LUND UNIVERSITY
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Counting Your Chickens Before They Hatch

How to Manage Rapid Venture Growth Ensuing from "Blockbuster" Crowdfunding Campaigns

by

Simon Schoen

Julia Beyer

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Supervisor: Diamanto Politis
Examiner: Hans Landström

Abstract

Research Problem While research on rapid venture growth has mostly focused on high-growth firms in later stages of development, the topic has become increasingly important to understand for new ventures as well. With the establishment of crowdfunding as an alternative source of financing, companies have access to tools that enable quick expansion of their marketing, funding and distribution capabilities that can speedily result in phases of rapid venture growth. As examples of companies that ceased to exist after a Blockbuster Kickstarter campaigns show, this phenomenon can be a double-edged sword for new ventures that fail to manage the risks and challenges associated with rapid venture growth.

Research Aims Our aim in this thesis is to gain an in-depth understanding of the challenges arising in the aftermath of an overly successful Kickstarter campaign and analyse the strategies companies applied to overcome these challenges. Ultimately, we aim to provide insights into how new ventures manage rapid venture growth as a consequence of crowdfunding or due to other circumstances.

Method We deploy a qualitative, comparative study approach, juxtaposing the applied strategies and concepts of six companies that continued to experience rapid growth after conducting a Blockbuster campaign on Kickstarter.

Results Based on the insights gained we provide an introduction into the general mindset of ventures that are managing rapid venture growth. We identify overarching concepts that guide these entrepreneurs in the areas of strategic management, company structure and growth management.

Implications Our results provide theoretical implications for how rapid growth can be studied in new ventures, the concept of the liability of rapid growth and the interrelatedness of the outcome of growth and the growth process research strands. Practical implications include guiding principles for new ventures inside and outside the crowdfunding context.

Keywords Reward-based Crowdfunding, Kickstarter, New Ventures, Rapid Venture Growth, Growth Management, Strategic Management.

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1 Introduction

Crowdfunding has profoundly reshuffled the pack of viable financing options for entrepreneurial minds. According to the latest figures from 2015, the industry has consistently grown at three-digit rates, reaching $16.2 billion in funding volume in 2014 (Massolution, 2015). The fact that crowdfunding evolved from an infant industry to a widely popular phenomenon has helped reward-based crowdfunding to effectively create a media buzz around its most prestigious projects, so-called “Blockbuster” campaigns (Liu, Yang, Wang & Hahn, 2015). For the purpose of this paper, we refer to campaigns that have reached more than double their initial funding goal as such Blockbuster campaigns. We see the hype around extremely overfunded campaigns as an example of “counting one’s chickens before they hatch” since the high amount of pre-orders can wreak havoc with delivery and production plans, confronting the management team with numerous challenges. As crowdfunding campaigns often represent the first entry point into the market, the new venture has to rapidly grow into a business that meets the high demands created by the campaigns. This significantly increases the management challenges a company faces, as external demand increases beyond the capabilities of the new venture (Mohr & Garnsey, 2011). Successful projects tend to be propelled into an accelerated phase of growth that they either manage or alternatively sink into obscurity when they cannot tackle the arising challenges of rapid growth, amassing upset comments from backers on an abandoned project page (Fischer & Reuber, 2003; Knibbs, 2014; Mollick, 2015).

In this thesis, we aim to identify overarching concepts in areas such as strategic management, company structure and growth management that enable new ventures to deal with growth-related management challenges. We thereby answer the following research question: How do entrepreneurs manage rapid venture growth ensuing from Blockbuster crowdfunding campaigns? Our insights are derived from the analysis of the growth-related management strategies that six project creators on Kickstarter, the largest reward-based crowdfunding platform, implement after their overwhelmingly successful Blockbuster campaigns. Subsequently we attempt to generalize our results for ventures experiencing rapid venture growth in other contexts (Agrawal, Catalini & Goldfarb, 2011).

1.1 Background

Since Howe (2006) coined the term “crowdsourcing” in 2006, academic research has shed light on the success factors of campaigns at the crossroad of micro-financing and social networking predominantly with a focus on the live phase of the campaign (Mollick, 2014; Cordova, Dolci & Gianfrate, 2015). Only recently have scholars begun to expand the scientific knowledge about the long-term impact of successful crowdfunding campaigns, taking into account that 41% of crowdfunding projects aim towards financing new products, services or business models (Massolution, 2015). While Kickstarter has collected a total amount of pledges of over 3 billion dollars to date and facilitated more than 124,000 projects access to crowd capital (Kickstarter.com, 2017a), the question remains of how many of these projects deliver on their project goals and convert to growing companies in the long run. After all, more than 75% of funded projects cannot fulfil the originally promised delivery time and delays are exacerbated when companies significantly surpass their initial funding goal (Mollick, 2014).

