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Strategic Background of the Start-Up—Qualitative Analysis

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Abstract: A start-up is a relatively new and attractive entrepreneurial form that is being explored in a broader national economy and industry context. However, there is little knowledge about its strategy, which is mainly represented by the business development strategy. The main goal of the research is to deepen and expand knowledge about the strategic background of start-ups, which is preparation and condition for a development strategy and later a business strategy, too. The partial goals of the research are in-depth and detailed knowledge of the content and novelty of the business idea, the quality of the internal environment of the start-up, the nature of the external environment of the start-up, and the content of the goals. The research sample contains 147 start-ups operating in Slovakia. Each start-up was researched by a member of the research team, who personally recorded the statements of the founder. The research results are based on qualitative analysis and synthesis of statements of the founders of start-ups. The main result of the research is a summary view of the strategic background of the examined start-ups, which expresses the peculiarities of the start-up business making and documents the possibilities and motives of the start-up's strategizing. The summary of knowledge about the strategic background of the start-up is synthesized into a strategic balance sheet, which expresses the strategic perspective of the start-up, the possibilities of survival, explains the potential failure, and provides a solution to the identified imbalance. The practical use of the results consists of providing a model of the strategic balance, which is the result of field research of real and functioning start-ups. The originality and value of the research lie in the direct collection of qualitative data, immediate knowledge of business reality, and the synthesis of results into a comprehensive and at the same time detailed picture of the strategic background of the start-up.

Keywords: start-up; development strategy; strategic background; business idea; the strategic balance

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1. Introduction

A start-up is a small and immature enterprise with growth prospects (Thiel 2014, pp. 10–11; Ries 2011, p. 27; Blank and Dorf 2012, p. XVII). The mission of start-ups consists of pursuing businesses that are not very attractive to larger, older, and established companies, e.g., they are too pioneering, innovative, unverified, and unconfirmed by the market, hence burdened with significant technical and business risk. The mission of start-ups also lies in the creation of new jobs, although not on a mass scale. A start-up creates a space for the self-realization of creative and courageous people with entrepreneurial talent. A start-up is evolving rapidly and usually does not have and does not need a formal strategy. However, this does not mean that it does not need to think strategically, act strategically and form a strategic background or strategic preconditions. Strategic considerations, action, and background allow a start-up to exist, survive, build a business and later deal with an explicitly formulated and implemented strategy. Thus, the start-up strategizes intuitively rather than purposefully creating a strategy. Knowing the strategic background of start-ups could increase the chances of their survival and later business success.

Strong impetuses for research are the frequent and mass failure of start-ups, their weakened viability, the absence of more valuable knowledge about the strategic thinking and action of start-ups, and the effort to achieve a minimal formalization of the start-up strategizing. Many of the causes of start-ups' failure have strategic nature (The Top 20 Reasons Start-Ups Fail 2019), and therefore insight into strategic considerations of the start-uppers, the quality of internal resources, and the external circumstances of their actions is a serious scientific problem the solution of which will help clarify and explain their strategic actions. The knowledge about this scientific problem is superficial, incomplete, partial, and inconsistent; there are no research studies at disposal explicitly focused on examining the start-ups' strategizing, and therefore the presented research can be considered original.

The structure of the article is as follows: 1. Literary analysis, the result of which is the current state of knowledge about start-ups' strategizing, on the basis of which the main and partial goals of the research are formulated. 2. The purpose of the research is to deepen the knowledge about the strategic background of start-ups based on the analysis of their real actions and real decisions. 3. Qualitative research has made it possible to capture unknown and unforeseen facts and has therefore penetrated deeper into the knowledge and explanation of little-known or unknown realities. 4. The results of the research contribute to clarifying and strengthening the viability of start-ups. 5. The synthesis of research results offers a simple but effective tool for examining the strategic background of the start-up and verifying its strategic capabilities.

2. Start-Up Strategizing

Start-up and strategy. Start-up as a small and especially a nascent company faces two strategic tasks. The first task is to establish, build, and develop an enterprise. The second task is to enter the market and gain a foothold in the industry, to compete and outperform competitors. Gulati and DeSantola (2016) identified critical activities for the successful development and growth of a start-up, e.g., to employ professionals and specialists, to strengthen the corporate culture that will keep the company alive. Collis (2016) writes that the three elements of the strategy are essential, namely the goal, the scope, and the competitive advantage. The development strategy is thus complemented by a business strategy, the core of which is a competitive advantage. The development strategy shapes the structure of enterprise resources, and the business strategy is formed in the competitive struggle. Schramm (2018) has great doubts about planning and rejects it as a tool for establishing, developing, and running a new company. According to Schramm, a new company must do one thing: invent a new product and go public with it. What happens next is a matter of learning from practice or learning by doing. The debate of experienced entrepreneurs (Shah et al. 2018) also recommends planning less, acting more and proving something, gaining momentum, and maintaining it. How start-ups actually act, how they strategize, how they compete will only become apparent in practice, in a competitive space.

Apart from a business idea, enthusiasm, drive, the need for self-realization, the start-up no longer has anything that is necessary for business making. However, for a founder to build a business from almost nothing, he needs a strategy. Descriptive statistics show that the lack of a structured business development strategy emerges as a key determinant of start-up failure in most cases (Cantamessa et al. 2018).

The scientific literature so far deals with the strategies of start-ups to a very limited extent, and therefore an overview of the current state of knowledge on this topic will be based on the strategies of small and new companies, whose prerequisites for strategizing are similar to start-ups. Umar et al. (2018), who conducted research on small businesses, consider the creation of a strategy in a competitive environment as a condition for avoiding bankruptcy. A company that can compete is a company that successfully implements its business strategy. Strategy is therefore a condition of survival. Gartner et al. (1999) write that new surviving enterprises (start-ups) differ from non-surviving ones by one strategic and one broad environmental characteristic: 1. surviving companies choose mainly specialization/focal strategies and 2. surviving companies are mainly in high-growth industries. According to Sciascia et al. (2006), companies that can survive must be competitive. At the heart of competitiveness are innovative strategies that respond to environmental dynamics. This dynamic forces companies to change (innovate) products and markets or market segments if they want to remain competitive.

The business idea is the primary impulse for the establishment of the company–start-up and the consequences of its content and novelty on the viability of the company are fundamental, hence strategic. Block et al. (2014, pp. 1–32) write that the conditions at the birth of a company tend to affect companies even over very long periods. The consequences of initial strategic decisions are usually very lasting. The best business ideas generate high profits and are burdened with low risk. However, the occurrence of such opportunities is rare. Burns (2014, p. 66) proposes to evaluate them according to criteria that are derived from the aspirations and abilities of the entrepreneur and the commercial viability of the idea. Many starting entrepreneurs mistakenly believe that their groundbreaking business idea will be equally revolutionarily perceived by customers and that innovation is so cutting-edge that it will sell itself (Kopera et al. 2018, pp. 23–32). The novelty of a business idea depends on recognizing the favorable conditions that encourage novel and unconventional solutions and on distinguishing the "signal from the noise" (Silver 2014), hence the ability to notice fundamental trends and not slip into banalities and false opportunities.

The development of a business idea is also the development of a start-up, its existential motive, driving force, and essence. Various schemes and processes are presented, e.g., six phases from Burns (2014, p. 65), four or five phases from Blank and Dorf (2012, pp. 3, 5), and six phases from Marmer et al. (2012). Building an enterprise and its growth shows the process sequence described by Salamzadeh and Kirby (2017) in seven phases and Goldsby et al. (2017) in four phases. The creation of a start-up involves a nascence of idea or identification of an opportunity by an entrepreneur, who then groups a series of activities, mobilizes resources, and builds competencies when he/she uses his/her networks in the external environment to create value. Five phases have been identified in published research.

Simultaneously with the development of the idea, an investment cycle takes place, which is an independent confirmation of the viability of the idea and the product. This kind of confirmation is issued by the investor because without venture capital, the development of a start-up is either impossible or very lengthy. The published research identified a cycle of financing with five phases and is especially in line with the work of Freňáková (2011, p. 30). The investor in the first phases of the financing cycle (Gompers et al. 2021) tends to rely on his/her intuition and experience, tries to estimate the business potential of the idea, evaluates the enthusiasm and determination of the leading start-upper/founder, the quality of his/her leadership and the quality of the start-up team.

