implementation, expertise, experience, and existing teams are all valuable factors in all stages of corporate venturing. If they promoted their temporary support more on these premises, in-house venture-building units could become aware of this service and be interested in cooperating with Bridgemaker. Furthermore, they should emphasise that partnering with them means less corporate risk. As various experts pointed out, the current crises lead to a lower risk affinity, which provides an ideal foundation for Bridgemaker to address those affected corporates. Generally, Bridgemaker should shed more light on its advantages as an individual venture builder. One interviewee stated that working with an IVB would cost too much time and resources. Proving that wrong by showcasing its efficiency and expertise could help Bridgemaker to improve its image with corporate in-house units and open many doors to the corporate world.

Furthermore, Bridgemaker could consider expanding its services to Corporate Venture Capital-as-a-Service (CVCaaS) by providing CVCs with interim support in start-up scouting and financial and investment advisory. This extension would enable them to address an untapped market by IVBs and, in another step, make them more crisis-proof due to a broader positioning. Another proposal would be to offer smaller service packages (e.g., just the validation of an idea or team scouting per se) since one could hear from the interviews that corporates often handle many projects at the same time and under no circumstances can commit all capacities to one project with an IVB. They could overcome this obstacle by simultaneously positioning themselves within the validation phase of many projects.

In summary, it can be stated that Bridgemaker should consider broadening its offering, as its expertise is in demand for the (ancillary) components of corporate venture building, and many companies do not need or do not want to commit their resources and money to the entire building programme.

Limitations

This field lab involves constraints that represent future research opportunities. For starters, time and space limitations imposed by the university on the scope of the field lab allowed for only a glance into the vast subject of corporate venturing. The tracing of interview partners happened primarily from the network of students, resulting in a lower response rate of contacted experts and fewer senior positions in general. As a result, the outcomes cannot be considered fully representative. However, because all responders had extensive expertise and knowledge in corporate venturing, they contributed considerably more insights than could be imagined within the framework of this work project. Because of time and geographical constraints, all interviews were conducted via MS Teams, restricting the possibility of analysing facial expressions and gestures. Another challenge of the current field lab was the differing opinions within the literature and the interviews. This is because topics such as innovation seldom take a guiding direction and other aspects are essential depending on the case. However, the different opinions are probably also a consequence of the need for long-term empirical data in DACH countries.

Future Research

Corporate venturing has not been around in the DACH region for long, and due to this novelty, best practices and case studies still need to be developed in the literature. It makes sense to review which measures lead to and which inhibit success regularly. Given that this field lab includes experts from various industries, it would be interesting to conduct additional research to determine whether the parent company's specific industry is a determining factor for the objectives and focus of corporate venturing initiatives, as well as how these strategies are organized. Furthermore, new studies can be conducted at regular intervals. These can be structured first to uncover current problems and then survey possible newly released solutions, such as Venture Capital-as-a-Service (VCaaS) or dive deeper into the Venture Client model. The different approaches can be reviewed and compared through qualitative studies with different corporate venturing units. In addition to qualitative research, quantitative research is considered beneficial to make the results measurable. Furthermore, a long-term (longitudinal) study can measure success more significantly, as this topic is often subject to macroeconomic changes.

In summary, the corporate venturing sector still contains numerous topics and issues that must be investigated to map a complete innovation process.

Conclusion

Innovation is the key to progress and a significant reason for sustainable economic success. Often the beginning is the most challenging part, as there are many different options with advantages and disadvantages on the way to develop a corporate venturing strategy.

In order to find the right innovation strategy, it is first of all necessary to take a close look at one's own company, its environment and culture as well as its capabilities and resources and finally, its goal. These factors should then be used to determine what and how to act within the realm of the possible.

The challenge of the current study was the diversity of opinions within the literature and the expert opinions. This is because innovation rarely goes in a pioneering direction, innovation is always subject to change, and other aspects are highly dependent on the specific situation. Furthermore, the analysis of existing research combined with the conducted interviews revealed that there is no "perfect" way of venturing – it became apparent that a mixture of innovative vehicles is the key to excellence. Companies' corporate innovation methods will need to be regularly evaluated, modified, and adapted as such.

Referring to Steve Blank's quote, "You think start-ups are hard? Try innovating inside a large company" (Blank 2021), it can be concluded that despite corporate venturing, innovations within large companies are challenging. However, like large companies, start-ups have their challenges. As tankers and speedboats are not compared in shipping, it is difficult to compare start-ups with companies. Parallels can be drawn, and best practices can be transferred, but copying is not sensible. Instead, it is crucial to innovate within the circumstances and to use the given structure as an advantage. For a thriving innovation culture, start-ups and corporates are essential players driving innovative strength.

References

Blank, Steve. 2019. “McKinsey’s Three Horizons Model Defined Innovation for Years. Here’s Why It No Longer Applies.” February 1, 2019. https://hbr.org/2019/02/mckinseys-three-horizons-model-defined-innovation-for-years-heres-why-it-no-longer-applies.