The high number of Kickstarter projects that face major challenges after their campaign is not surprising considering that 20% of all businesses cease to exist in their first year and the majority of small or medium-sized enterprises do not make it past their fifth year (SBA, 2012). These high numbers show how vulnerable new ventures are to the risks of growth. Understanding the risks and managing the challenges that are the outcome of rapid venture growth therefore becomes a necessity for companies that are planning crowdfunding campaigns. As phases of rapid growth are highly dynamic and exert extraordinary amounts of pressure on the new venture, it is also important for entrepreneurs to understand the process of growth itself and how to avoid subsequent challenges that can result from management decisions.

1.2 Locumilabs as an Illustrative Example

The example of our interview partner Locumilabs highlights the challenges this rapid growth can entail. Locumilabs, a smart home company selling the intercom upgrade "Nello" that enables keyless entry into apartment buildings, raised more than 100,000 €, equalling 218% of their initial funding goal, by the end of their campaign in December 2015. To date, the delivery of the product has been delayed by eleven months (Kickstarter.com, 2017b; Nello.io, 2017). The challenge of finding a suitable supplier, acquiring knowledgeable employees and catering to the needs of more than 1,000 backers combined with the complexity of the shipping process contributed significantly to this delay. Over time, the management team handled the challenges its overwhelming success confronted it with and will soon announce an updated shipping date. This single instance illustrates the complexity of the journey a company embarks on after a Blockbuster Kickstarter campaign and the need for guiding principles for companies following a similar path to Locumilabs.

1.3 Aim and Research Purpose

Our aim in this thesis is to investigate how new ventures plan and manage rapid growth and to abstract their knowledge into overarching concepts that benefit companies that rely on Kickstarter campaigns or experience a significant leap forward due to other growth circumstances.

Research on rapid growth in new ventures is scarce, as most studies look at growth phases that companies experience once they are more established and need to expand (often called high-growth firms). Additionally, many studies on growth neglect to consider the challenges that growth can pose for a company (Davidsson, Achtenhagen & Naldi, 2010), which is an important factor to take into account for small businesses in their beginning stages that inherently exhibit high fragility. The majority of research focuses on this fragility by shedding light on the challenges that companies face due to the liability of newness. We want to analyse how rapid growth, which counteracts the effects of the liability of newness, creates significant additional risks and challenges and how new ventures deal with them. We see this gap as an opportunity to expand the research in this field by studying the after campaign phase of successful Kickstarter projects as an example of rapid venture growth in new ventures. We want to add to the understanding of how new ventures adapt to the ensuing management challenges. Additionally, we question if rapid growth in new ventures correlates with the processes experienced by high-growth firms, namely a steep increase of growth indicators such as sales and employees, or if different indicators should be considered. We therefore aim to generate insights into both the outcomes of growth and the growth process of young companies, which Davidsson, Achtenhagen and Naldi (2010, p.73) describe as a "sorely under-researched area".

1.4 Outline of the Thesis

We have organised this thesis into four sections. The first section introduces the concept of crowdfunding and its interrelatedness with rapid growth of new ventures, as well as management challenges and strategies associated with high-growth firms. In the second section we elaborate on our methodological approach and our chosen sample. In the third section we focus on identifying and matching challenges and management practices with the concepts from our literature review, presenting empirical findings from six managers of successfully crowdfunded firms. In the last section we identify and discuss overarching concepts in areas such as strategic management, company structure and growth management that enable new ventures to deal with management challenges resulting from rapid growth. Finally we discuss the theoretical and practical implications of our findings, offering suggestions for managers on how to overcome the challenges associated with Blockbuster campaigns and generalize our results for small ventures growing at an accelerated pace where feasible.

2 Literature and Theoretical Review

This section offers an introduction to the topic of crowdfunding and rapid venture growth by presenting relevant strands of existing literature. Our main focus lies on aggregating rapid venture growth related management challenges and strategies from the extant literature. In particular, we aim to substantiate our interpretation of overwhelming Kickstarter success as a form of rapid venture growth in order to prepare the ground for the analysis and interpretation of our findings in subsequent chapters.