The internal environment of a start-up is very humble, and therefore the start-up faces a serious question of how and from where to procure the missing resources and processes. In particular, there are decisions about how the company will be built, either individually, independently, or in cooperation, how the most valuable asset, which is a business idea, will be enhanced. Gans et al. (2018) propose four strategies to facilitate and systematize market entry. The choice of an appropriate strategy is conditioned by the consideration of two competing compromises: Collaborate or compete? and Build a moat or storm a hill? Attitudes towards established companies and attitudes towards innovation are addressed. This concept, called the entrepreneurial strategic compass, has been criticized by practitioners and entrepreneurs (Shah et al. 2018) but opened the topic of more or less necessary cooperation and protection of the business idea. However, partnerships with start-ups are also attractive to large and mature companies because they increase their agility (Silva et al. 2020; Weiblen and Chesbrough 2015).

Pugliese et al. (2016) examined the factors that influence the growth of a start-up. The predefined factors gained the following weights: resources and capabilities (33.5%), business/industry and business team (18.0%), marketing and strategy (11.6%), and ecosystems and context (12.0%), the rest consists of a combination of these factors (24.9%). In principle, all assessed factors can be considered strategic; although most of them focus on internal growth assumptions, the role of the external environment is less clear.

Kang (2018) researched the building and growth of a company depending on the origin of financial resources and found that start-ups prefer to finance their projects from IVC (institutional venture capital) and CVC (corporate venture capital) than from business angels when they reach a sufficient level of technical progress. He also found that start-ups prefer to finance their projects from IVC and syndicated investors than from business angels and CVC when they implement highly uncertain technologies that provide a higher return.

The growth and development of a start-up are also conditioned by large investments in qualified human resources because knowledge is a central element of a start-up. The strategy that thus supports the advancement of the start-up was called by Iazzolino et al. (2019) a knowledge-based strategy (KS). In their research, they dealt with the level that an individual start-up can reach when implementing a knowledge-based strategy.

Gulati (2019, pp. 85–91) argues that a start-up is more than just an idea, a business model, and talent. He identified the soul of the start-up, which consists of entrepreneurial intent, which is actually a business idea and the reason why the start-up exists, confidential customer cognition, and work experience. A start-up can become a stable and successful business making if its team identifies with the idea, has a sense of useful work for the customer, and enough freedom for self-realization.

The external environment is as complicated for a start-up as for any other company, but due to the humble internal resources, the start-up mainly observes and examines customers, product/market fit, competition, and trends in its own and competing industries. Thorough and direct knowledge of the market and the customer, customer interviews, pre-order gathering, and pivots based on customer feedback correlate with start-up performance (Welter et al. 2021). Shepherd and Gruber (2021) also emphasize that the start-up should know the market well (market-opportunity navigation). The relationship between start-up and competition is ambiguous. The novel idea is expected to enter the market almost without competition, but Burke and Hussels (2013) write that exposure to competition in the early stages of business making can bring prospects for long-term survival and staying in the market. The choice of industry influences in the long term not only the composition of the competition but also the perspective and profitability of the business. Entrepreneurial activity should therefore be directed to industries (Felin et al. 2019) that develop and apply new scientific knowledge and where there is room for experimentation, which suits the concept of the lean start-up in particular and thus stimulates the emergence of radically new products and markets. Participation in networks and associations is not only useful for start-ups (Passaro et al. 2020) but often also necessary. It supports and accelerates product innovation, internationalization processes, and entry into global markets, as confirmed by research from Stayton and Mangematin (2016, 2019) and Usman and Vanhaverbeke (2017).

Steinz et al. (2016) examined the barriers that foreign clean-tech start-ups encountered in entering the Chinese market and the strategies that helped to overcome these barriers. The main strategy, in this case, is to dispose of quality resources, to set the time of entry correctly, to know the local society and culture, and, if possible, to master the language.

Many studies of Korean start-ups highlight critical factors for survival and growth, including entrepreneurship, innovation, and technology. However, these factors do not guarantee success in the market. In addition to technical skills, a good set of strategies is needed. Research has shown (Yin et al. 2019) that scaling and global strategy are important for Korean start-ups. Two methods were used to analyze the success factors of fast-growing Korean start-ups, namely the ABCD model (agility, benchmarking, convergence, dedication) and the global value chains (GVC) strategy. Previous studies of Korean start-ups have focused on the role and effectiveness of government in strengthening start-ups (Lee and Kim 2019). The ABCD model explains how a company can be more competitive than its competitors, even if it does not have top resources or is situated in similar or inferior resource conditions. Internationalization through the GVC strategy, in turn, allows start-ups to use international resources to help them overcome their shortages and circumvent domestic regulations.

The ABCD model (Yin et al. 2019) is also a consequence of the limitations of the planned strategy and the necessity to let room for an unplanned, emergent, or action strategy. It is a strategy based on agility (rapid change to increase competitiveness), on comparison with the best companies in the industry (benchmarking, lessons learned from industry best practice), on convergence (combination of external and internal resources to increase competitive advantage), and on dedication, enthusiasm, and diligence.

Pivots. Changes are constantly present in the life of a start-up because the start-up is experimenting with its business making. It knows and satisfies the needs of a potential customer better and more realistically, constantly adapts to a more accurate cognition of these needs, or finds that it is necessary to change or even abandon the original concept of need–customer–product and find and develop another concept. Pivots are a natural part of start-up development (Arteaga and Hyland 2014, pp. 8, 9); pivots are also a tool for start-up improvement and protection against failure (von Windheim 2020). Shepherd and Gruber (2021) consider pivoting to be one of the main building blocks of a lean start-up.

The literature search also reveals specific conclusions and implications for further research, especially field research, which would deepen and expand knowledge about the development strategy of the start-up, the fateful consequences of the business idea, internal strategic preconditions of the start-up, external environment of the start-up and correction of strategic considerations based on business experience.

3. Goal and Method of Research, Research Sample

The goal of the research is to gain knowledge about the strategic background of start-ups based on the analysis of real actions and real decisions of start-ups. Acting and making decisions of this kind fundamentally affect the viability of a start-up. Establishing a company and surviving contact with the business reality is an elementary condition for further existence. A deeper understanding of the strategic background of start-ups requires asking a few fundamental and therefore strategic questions. What is their business idea? What are their visions and goals? What is the quality of their internal environment? How can they be well versed and act in an external environment? That is, to what extent they are ready to maintain and develop their business, develop and implement a business idea, formulate goals, and manifest viability, which is the main strategic theme of the start-up. The partial goals of the research are the content and novelty of the business idea, the quality of the internal environment and the nature of the external environment of start-ups, the formulation of the vision and goals of start-ups, and the balance of relations between the partial goals of the research. A partial goal of the research is also the systematic organization of existing knowledge about start-up strategizing.

The research sample included 186 micro-enterprises originally but had been reduced to 147 start-ups, as companies with incomplete data and companies whose nature did not correspond to the characteristics of the start-up were excluded. The selection criteria are age of a maximum of 5 years (9/2015–9/2020), an industry with high added value, great growth and innovation potential, employment of a highly skilled workforce, scalable business model, regional to global competitiveness, support for smart and inclusive economic growth. Studied start-ups were founded in 2015 and later, with the exception of eight start-ups based in the years 2012–2014. The average number of employees in surveyed start-ups is 8.2, excluding the five start-ups employing more than 50 employees, so the average number of employees will fall to 7.3. Industry incorporation of researched start-ups according to SK NACE (Nomenclature statistique des économiés économiques dans la Communauté européenne):

A—Agriculture (forestry and fishing): 1
C—Industrial production: 22
F—Other building completion and finishing work: 3
G—Wholesale and retail trade: 24

I—Accommodation and food services: 3
J—Information and communication: 41
K—Financial and insurance activities: 1
M—Professional, scientific and technical activities: 28
N—Administrative and support service activities: 12
P—Education: 3
R—Arts, entertainment and recreation: 4
S—Other activities: 5

In recent years, there have been 176 to 600 start-ups in Slovakia at various stages of development, according to the estimate of the Slovak Business Agency (SBA) (2018). The smallest but reliable data on the number of start-ups is the SBA database (2018). It contains 176 start-ups that met the prescribed conditions, and in the years 2015 to 2018, received the support of the agency. Up to two-thirds of start-ups are concentrated in the capital Bratislava and its vicinity. The research sample of 147 start-ups can be considered sufficiently representative.

Method. Field research took place in the period from September to November 2020 in Slovakia in start-ups, which were located mainly in the capital Bratislava and its near surroundings. The structure of the research questions follows a standard process of strategic analysis, which in this case begins with the formulation of a business idea, continues with the analysis of the internal and external environment, and ends with the formulation of goals. The research is focused on the strategic background of the start-up, hence on its internal and external preconditions that will enable it to exist and survive. The results of the research are completed by a synthesis that clarifies the conditions of viability and potential success of the examined start-ups. Later, if the start-up is sufficiently developed, it can deliberately formulate a business strategy based on this background.