———. 2021. “Lead and Disrupt.” September 1, 2021. https://steveblank.com/2021/09/01/lead-and-disrupt/.

Bughin, Jacques, Laura Laberge, and Anette Mellbye. 2017. “The Case for Digital Reinvention.”

Chesbrough, Henry William. 2003. *Open Innovation: The New Imperative for Creating and Profiting from Technology*. Boston: Harvard Business School Press.

Chesbrough, Henry William, Joel West, Wim Vanhaverbeke, and Ammon J Salter. 2014. “Open Innovation: The Next Decade.” *Research Policy* 43 (5): 805–11.

“Company Portrait.” n.d. BSH Hausgeräte GmbH. Accessed December 7, 2022. https://www.bsh-group.com/about-bsh/company-portrait.

Corbett, Andrew, Jeffrey G. Covin, Gina C O’Connor, and Christopher L. Tucci. 2013. “Corporate Entrepreneurship: State-of-the-Art Research and a Future Research Agenda.” *Journal of Product Innovation Management* 30 (5): 812–20. https://doi.org/10.1111/jpim.12031.

DiCicco-Bloom, Barbara, and Benjamin F. Crabtree. 2006. “The Qualitative Research Interview.” *Medical Education*. https://doi.org/10.1111/j.1365-2929.2006.02418.x.

Dörner, Karel, Max Flötotto, Tobias Henz, and Tobias Stralin. 2020. “Can’t Buy Love: Corporate-Start-up Partnerships in the DACH Region.” McKinsey. October 2020.

https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/cant-buy-love-corporate-start-up-partnerships-in-the-dach-region.

Eftekhari, Nazanin, and Marce Bogers. 2015. “Open for Entrepreneurship: How Open Innovation Can Forster New Venture Creation.” *Creativity and Innovation Management* 24 (4): 574–84.

Elz, Alexander, and Jasmin Weber. 2022a. *Corporate-Startup-Partnerschaften*. Edited by Jasmin Weber and Alexander Elz. Organisationskompetenz Zukunftsfähigkeit. Berlin, Heidelberg: Springer Gabler. https://doi.org/10.1007/978-3-662-64051-7.

———. 2022b. *Corporate-Startup-Partnerschaften*. Edited by Jasmin Weber and Alexander Elz. Organisationskompetenz Zukunftsfähigkeit. Berlin, Heidelberg: Springer Gabler. https://doi.org/10.1007/978-3-662-64051-7.

Frick, Georg, and Lukas Meusburger. 2021. *Company Building – Wie Unternehmen Erfolgreich Start-Ups Entwickeln*. München: Carl Hanser Verlag.

Gimmy, Gregor, and Andreas Schnell. 2019. “Venture Clienting – the New Approach to Corporate Venturing.” Capgemini Experts Perspectives. 2019. VENTURE CLIENTING – THE NEW APPROACH TO CORPORATE VENTURING.

Gioia, Dennis A., Kevin G. Corley, and Aimee L. Hamilton. 2013. “Seeking Qualitative Rigor in Inductive Research.” *Organizational Research Methods* 16 (1): 15–31. https://doi.org/10.1177/1094428112452151.

“GlassDollar.” n.d. GlassDollar. Accessed December 13, 2022. https://www.glassdollar.com/success-stories/bsh.

Govindarajan, Vijay, and Tris Trimble. 2010. “The Other Side of Innovation: Solving the Execution Challenge.” *Harvard Business Press*.

Hopp, Christian, David Antons, Jermain Kaminski, and Torsten Oliver Salge. 2018. "The Topic Landscape of Disruption Research—A Call for Consolidation, Reconciliation, and Generalization." *Journal of Product Innovation Management* 35 (3): 458–87. https://doi.org/10.1111/jpim.12440.

Innovatiion Leader LLC. 2021. "The Changing Landscape of Corporate-Startup Engagement."

Jäger, Manuel, and Philippe Thiltges. 2022. "How to Choose the Right Approach to Venture Building: 5 Corporate Venturing Methods – Compared."

Kraus, Rafaela, Tanja Kreitenweis, and Brigita Jeraj. 2022. *Intrapreneurship*. Edited by Rafaela Kraus, Tanja Kreitenweis, and Brigita Jeraj. *Intrapreneurship*. Berlin, Heidelberg: Springer Berlin Heidelberg. https://doi.org/10.1007/978-3-662-64102-6.

Kuratko, Donald F., Jeffrey S. Hornsby, and Jeffrey G. Covin. 2014. "Diagnosing a Firm's Internal Environment for Corporate Entrepreneurship." *Business Horizons* 57 (1): 37–47. https://doi.org/10.1016/j.bushor.2013.08.009.