The research results are based on a qualitative analysis of respondents' statements and report on the nature of the business idea and its novelty, the quality of the internal environment of start-ups, and the characteristics of the external environment in which they do business and the content of their goals. Each start-up was reviewed by one member of the research team, who personally recorded the evaluations and answers of the founder/owner in a questionnaire. Open questions were asked, and any ambiguities were immediately explained. The founders answered questions that were implicitly asked about the strategy. Explicit and closed questions would encourage them to the answers, which would be a description of ideas, desires, and plans, rather than perhaps a sad but inevitable fact. Qualitative questions with a certain degree of implicitness make it possible to capture a wide range of unknown or unforeseen facts that researchers did not anticipate and thus can bring a deeper insight into the cognition of known facts. Topics of qualitative questions are listed in Section 4. Research results. They are written in italics at the beginning of the respective paragraph.

The researchers tried to identify, describe and characterize the reality, the attributes of the start-up, and its actions, which could not be quantified in the appropriate measurement units or the scoring scales. Researchers did not ask for opinions, impressions, or beliefs. The staffing of start-ups is very limited, and the quality cooperation was limited to one person, and therefore the founder of the start-up, who knows the start-up comprehensively and cross-sectionally, was addressed. Confrontation of the founder's statements with the statements of his colleagues, who do not have a comprehensive overview of the start-up and with regard to the content of the research, does not make sense. The reliability of the statements is indirectly confirmed by the results of research, which do not seem exaggerated, do not result in excellent characteristics or exceptional business results of the analyzed start-ups, and therefore a high degree of congruence between reality and the founder's statements can be assumed.

Qualitative analysis is based on grouping answers around key statements. When analysing the answers to the qualitative questions, the researchers identified key statements around which they recorded/clustered the same or very similar responses; the clustering corresponds to the identified reality and therefore may be quite extensive and diverse. The occurrence of each cluster of statements is recorded as a share (%) in the total number of qualitative statements.

Qualitative research allows gaining a unique view of respondents, better covering the complex and very turbulent real-life situation, e.g., studies of Haase and Eberl (2019) and Kuckertz et al. (2020). Hlady-Rispal et al. (2021) consider the core contribution of qualitative research: understanding context, dealing with complexity, sensemaking, socially constructed theory, and triggering action. van Burg et al. (2022) urge researchers to leverage the plurality of different qualitative approaches, including less conventional methods. In the paper, there is used the non-probability sampling method as is described by Etikan et al. (2016) and is common in qualitative studies. It was used in researches of De Guimaraes et al. (2017) and Carvalho and Rabechini (2017). The research team acknowledges that this may introduce some bias to the sample. However, probability sampling in this field of study has similar problems. In the business field, there is always a very high rate of non-respondents, which gives rise to other types of biases like nonresponse bias. As presented data was sampled using a non-probability method, hypothesis testing makes little sense as the distribution against which it would be tested is a probabilistic one.

4. Research Results

4.1. Business Idea

The essence (concept) of a business idea. New or improved technology, mainly micro-electronic hardware, is the core of the business idea of a quarter of the surveyed start-ups (25.2%), e.g., miniature passive sensors. Information technologies, which have the nature of software, are the basis of the business idea of 23.1% of start-ups. Software is extensive program equipment of complex information systems and smaller program equipment of various, especially mobile applications and electronic games, e.g., cash register system and application for compiling a CV. The software also has a specific form of electronic platforms and portals (17.0%), e.g., aggregator of advertising brochures. Environmental, biological, and recycling topics are the essence of 13.6% of start-ups, e.g., non-waste consumer goods, food, and plastics processing. Business consulting and education, especially in IT skills, is the origin cause of 6.8% of start-ups. Piece textiles, which are atypical fashion clothes, sportswear, and unusual prints on leisure clothes, are the bearer of a business idea in 5.4% of start-ups. The rest of the start-ups (8.8%) bases the business idea on a unique product design, e.g., 3D printing, unusual pens, wooden bicycles, sale of renovated textiles.

Justification of the novelty of the business idea. Start-ups justify the originality of a business idea mainly by the fact that they are the first (25.9%), namely on the market, in Slovakia, in Europe, the region, or the city in which they operate. The second strong argument (21.8%) is uniqueness, novelty, complexity, publicity of the idea, and ownership of the patent (negligible number of cases). The third justification (15.6%) is the presence of only a small number of competitors, the identification of an unmet need, and the result of a market investigation. Of start-ups, 9.5% argue their own design to support novelty. Other reasons (2.7%) are, e.g., genuine local raw material, customer service. Almost a quarter of start-ups (24.5%) provide no justification for the novelty of their business idea.

Phases of business idea development. Phase 1 (2.0%): Part of the first phase of the existence of a start-up, in addition to working on a business idea, is raising funds, finding investors, the administrative establishment of the company, building and promoting the brand in public space. The start-up is unknown and has only a very limited source of cash.

Phase 2 (5.4%): Product development is accompanied by the development of own know-how, public awareness, decision-making on external cooperation, efforts to shorten product development time and enter the market prematurely, as there is no need yet.

Phase 3 (14.3%): Prototyping of the product is inextricably linked to testing. Start-ups test all willing and responsive stakeholders because there is a lack of money for testing, especially hardware. Testing is expensive, so friends and other supporters also test. It is tested on the domestic and foreign markets, wherever there are enough motivated testers.

Phase 4 (24.5%): When the product is completed and tested, the start-up working effort will shift to ensuring production and logistics, building sales. Initial interest in the product is waning and needs to be encouraged again. The original product is constantly being improved, supplemented with accompanying services. Customers expect an expansion of the assortment and additional goods, customers with specific requirements are appearing; the product may additionally need various certificates and licenses. Prolonged and expensive preparation of the minimum viable product results in, e.g., lack of working capital to finance production and sales and/or slowing down the market launch.

Phase 5 (53.7%): In this phase, the start-up begins to solve problems that are typical for established small and medium-sized enterprises. It needs to speed up production processes, reduce costs and increase profits. If it has developed the right product, it needs additional funding, usually of external origin, to increase production capacity, aggressive expansion, and marketing. It still stands in front of the task of how to get more into the public consciousness and attract more customers. It is engaged in trade and tries to obtain exceptional, e.g., global clients. It continuously improves the product, expands the offer, it adds unique elements to outperform the competition. It responds to imitation attempts, deals with unresolved product development, e.g., high energy consumption, it complements the low-selling premium version of the product with the more affordable standard version. It solves tasks of an operational nature, e.g., increase in the number of administrative tasks, lack of capable people, limited working capital, expansion of production capacity, unreliable suppliers.

Business idea financing cycle. Phase 1 (3.4%): The seed capital for the development of a business idea consists of own resources, which are the founder's savings (self-financing), crowdfunding, and money from an angel investor.

Phase 2 (16.3%): The start-up capital that is spent on product development comes from the savings of the founder and other partners. Some start-ups are also financed by a consumer loan from a bank, and they cover part of their financial needs with crowdfunding. This phase of the financing cycle is characterized by a lack of finance and the search for investors.

Phase 3 (75.5%): Capital for initial development and further growth flows again from the founder and his immediate surroundings. A significant number of start-up entrepreneurs prefer independence; they do not want an unfamiliar investor to enter the company. They prefer EU funds, state funds, e.g., Slovak Investment Holding, crowdfunding, and acceleration programs. At this phase of development, they already use the resources earned by the operation of the company. However, these resources are generally not enough to expand the business, and therefore external financing is a key condition for further progress. Start-ups in this phase of the funding cycle have completed at least one investment round, although the funding did not come only from a typical venture capital fund. In addition to institutional capital, it is also the capital of individual investors. Start-ups have difficulty finding new investors who would provide capital for initial development and further growth. Investors do not consider start-ups to be attractive investment opportunities.

Phase 4 (4.8%): The capital structure for further development is similar to the previous phase, but the start-ups managed to close the third investment round with institutional venture capital providers or other individual investors. The condition is to achieve such income that motivates investors to continue investing.

Phase 5 (0.0%): None of the examined start-ups reached the issue of own shares, listing on the stock exchange, and the acquisition of share capital.

Hesitant interest in external financing, inability, or unattractiveness of start-ups, which discourages investors from making a capital contribution, is substituted by the savings of the founders, reinvestment of operating earnings, loans, and public funds. However, these resources are not enough for rapid and ultimately accelerated business growth.

4.2. Internal Environment

Missing resources. Start-ups lack the most finance (38.8%) and resources of a technological nature (21.1%), e.g., know-how, special hardware, data. Furthermore, start-ups lack people with professional and entrepreneurial knowledge and experience (17.7%). The rest of the start-ups (22.5%) did not mention the missing resources or did not comment on the topic. The lack of finance is due to investors' concerns because they do not trust the product or are not interested in the product because they specialize in other products and industries. Some start-ups cannot find external financial resources because they lack the skills and competencies to find and persuade an investor. The current pandemic has also reduced investor interest and activity. The lack of technological resources is caused by the failure of subcontracting due to the pandemic, by long order deadlines for special materials and special data sources, by a limited number of suppliers. Human resources are lacking because there are not enough suitable and qualified candidates in the labor market, especially specially educated and smart people, e.g., IT programmers, developers, marketers, dealers. People are not willing to work outside working hours for average salaries; they lack enthusiasm, initiative, responsibility, special knowledge, and expertise in a particular branch but have high demands on salary and high fluctuation.

Missing processes. Most start-ups (39.5%) do not lack any processes, they either do not need them yet, or they have them ensured by an external partner. Other start-ups lack the following processes: management and administration (26.5%), promotion and marketing (10.9%), after-sales services (7.5%), distribution (6.8%), production (5.4%), research and development (3.4%). Due to the immaturity of the company, the management process is incoherent and irregular; some administrative activities are demanding in terms of expertise and are therefore outsourced from the company. Promotion and marketing are missing due to unclear marketing strategies. Production is too complex for an inexperienced and resource-limited start-up and is therefore performed by an external supplier.

Key partners. Suppliers of intangible resources that provided technological know-how accounted for the largest share in the examined sample of start-ups (27.9%), e.g., start-up Luigi's Box, which develops a software tool to improve product search on a website, needs additional know-how to improve the software. There were 15.6% of start-ups that consider as key partners suppliers of tangible resources, which are materials and components, e.g., start-up MARK Cosmetics, which produces natural cosmetic products, buys the raw material from a certified supplier. Furthermore, 15% of start-ups need suppliers of business know-how, e.g., start-up Interestingsamples, which has developed a platform for bringing together researchers and volunteers from clinical trials, gets basic business notions from consultants. Additionally, 12.9% of start-ups have no suppliers. They work without partners, and they can arrange all activities themselves, e.g., start-up Poetic Studio and the Institute of Monitoring and Analysis, which provides consultancy on energetics. Suppliers of external processes (trader, seller, distributor) can also be key partners. Their services are used by 8.8% of start-ups, e.g., SkyBean manufactures devices for paragliders, and its key partner is the DHL distributor. A small share of start-ups (7.5%) has suppliers of advertising and PR. 4.8% of start-ups have a key partner, which is the supplier of financial resources, and the same share of start-ups have a key partner, which supplies internal processes (implementation, production, or operation). Furthermore, 2.7% of start-ups consider the supplier of the finished product to be a key partner.

Key resources provided by partners. A start-up is a small and imperfect company whose resources are extremely limited and therefore obtains the missing resources from partners. The most requested source (31.3%) provided by partners is information and knowledge. These are professional and business advice, experiences, business contacts, knowledge about the competition, and various data. For example, the start-up Specter Sports, which produces hockey tapes (stickers), depends on the knowledge provided by hockey players and coaches. Popular players are also promoting the product. Another important source provided by partners is material inputs (25.9%). For example, the start-up AuthenticWOOD produces unique wood products but buys the basic material wood from the supplier.

Finance is a key resource provided by partners for 21.8% of start-ups. It comes from business angels, venture capitalists, and, to a lesser extent, banks. Nine and half percent of start-ups consider their people to be key resources, which they supplement through partners. 4.8% of start-ups have no resources from partners. 1.4% of start-ups consider operating premises to be a key resource provided by partners. 5.4% of start-ups did not comment on the resources they receive from partners.

Key activities performed by partners. A start-up usually has a very simple internal operation and therefore outsources a large part of the processes. The research identified the activities performed by the partners, and the analyzed start-ups consider them to be key, resp. the most important. Most start-ups (25.9%) consider product promotion and presentation, marketing, advertising, marketing communication, branding, networking, and product market testing to be key activities performed by partners. 21.1% of start-ups outsource the processing of primary raw materials and the production of semi-finished products. 20.4% of start-ups hand over research and development work to partners. The partners fully provide sales activities for 9.5% of the surveyed start-ups. For example, for the start-up PapayaPOS, which offers a cash register system for public catering, partners ensure the sale of products, their installation, and provide maintenance. 6.8% of start-ups leave distribution (logistics) to partners as a key process. 5.4% of start-ups do not hand over any activities to partners and are not dependent on partners, e.g., Arctic Forest (smart greenhouse development) and Kimbino Green (flyer aggregator). 4.1% of start-ups said they considered product storage and cloud storage to be key activities for partners. Without their existence, they would not be able to carry out their business activities. 6.8% of start-ups did not comment on the activities carried out by the partners.

Barriers to growth and scaling. Possibilities, conditions, obstacles, and problems of business scaling, including rapid to exponential growth. Start-ups are naturally expected to scale and grow. 30.6% of start-ups want to overcome growth barriers by cooperating with other companies. This cooperation can bring missing resources, processes, and market opportunities. Smartago plans to form partnerships that will support the sale of intelligent lighting technologies. REN Slovakia, which manufactures a solid dishwashing detergent, also considers the sales partnership to be the only opportunity for exponential growth and penetration into new markets.

A big obstacle to growth for 18.4% of start-ups is the lack of funding. Finance is needed for product development, building production and operating capacity, entering foreign markets, and increasing working capital.

Undeveloped marketing is the cause of slow growth for 11.6% of surveyed start-ups. There is a lack of effective marketing communication in establishing new business contacts, listening to customer needs, and building a brand.

Insufficiently qualified and prepared staff slows down the growth in 9.5% of start-ups. 8.2% of start-ups did not state the limitations of scaling and growth of the company because they were in the phase of product testing or did not want to comment on this topic. A high obstacle to growth for 4.8% of start-ups is fierce competition. 1.4% of start-ups consider small space of production facilities to be an obstacle to growth.

Sources of competitive advantage. The most widespread source of competitive advantage of the examined start-ups are specific and at the same time very diverse sources (31.3%), e.g., patent, speed of delivery, own operation or production, efficient sales processes. The uniqueness of the product is considered a competitive advantage by 26.5% of start-ups. Owning unique know-how, which materializes in technology, is a competitive advantage for 13.6% of start-ups. The quality of services provided is the basis of competitive advantage for 10.9% of start-ups. Low costs are a source of advantage for 8.2% of start-ups. A unique relationship with the customer (love-brand, customization, special pro-customer approach) makes 6.1% of start-ups advantageous. 2.4% of start-ups cannot identify or do not have a source of competitive advantage.

Investor structure. Almost two-thirds (63.9%) of the surveyed start-ups use only their own financial savings from the founders, owners, and managers to implement the business idea. Less than a tenth (9.5%) of start-ups combine their own and foreign financial resources because their own investments are not enough. The same share (9.5%) of start-ups is financed by angel investors, and 8.2% of start-ups finance their operations from external sources (grants, seed capital, bank loan, crowdfunding). Foreign investors finance 1.4% of start-ups. 7.5% of start-ups did not disclose their sources of funding.

4.3. External Environment

Customer segments. Start-ups provide services and products mainly for other companies, organizations, and institutions (B2B: 59.9%), and less provide their services and products for the final consumer (B2C: 40.1%). They segment end consumers according to demographic criteria (age and gender), geographical criteria (country), behavioral and psychographic criteria (family status, leisure, hobbies, lifestyle).

Product/market fit. Low conformity of product and needs, so-called product/market fit is one of the most common reasons for a start-up's failure, and therefore verifying this compliance is a serious condition for a start-up's viability. 23.8% of start-ups identified compliance based on a response from customers and monitoring of their satisfaction through feedback. Smartago and BeeSafe come into direct contact with customers, so they understand them better.

Surveys and analyses before entering the market were performed by 21.8% of start-ups. Tripartita produces disposable ecological and waste-free consumer goods for public catering, e.g., cups, straws, plates. The start-up probed the response of customers in advance. A similar survey of needs was conducted by Bye Bye Plastic, whose mission is to recycle plastics. In both cases, new and non-standard products were positively received.

Supposition, considerations, and various experiences were the argument of start-uppers about the conformity of the product and the market in 19.7% of the examined start-ups. Neseda develops, manufactures, and sells chairs for dynamic seating. It never performed a market analysis; it started creating something that made sense to the founders and the team. An opportunity arose that they took and believed that their product would sell. Questionnaire verification of customer satisfaction was performed by 19.7% of the surveyed start-ups. Virtual Medicine, which displays human anatomy in 3D, collects data on product functionality from questionnaires filled out by medical students. 15% of start-ups do not deal with or do not understand the topic of product-market compliance.