Kuther, Sophia, Alex Mahr, Dominic Mehr, and Jan Sedlacek. 2022. "Annual Stryber Corporate Venturing Report Europe."

Prats, Julia, Josemaria Siota, Isabel Martinez-Moche, and Yair Martinez. 2019. "Open Innovation IESE Business School and BeRepublic 2," January. https://media.iese.edu/research/pdfs/ST-0500-E.pdf.

Rodriguez, Alejandra. n.d. "Venture Client Model: A Formula for Corporates and Startups." Bundl. Accessed December 3, 2022. https://www.bundl.com/articles/venture-client-model-a-winning-formula-for-corporates-and-startups.

Rosenthal, Meagen. 2016. "Qualitative Research Methods: Why, When, and How to Conduct Interviews and Focus Groups in Pharmacy Research." *Currents in Pharmacy Teaching and Learning* 8 (4): 509–16. https://doi.org/10.1016/J.CPTL.2016.03.021.

Saldanha, Tony. 2019. *Why Digital Transformations Fail: The Surprising Disciplines of How to Take off and Stay Ahead*. Berrett-Koehler Publishers.

Schilling, Anton, Antonia Frizberg, Michael Wlaschitz, and Verena Judmayer. 2021. "Dach Innovation Study."

wattx. 2022. "How to Set up a Digital Innovation Unit."

Weiblen, Tobias, and Henry W. Chesbrough. 2015a. "Engaging with Startups to Enhance Corporate Innovation." *California Management Review* 57 (2): 66–90. https://doi.org/10.1525/cmr.2015.57.2.66.

———. 2015b. "Engaging with Startups to Enhance Corporate Innovation." *California Management Review* 57 (2): 66–90. https://doi.org/10.1525/cmr.2015.57.2.66.

Wiener, Manuel, and Phillip Schneider. 2020. "The next Big Thing to Boost Your Innovation – the Venture Client Model." Capgemini. December 22, 2020. https://www.capgemini.com/insights/expert-perspectives/the-next-big-thing-to-boost-your-innovation-the-venture-client-model/.

"Wirtschaftsraum DACH." 2020. Statista. 2020. https://de.statista.com/statistik/studie/id/74878/dokument/wirtschaftsraum-dach/.

Zasowski, Nick. 2020. "Disrupting the Venture Landscape: Why the Startup Studio Model Is Where Investors Find Capital Efficiency."

Table Of Figures

Appendix

Appendix 1: Interview Guide – Decision Factors of Corporate Venturing Strategies

Name	Company	Date of the interview	Interview time

1. Introduction of the researcher and context of the interview
    - Brief introduction of the researcher and his current activities
    - Presentation of the thesis and the interview

2. Organisational matters
    - Procedure of the interview
    - Anonymisation

3. Introduction of the expert
    - Current job
    - Experience in company building

4. General question on innovation
    - What is the core objective behind the innovation efforts?
        - Optimisation potential of the core business? (CORE)
        - Expand core business? (ADJACENT]
        - Complete realignment? (TRANSFORMATIONAL)

Questions	Build	Partner	Buy
What are the top 3 success criteria of the strategy?			
What are the advantages of your strategy?			

What is the overall objective of this strategy? (core/adjacent/transformational)			
In which scenario is this strategy used?			
What specific innovations have been promoted in this context?			
Who is involved? (Top Management)			
How do you measure success? KPIs			
How many of your past 3 projects are sustainably successful?			
How long does it take to be successful?			
What are the costs? <100k, 100k-1M, >1M €			
Who retains control? (Ownership x Risk)			
How close or how loose does the relationship with the parent company need to be?			
What assets does the parent company bring to the table? (Unfair advantages)			
Should the two entities merge in the long term or remain separate?			

5. Budget

- How much budget do you have available on average for innovations?
- Is this budget exclusively for the innovation department or does the marketing department, for example, also have its own budget for innovations?
- How is this budget then divided up and used?
- Do you feel that the innovation budget is sufficient? Also in terms of competences?
- How much budget does a group allocate to CVB per project?

6. Experience & Process Understanding (Success Story)

- Can you tell us about a past project in the CVB area?
- What was the aim of the project?
- How much budget did you have for it?
- To what extent was the project a success? How is success measured or do you have KPIs for it?
- What worked well? What less well?
- What problems did you face in the course of the project?
- Would you implement the same project again today with the same strategy?
- If yes, why? If no, why not?
- How many of your projects in recent years have been sustainably successful? What is the reason for that? How is that measured?
- In comparison: what constitutes failure vs. success?
- What are the most important decision factors for a corporate venturing strategy? (Structure/Legal/Financial/Strategic)

7. Conclusion of the interview

- Open question as to whether the expert would like to add aspects that he/she considers important
- Ask for additional contacts
- Asking if we can get in touch with follow-up questions
- Ask whether the results should be shared afterwards