Main trends in the development of the industry. Roughly one-third (34%) of the surveyed start-ups consider continuous research, development, and innovation to be the main development trend in their industry. Based on the results of top scientific research, they dynamize their business making, e.g., Glycanostics and MultiplexDX start-ups. New scientific knowledge is a source of innovative solutions and probably also other unsuspected possibilities of industry development. Intense competition and strong competitors are the main factors influencing the development of the industry for a quarter (24.5%) of the examined start-ups. The creation and protection of the environment, health, and a healthy lifestyle are the driving forces of the industry for one-fifth (21.1%) of the examined start-ups. 8.8% of start-ups consider cooperation with other, especially established companies, to be the main trend in the industry. Rapid entry and expansion in foreign markets is the driving force of the industry for 7.5% of start-ups. Such expansion is crucial, e.g., for Dedoles, Arctic Forest, and Humidef. 4.1% of start-ups failed to identify the main trend or driving force of their industry.

Competition. Start-ups perceive and monitor competition. Most start-ups (81.0%) identify a combination of domestic and foreign competition. Only 11.6% of start-ups have domestic competition. 7.5% of start-ups cannot identify competition or claim that it does not exist. Foreign competitors come in the order according to the number of rivals, especially from the Czech Republic, Germany, the USA, Poland, Hungary, Italy, France, and Turkey. Start-ups that list the names and brands of specific competitors can also identify their differences. The most common are price, product design, availability, quality, more efficient sales, communication with the customer, marketing, and advertising.

International business making. The geographical activity of start-ups according to the frequency of occurrence of countries is shown in Table 1. The reason for the entry of start-ups into the international space is a larger number of customers in foreign markets, sales growth, more accompanying opportunities, foreign investor assistance, risk diversification, less intense competition in some foreign markets, a short geographical distance of cross-border markets and fast distribution, brand building abroad, too.

Table 1. Geographical localization of the markets of the examined start-ups.

Country/Region	Share of Surveyed Start-UPS (%)	Country/Region	Share of Surveyed Start-Ups (%)
Slovakia	100.0	European Union *	8.2
Czech Republic	38.8	Great Britain	7.5
Germany	12.2	Hungary	6.8
Austria	10.9	Romanian	3.4
USA	10.2	South America	3.4
Poland	8.8	-	-

* Specific countries were not named and therefore only the EU region was mentioned.

Doing business abroad is also accompanied by obstacles and problems, such as difficult entry into distribution or building a distribution channel, financing for expansion, lack of brand awareness, prejudice against a new brand, difficult communication with a foreign customer due to language barriers, different legislation and administration, adaptation for export rules and obtaining certificates, strong competition, demands for growth of internal capacity, e.g., increase in the number of employees. Entering foreign markets is time and money-consuming, and the result also affects the risk of exchange rate changes.

Participation in the ecosystem. Most start-ups (41.5%) are not part of any ecosystem/network or do not deal with this topic at all. In various specific networks and relationships, which are temporary in nature, there are 36.1% of the examined start-ups, e.g., EU grant schemes to obtain financial resources, education and training programs to support the creation of business ideas, a network of potential customers who test the product in everyday use, care for the appearance of the landscape and social inclusion of people with disabilities. 17.7% of start-ups are involved in long-term and lasting relationships, e.g., membership in international professional associations, membership in domestic interest and professional associations, regular use of the services of state advisory and investment agencies to support business, incubators, and accelerators. 4.8% of start-ups cooperate with online platforms, e.g., Instagram is the brand's ambassador, Google Play, Apple Store selling apps in its online store. 30.6% of start-ups evaluate the activity in the ecosystem positively, e.g., access to mentors and professionals, non-public and confidential information, advisory and legal services, start-up promotion and name building, improving start-up awareness and networking, better access to investors and venture capital, building long-term relationships with suppliers and access to training activities, and workshops.

4.4. Vision and Goals

Vision. The vision of most start-ups (34.0%) is to grow and expand in the domestic and international markets. The second group of start-ups (15.6%) have more modest ambitions; they want mainly to satisfy the needs of customers without a strong focus on growth. Innovation is at the center of vision in 14.3% of start-ups. 10.9% of start-ups have ecological and biological aspirations. Building brand, publicity, and awareness of the company is the vision of 5.4% of start-ups. 5.4% of start-ups have different content of a vision, e.g., preservation of tradition, reliability, security, earning, and others. The rest (14.3%) did not state any notion about the future, it has probably no vision.

Strategic goals. Occupying a market share of a certain size is the main strategic goal of 34.7% of start-ups, and 31.3% of start-ups are strategically planning to enter foreign markets. Other explicitly formulated strategic goals are entry into the domestic market (6.1%), building partnerships (5.4%), product development (5.5%), and brand building (3.4%). Other strategic objectives, e.g., outperform competitors, build a sales network, etc. are planned by 7.5% of start-ups. 6.1% of the examined start-ups did not state any strategic goals.

Financial objectives. The most represented financial goals are sales growth (52.4%) and profit growth (20.4%). Other financial goals are the acquisition of external financial resources (6.1%), profitability (4.8%) in terms of achieving at least a balanced economy of the company and a minimum profit. Other goals, e.g., return on investment, are planned by 3.4% of start-ups. 3.4% of start-ups do not plan financial goals, and 9.5% did not state any financial goals.

4.5. Experience with Real Business

Positive business experience. Start-ups have gained more positive experiences, and therefore the sum of the formal shares of experiences is more than 100%. Start-ups consider the biggest positive experience that they have learned to approach the customer professionally and personally (43.5%). The start-up of Neseda, which developed chairs for dynamic seating, would not persuade a customer to buy an unusual product without a personal approach.

The second most important positive in the examined sample is the mastery of communication, especially on social networks (40.1%). Slowlandia states that without effective communication, their business would not make sense. The advantage of Slowlandia is biofriendly and clean raw materials, which are processed and produced with enthusiasm.

Cutting-edge technology is needed to produce a product or provide a service for 38.1% of start-ups. Its successful mastery is a necessary condition for the existence of a start-up. This has succeeded, e.g., the Studio line start-up, which performs 3D printing, and the Specter Sports start-up, which developed the technology of the revolutionary hockey tape.

32% of start-ups consider the establishment of excellent business contacts to be a significant success. Bimeco develops non-contact temperature measurements with intelligent QEHeC technology. Cooperation with a Chinese partner helps to realize the product.

27.9% of start-ups evaluate the ecological attribute of the product and ecological thinking positively. Implemented business ideas have become successful because they strengthen the protection and creation of the environment (greening).

Negative business experience. Most start-ups (29.9%) identified shortcomings and errors in internal operational processes, resources, and management of the company, e.g., there is a lack of knowledge and experience on how to do business, how to schedule work, how to hire the right people, how to sell, other mistakes were the selection of an inappropriate business model and poor preparation of documentation for investors. Failure to manage external events, incorrect reactions to competition, inability to avoid external threats, ignoring serious trends were considered serious mistakes by 21.1% of start-ups, e.g., ignorance of communication with state authorities, a surprise from strong foreign competition, choice of the incorrect price level, underestimation of market analysis. Deficiencies in product/service quality and product development were identified by 17.7% of start-ups, e.g., failing prototype, minimal assortment, slow development. Errors in promotion, communication, and marketing occurred in 10.9% of start-ups, e.g., opening of the first operation in an inappropriate place, weak promotion of the brand and product, rejection by investors. 20.4% of start-ups did not comment on any failures.

Pivots. Pivots are a fundamental change in the development of a start-up, which mainly concerns the content and implementation of a business idea. Small product changes were made by 14.3% of start-ups, significant product changes took place in 11.6% of start-ups. 6.8% of start-ups considered entering the market and acquiring new customers as a pivot, 6.1% of start-ups expanded their assortment, as well as 6.1% perceived the acquisition of an investment as a big change. The creation of partnerships (4.8%) and the change in the composition of the team (4.1%) was also considered to be a significant change. Other pivots

(6.8%) were e.g., construction of a production plant. 32.7% of start-ups did not make a pivot, and 6.8% did not comment on this topic.

5. Discussion

The main research results are shown in italics in the discussion in a separate line before the paragraph in which they are discussed.

5.1. Business Idea

(a) *Business ideas are based mainly on technologies of a hardware and software nature and socially noble topics of eco, bio, recycling, and education.*

Almost two-thirds of ideas (65.3%) are of a technical–technological nature, but software solutions predominate over hardware ones. Software ideas are less investment intensive, easier to scale and test, and easier to enter the market, including the international market. In particular, applications and portals respond to various situations and needs from everyday life, and their creation does not require in-depth and professional knowledge of the object to which they are applied. Programming skills can be applied to a wide range of diverse objects. Hardware knowledge is tied to a narrower range of similar objects. The predominance of ideas of a technological nature is explained by the dissemination, understanding, and adoption of information technologies by large groups of users and their ever-increasing business use to meet current needs in a simple, prompt, and inexpensive way. Environmental, biological, and recycling trends that respond to life-threatening devastated environments have resulted in a significant proportion of business ideas that satisfy sensitive consumers. Ideas in the field of counseling and education are the result of an increase in needs that are not enough to meet or are not the mission of traditional educational institutions. Business ideas from the field of clothing and unusual consumer items are not technologically demanding, they are not suitable for large-scale scaling, but they must be constantly innovated because otherwise they will lose the charm of news and are easily imitated.

(b) *On average, novelty is limited to the Central European region and justified by subjective evidence.*

The arguments in favor of the novelty of a business idea are highly subjective; they are the result of market and industry observations, based on personal experience and without evidence from an independent institution. Completely reliable evidence and various confirmations of exceptionality, novelty, market position, etc. cannot be expected from a nascent micro-enterprise and should therefore be constantly checked and refined. Some claims are only assumptions, e.g., the idea is novel or indirect evidence, e.g., few competitors. The justification for novelty is demanding, and almost a quarter of start-ups do not deal with this topic. Underestimation of the examination of novelty has the consequence of e.g., two years of wasted work, when the start-up found that a very similar application was developed by competitors in Australia, Canada, and the USA. However, the impact of patent protection of intellectual property on start-up performance is not unambiguously positive (Power and Reid 2021). An original, unique idea is, in addition to its consumer usefulness, the only valuable asset of a start-up.

(c) *Start-ups become scale-ups that solve problems of further growth.*

Most of the start-ups included in the research sample are in advanced phases of development and can therefore also be called scale-ups. More than 90% have a prototype or finished product. Their task is to scale and grow, to shift the focus from development to production, operation, distribution, and sales while continuing to improve the product. Start-ups begin to solve the operational problems of a normal company without operational and trade expertise and experience. Thus, start-ups must address the problem of ambidexterity (Binci et al. 2019), for which they are usually unprepared, and which is another possible cause of their failure. In addition, they lack the capital for further growth, and the acquisition of new capital is conditional on demonstrable growth. Own resources are not enough for accelerated growth and therefore not for exponential growth. The solution to the dilemma is to sell the company/exit, leave the executive management or have enough convincing arguments for venture capitalists.

(d) *Start-ups/scale-ups lack capital for further development and do not want/are unable to obtain external capital.*

The researched start-ups, even in the advanced stages of development, finance operations and investments with only a small share of the angel and venture capital. However, in the European business area, business angels play a significantly larger role in financing start-ups (Trachenko and Kozhanova 2019). A smaller part of start-ups argues that they want to retain their independence, a larger part cannot convince investors. The result in both cases is a prolonged growth, which is combined with the questionable novelty of the business idea, and therefore even the most powerful start-ups do not achieve performance comparable to foreign counterparts. Access to investments of one million euros or more is extremely difficult. External investors provide seed capital of up to ten thousand euros, start-up capital of several tens of thousands of euros, initial development capital of several hundred thousand euros; development capital can reach one million euros, and more. The highest, completely unique investment of 25 million euros in the five years of its existence was gradually received by Exponea, which was acquired by the American company Bloomreach at the end of 2020. Domestic start-ups will hardly invest more than a million euros, as domestic investors diversify risk and distribute relatively modest resources to a larger number of bidders. Foreign investors with several times more resources, on the other hand, do not consider Slovak start-ups to be attractive enough.

5.2. Internal Environment

(a) *There is a lack of money, know-how, and experienced people.*

Start-ups as nascent companies are naturally very resource-limited. Lack of resources influence each other, and missing resources replace themselves mutually to some extent, while money, despite all false prejudices, is a fundamental condition for business development. Almost the only way to make money is to convince the investor of the quality of the business idea, the quality of the knowledge base, and the determination and cohesion of the team. For some investors, the quality of the team is more important than a promising but little-argued business idea. The key to money is usually trusted and experienced people who have the resources of a technological nature or can procure them, especially know-how. This fact escapes start-ups because they significantly lack more money than capable people.

(b) *In particular, the processes of management, marketing, and after-sales services are missing.*

Missing management processes and after-sales services are again typical for starting micro-enterprise and inexperienced entrepreneurs. Absentee management or trial and error management demoralize the start-up team. The enthusiasm from the new company and mutual friendliness in the team will cover this deficit for some time, but if it is not replaced by the growing experience and professionalism of management, it will have a destructive effect. The work capacity of a micro-enterprise, which devotes its efforts mainly to product development, is often not enough to perform after-sales services, and therefore the main solution should be to outsource the activity to an external contractor. Marketing in the researched environment means advertising and promotion primarily. It is a kind of special and irregular activity, which is usually entrusted to advertising and PR agencies. According to Haase and Eberl (2019), routinizing basic management processes can increase a start-up's pre-adversity resilience, which is an organization's capability to anticipate, prevent, and mitigate potential adversity prior to its escalation to secure an organization's existence and prosperity.

(c) *Start-ups cooperate with a wide range of key partners, but the main partners are particularly suppliers of technological know-how, material inputs, and entrepreneurial know-how.*

Start-ups collaborate with partners to supply them with missing resources, processes, and material inputs. Start-ups lack additional technological know-how to complete and improve the business idea and quality business know-how to transform the idea into a product that will satisfy the customer's needs. Resource complementarities are important to venture development (Marvel et al. 2019). Naturally, they do not have the materials and components they need to get from their partners. The existence of a number of partners is proof that the business idea alone is not enough for doing business, and partnership cooperation is a necessary condition for the existence and development of a start-up. This is also confirmed by the results of research by Belso-Martínez et al. (2020).

(d) *The partners mainly supply information and knowledge, material inputs, and money.*

A closer look at the resources provided by the partners shows a difference between the perception of a key partner and the resources he is providing. Information and knowledge about the industry and the market, which start-uppers as beginners in business lack, come to the fore. Start-ups are not processors of raw materials and usually not producers of materials and therefore have to buy them. Their own financial resources are not enough for normal operation and not for significant and accelerated growth at all, and therefore start-ups are dependent on external financial resources.

(e) *The partners mainly carry on the promotion of a start-up and its products, processing raw materials, and research and development.*

Start-ups outsource processes to the partners that they do not master professionally, the building of which has no economic justification and is not in accordance with the mission of the company, while the outputs of the processes are necessary for business making. The partners perform these processes significantly better, faster, and more efficiently. The partners also perform processes whose need is short-term or one-off. According to Silva et al. (2020), an open business model and joint value creation facilitate the way for cooperation with partners.

(f) *The paths to growth and greatness are cooperation with other companies, investment, growth of production capacity, and marketing communication.*

The researched start-ups are aware of their limitations and weaknesses and seek assistance from larger and more experienced companies. The independent path to greatness is complex and rare. The future of start-ups is also determined by diverse entry strategies: independence entrepreneurship, opportunity entrepreneurship, spin-out entrepreneurship, and necessity entrepreneurship (Gottschalk et al. 2009). Even the lack of funds is overcome only by cooperation with another entrepreneur, in this case, with the investor. The growth of production capacity and marketing communication will be reflected in an increase in business respect and market response, although the cost of restricting independence because without external investment, production and business potential will not increase. An inconspicuous mention of a lack of qualified staff can hide serious professional obstacles to the further growth of the company, e.g., quality, development and implementation of a business idea, building a sales network, entering a foreign market, etc.

(g) *The sources of competitive advantage are significant differences, a unique product, and unique know-how.*

Almost a third of start-ups perceive a competitive advantage scattered in various specifics and various sources. This fragmentation is probably due to a lack of understanding of the content and purpose of competitive advantage, which is a coordinated and purposeful bundle of resources and relationships between them. A resource-constrained start-up should be very familiar with its internal environment and concentrate effort and money into a very limited set of resources and relationships to maximize the impact of its few strengths. Such a concentrated advantage is a unique product and unique know-how, although know-how is rather an internal prerequisite and the product, in turn, an external manifestation of competitive advantage.

(h) *The dominant sources of financing are own savings, angel capital is on the fringes, and venture capital is out of the game.*

The examined start-ups are characterized by an aversion to unfamiliar financial resources, a reluctance to share control over the company, and a persistent effort for independence. As understandable from a personal, human point of view as possible, the absence or minimization of unfamiliar resources significantly slows down growth, thus creating an area for bolder competition. The lack of interest in unfamiliar sources is also a manifestation of a misunderstanding of the raison d'etre of a running a start-up business. On the other hand, the small share of angel capital and the absence of venture capital may signal the low attractiveness and persuasiveness of a business idea. The studied start-ups have a slightly narrow view of business, and therefore Wei et al. (2018) recommend to small nascent companies to make more use of business planning in order to reduce losses due to trials and errors and to increase the likelihood of nascence of highly innovative products. The start-ups surveyed would benefit if they broadcast networking signals (e.g., degrees from elite educational institutes, the breadth of an entrepreneurial team) and digital signals (e.g., the social media presence of the start-up on multiple social media sites) and so they gained access to venture capital financing (Nigam et al. 2020).

5.3. External Environment

(a) *The predominance of business customers over final consumers.*

Start-ups face a big dilemma when choosing a customer, whether they will have fewer larger customers or more smaller customers. Initial decisions prefer fewer larger customers because they seem seemingly more attractive. The same sales are achieved with fewer customers, but the bargaining power of large customers compared to a very small and inexperienced start-up is considerable, and after such an experience, there is usually a turnaround or at least a correction in the composition of customers. The start-up will more easily affect a large number of small customers whose bargaining power is negligible. In addition, corporate customers usually require sophisticated products, which most start-ups do not have the professional capacity to develop.

(b) *Product/market fit verification: in advance, then, more or less systematically.*

Product and market compliance verification is divided into four roughly equal groups of start-ups. The differences are in the verification of conformity before or after the product is placed on the market and in the accuracy of the verification. The first group verifies additionally and not very sophisticatedly, although it is in direct contact with the customer. The second group verifies in advance and systematically. The third group verifies in advance but unsystematically on the basis of impressions and notions. The fourth group verifies additionally and more systematically. The fifth group is smaller and verifies compliance unprofessionally. Methodologically correct, hence in advance and analytically correct, only about a fifth of start-ups verify compliance. The reason for insufficient verification is probably the time and professional complexity of such activity, underestimation of the meaning of verification, excessive self-confidence of the creators of the business idea, and little experience and knowledge about business making in general. The effectiveness of the verification is also confirmed by De Cock et al. (2020), who found that achieving early business success depends on prior market knowledge.

(c) *The studied industries are driven in particular by new knowledge based on scientific research and development, intense competition, and social responsibility for the environment and healthy living.*

New technologies that are the product of research, interest in a healthy environment, and a healthy lifestyle are positive trends that bring start-ups a sufficient number of business opportunities. From this point of view, more than half of the examined start-ups are sensitive to the world around them and their needs. However, the relatively high representation of competition as the driving force of the industry signals that many start-ups have found themselves in the wrong industry, or the novelty and differentiation of their production is low. According to Thiel (2014, p. 54), the perfect target market for start-ups is one in which there are few or no competitors. Cooperation with established companies and foreign expansion are undoubtedly useful priorities of the examined start-ups, but they are not the driving forces of the industry. Rather, such a classification indicates the strategic disorientation of some start-ups.

(d) *The competition comes from Europe, the USA, and the homeland. International business is necessary but difficult.*

Competitors come from large, rich, and demanding markets, where there is at the same time intense competition. Only a very small share of start-ups focuses exclusively on the domestic market because the domestic market is small, and start-ups will quickly reach the barrier of growth. The only, but at the same time challenging solution is to enter international markets from the very beginning of the business. However, it is here that the lack of business experience and non-participation in various associations and ecosystems can have a negative effect. If the start-up encounters intense competition immediately after entering the international market, it is a serious signal of its small competitive advantage.

(e) *Hesitation on participation in the ecosystem.*

Two-fifths of start-ups are not integrated into any ecosystem, although the presence or membership in any component of the ecosystem provides significant benefits. The main benefit is the creation of a network of the most diverse contacts, which may not be of great benefit initially or individually, but in summary and in the longer term, there will usually be a significant effect. Networking and coupling between researchers and investors have additive and synergistic effects (Wang and Schøtt 2020). Non-participation in the ecosystem may be the result of a misunderstanding of its meaning or the benefits provided are considered insignificant in the short term, and start-ups lack long-term and strategic thinking. The ecosystem and the external environment are also complemented by regional social capital, which strengthens or weakens the translation of individual entrepreneurial intentions into new venture creation activities (Weiss et al. 2019).

5.4. Vision and Goals

(a) *Start-ups see their future (vision) in expansion in the domestic and international market and customer satisfaction.*

Most (one-third) start-ups see their future in dominating the domestic and international market, in which they want to take a significant position. Less than half of start-ups are more cautious; they have rather indirect ambitions, which are customer satisfaction, innovation, eco, and organic products, brand building. One-fifth of start-ups have different or no aspirations. Visions cannot be controlled too much, but their role is also to mobilize, concentrate and direct energy to a distant goal. From the statements of the founders, this aspect does not sound as if they do not want to turn the world upside down with their business, although the desire to assert themselves abroad is not negligible.

(b) *The dominant strategic goals are market share and entry into foreign markets.*

The dominant strategic goals are market share and entry into foreign markets (two-thirds). They clearly express a will to grow and respect the condition of growth, which is only operating on the international market. The domestic market is very small and does not provide an area for rapid and significant growth. Other goals express rather the ways to reach market shares and foreign markets. A small part of start-ups has other or no strategic goals (13.6%).

(c) *The dominant financial goals are sales and profit.*

Almost three-quarters of start-ups plan sales or profits. These are the natural financial goals of any company. These results are close to the results of research by Duygulu et al. (2016) and support evidence of isomorphism characteristics for SMEs. A very small proportion of start-ups only need to cover the costs. Approximately the same small proportion of start-ups must first obtain external resources to grow sales and profits. Less than a fifth are planning other goals or none at all. A strong focus on sales and profit is given by the advanced phase of development of the business idea, and therefore by the motivation and necessity to confirm and implement the meaning of the business effort spent so far. Achieving the vision, strategic and financial goals weakens the lack of financial resources.

5.5. Experience with Real Business

(a) *Positives are the customer in the first place, communication with the customer, mastery of cutting-edge technology, establishing cooperation with partners, and organic production.*

Start-ups probably appreciate the most the things they did not control or had no experience with before starting a business. The vast majority of them had no experience with customers, and therefore learning about the motives and manifestations of customer behavior, influencing and controlling them, were for many start-uppers an entry into the world, which previously had only vague ideas about. Mastering cutting-edge technology has confirmed its viability and turned a business idea from a hypothesis into a marketable product. Cooperation and respect of partners, especially foreign ones, is an invitation to an exclusive world that conditions and confirms business success. The positive effects of entrepreneurship on environmentalism are an explicit or implicit satisfaction of the entrepreneurial effort that is often blamed for ferocity and ruthlessness.

(b) *The shortcomings are in the internal operation, in response to external challenges, in product quality and promotion.*

Weaknesses in internal operation and incorrect reactions to external events are usually the results of an immature company without operational experience and knowledge of what is happening in the external environment. It can be assumed that as the company matures, most imperfections will recede into the background. However, shortcomings in product quality and promotion are an immediate part of the development of a business idea, raising doubts about the professional and entrepreneurial competence of the founder and team. They do not tolerate a delay and must be resolved immediately; otherwise, they endanger the very existence of the company.

(c) *Pivots are rare, start-ups are developing too straightforwardly.*

The changes that took place in the examined start-ups can be considered as real pivots in only 11.6% of cases (significant changes in the product). This is very little and can be explained either by the advanced development of the start-up when the founders do not attach much importance to the changes that took place in the first phases, or the behavior of the start-ups is too straightforward, although it may bring failures in the future. Berends et al. (2021) found certain reasons for and against pivoting in compliance with the timetable and in response to unforeseen events. Hypothetical creation of variants of ideas and experimentation with ideas support the search for solutions and the selection of the most suitable solution without disproportionate risks and are therefore a natural part of a start-up business making. If start-ups do not take this opportunity, they deprive themselves of their business advantage. All other changes are an accompanying part of business development, they have their meaning, but they do not fundamentally change the content of business.

6. Research Synthesis

Strategic action of the average resp. a majority (median) start-up is arranged in sequence 1. business idea, 2. strategic balance: comparison of the internal and external environment with each other, 3. formulation of vision and goals, and 4. correction of the result based on business experience. Individual items are marked—(weaknesses and threats), + (strengths, opportunities, challenges), ± (internal discrepancies).

1. Business idea
    + development and application of technologies of hardware and software nature and socially noble topics eco, bio, recycling, and education,

- novelty limited to the Central European region and justified by subjective evidence,
- lack of operational and trade expertise and experience for the necessary scaling and growth,
- lack of capital for further development, lack of interest, or inability to obtain external capital.

2. Strategic balance

   Internal environment:

   - lack of money, know-how, and experienced people,
   - lack of management, marketing, and after-sales service processes,
     - + cooperation with a wide range of key partners,
     - ± partners mainly supply information and knowledge (technological and business know-how), material inputs and money,
     - ± the partners mainly promote the start-up and its products, the processing of raw materials and research and development,
     - + cooperation with other companies (investments, growth of production capacity, and marketing communication),
     - ± the source of competitive advantage is significant differences of various nature, unique product, and unique know-how,
   - the main source of funding is own savings, angel capital is on the periphery, and venture capital is out of the game.

   External environment:

   - the predominance of business customers over final consumers,
   - unreliable verification of product and market conformity,
     - ± the driving forces of the industries are, in particular, new knowledge based on scientific research and development, intense competition and social responsibility for the environment and healthy living,
   - competition comes from developed European countries, the USA and the homeland, international business is necessary but complex,
   - hesitation on participation in the ecosystem.

3. Vision and goals

   ± the vision is to expand in the domestic and international market and customer satisfaction.

   - + dominant strategic goals are market share, and entry into foreign markets,
   - + the dominant financial goals are sales and profit.

4. Correction of the result based on business experience

   + positives are the customer in the first place, communication with the customer, mastery of cutting-edge technology, establishing cooperation with partners and organic production,

   - shortcomings are in internal operations, in response to external challenges, in product quality and promotion,
   - rare pivots, start-ups develop too straightforward.

The result of the strategic balance: the business idea does not find sufficient support in the internal environment, and the internal environment cannot withstand the challenges of the external environment, and therefore the fulfillment of goals is endangered. This corresponds to the low survival rate and the rare occurrence of exceptional business success of start-ups. Although the start is successful, statistics show that many start-ups fail between 18 and 24 months (Katernyak and Loboda 2020). Strategic imbalances can only be eliminated by engaging partners. The intensity and scope of partnerships raise new strategic issues.

Start-ups find themselves in a state of several strategic decisions (dilemmas), by solving which they gain something and lose something, but they have to make decisions quickly because their viability has to be proven in a much shorter time than in a mature company. Dilemmas inevitably arise between the results of objective analyzes and the subjective choice of vision and goals. The content of the decisions is limited by the following dilemmas:

1. Separateness/independence versus openness/dependence
2. Independence/slow growth versus openness/fast growth
3. Own savings/slow accumulation of working capital versus venture capital/fast growth of working and investment capital
4. Certainty and slow growth versus uncertainty and fast growth
5. Unique idea and product/competitive freedom versus incremental product improvement/intense competition
6. An integrated structure of competitive advantage versus many disparate strong points
7. Many final customers/high bargaining power versus fewer corporate customers/low bargaining power
8. No pivots/seeming certainty versus a few pivots/seeming uncertainty

In the background of these dilemmas, the goals, interests, motives, desires, and courage of the founders of start-ups are confronted and made real in finding a match between the strengths and weaknesses of the start-up and the threats and opportunities in the business environment. The schematic image of the work with the strategic background of the start-up is in Figure 1. The path from a business idea to its implementation is tested by the strategic background of the start-up and the subjective interests of the founder. Respecting the identified scheme makes real the view of small and starting businesses and reduces the emergence of incorrect or voluntarist decisions because most entrepreneurs remain in a disjointed state of skipping as they face competition from fellow imitators and absorption from exploiters (Özcan 2020).

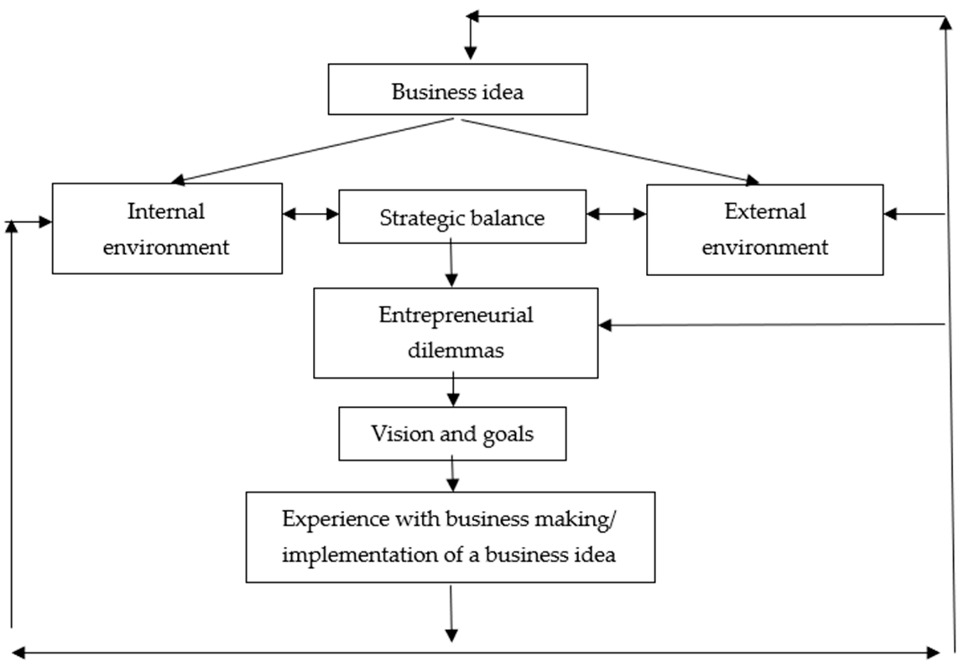

Figure 1. Strategic background of start-up as a result of research synthesis.

7. Conclusions

The strategic background of start-ups is fundamentally influenced by the disproportion of resources and their lack. The only asset is a business idea, which is linked to the person of the founder and possibly also the members of the team. All the standard resources needed to start and grow a business are very limited or simply not. The strategic decisions of the founder are conditioned by the dilemmas between the pursuit of business independence and the lack of resources for the development and growth of the company or the attractiveness and credibility of the business idea and the interest of investors.

Business ideas respond appropriately to current economic and social issues, but their value is reduced by regional novelty and lack of resources for their development. The viability of start-ups is in principle conditioned by the business idea, its quality, and proven novelty, compliance of the idea with market needs, and the ability of the start-up to develop and complete the idea turn it into a product, enter the market and sell. The transition to the phase of further development of the idea and its production and business implementation is usually beyond the possibilities of resources and processes of the start-up and requires cooperation with partners to whom start-ups have a cautious and hesitant attitude.

The internal environment of start-ups is weakened by the lack of resources and the absence of some processes. Own savings are only a short-term financial source. The missing resources and processes are properly replaced by partners and cooperation with large companies, but the partners also supply resources (technological and business know-how) and processes (research and development), which should be a natural part of the start-up since its inception. Then the question arises, what are the key resources and processes of the start-up itself, which would give it identity and persuasiveness. The competitive advantage of start-ups is not very complete because it mostly consists of significant differences of various nature, but they are not integrated.

Start-ups are located in promising industries, but at the same time, they face intense competition at the beginning of the business making. They also find business opportunities in foreign countries, which are, however, advanced, with demanding customers and again with intense competition. The bargaining power is weakened by the predominance of corporate customers. Unreliable verification of product and market compliance makes it difficult to navigate in the external environment, and start-ups make little use of the benefits of participating in different ecosystems.

The goals of start-ups are standard formulations of strategic and financial goals. The vision is ambitious, rightly leads the young company to expand, but at the same time, it is indistinct; it does not support the unmistakable identity of the company and the brand while satisfying customers is a necessary condition of every business. The vision should answer the question of what and how to satisfy the need/customer and thus differentiate itself from the competition in the long run.

Start-ups appreciate the fact that they have understood the business making, that they have mastered the challenges unknown to them at the time, and that they are also aware of the shortcomings within the company and the incorrect reactions to external events. The positives could probably be bigger and the negatives smaller if they confront the ideas more with reality, speed up the feedback from the potential customer and correct their original notions several times.

The limit of research is always the size of the research sample and the regional boundaries. In this case, the rapid development of start-ups, too. The limit of qualitative research was also less space for personal observation and reliance on respondents' statements. However, fundamental manifestations of the behavior and actions of start-ups are visible, which have deeper causes, and their consequences are more permanent. Qualitative research has yielded knowledge that explicitly formulated questions with point scales would probably never reveal.

A significant part of the strategic background of start-ups is located with partners, and therefore the challenge for further research is to look at start-ups from the opposite side, from the position of cooperating partners and companies. Future research may also focus on the typology of start-up strategies (quantitative research), case studies on the strategies of successful start-ups (deep qualitative research based on personal observations of researchers), and repeated research of the strategic background in subsequent phases of start-up development.

Managerial implications include research synthesis (formalized strategic synthesis scheme to support managers 'strategic thinking), identification of start-ups' strengths and weaknesses as a source of instruction for starting entrepreneurs, dilemmas as incompatible paradoxes that indicate the existence of ineffective compromises, and the need for unambiguous decisions that fundamentally predetermine the future of the company.

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