2.1 Introduction to Crowdfunding

Crowdfunding derives its origin from the parent notion of *crowdsourcing*, a term first coined by Howe (2006). Drawing on the definition of crowdsourcing by Kleeman, Voß and Rieder (2008), Belleflamme, Lambert and Schwienbacher (2014, p.588) define *crowdfunding* as

"an open call, mostly through the Internet, for the provision of financial resources either in the form of donation or in exchange for the future product or some form of reward to support initiatives for specific purposes.".

While this definition does not cover all forms of crowdfunding, it is accepted among the academic community (Mollick, 2014) and provides the most specificity regarding the focus of our study, reward-based crowdfunding. The latter can be approached as one of four subcategories of the umbrella term "crowdfunding". The other three contexts in which crowdfunding occurs refer to the patronage model (based on donations), the lending model (micro-loans in anticipation of a return on investment) and equity-based crowdfunding (funds in exchange for shares) (Mollick, 2014; Zvilichovsky, Inbar & Barzilay, 2015).

The reward-based crowdfunding industry is currently dominated by Kickstarter, a platform launched in 2009 (Agrawal, Catalini & Goldfarb, 2011). Since no technical terminology prevails across crowdfunding platforms or within the academic community, we will refer to individuals requesting funds as “project creators” whereas we will reference individuals pledging funds as “backers” (Gerber & Hui, 2013; Belleflamme, Lambert & Schwienbacher, 2014; Kickstarter.com, 2017e).

Kickstarter offers entrepreneurs the opportunity to showcase their product to a community of backers. The platform’s “All-or-nothing” approach implies that a project has to reach its funding goal within the campaign duration in order for the funds to be released (Gerber & Hui, 2013; Kickstarter.com, 2017e). The majority of projects only just surpass their funding goal but can pursue their production as planned (Mollick, 2014). Few Blockbuster cases contribute to the Kickstarter myth of overnight ground-breaking success by significantly exceeding their initial funding goal, such as the well-known example of the Pebble Smartwatch (Kickstarter.com, 2017c).

2.2 Research on the Long-Term Dynamics of Successful Crowdfunding Campaigns

According to Hui, Gerber and Gergle (2014), creators of crowdfunding campaigns experience four stages when conducting a campaign: preparation, testing, live phase and delivery of the rewards. While the preparation and live phase of a reward-based crowdfunding campaign have been investigated in detail, little research has attempted to shed light on the dynamics of Kickstarter projects after the last day of the campaign has been reached (Mollick & Kuppuswamy, 2014; Mollick, 2014, 2015). In his precedent-setting work Mollick (2015) highlights that subjective failure rates across 65,000 analyzed projects, determined by the dissatisfaction of the backers with the product, were the most elevated for the highest (and least) funded projects, suggesting that the complexity of fulfilling one’s production promises increases with the height of the funding goal reached.

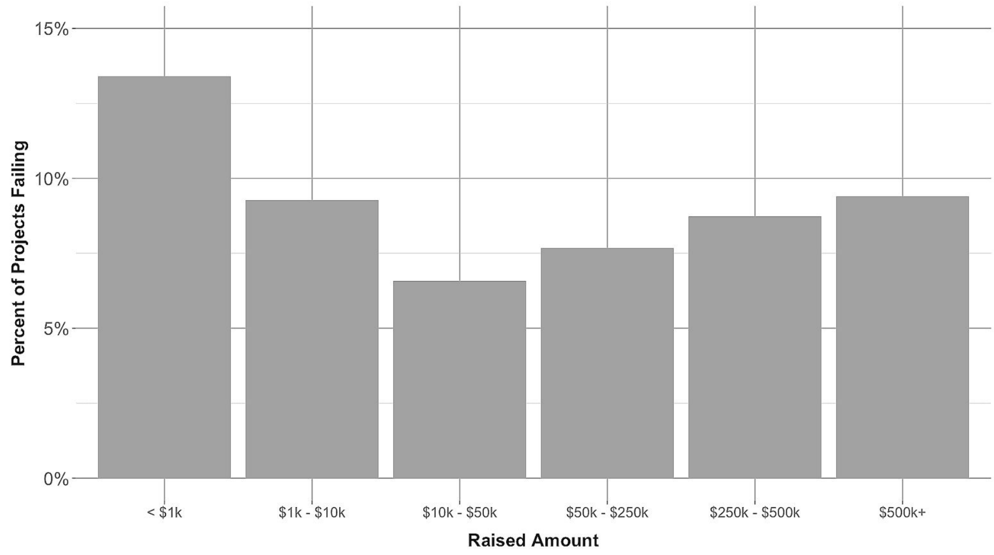

Figure 1. Failure Rate by Amount Pledged (Mollick, 2015, p.4)

Expanding the knowledge beyond the delivery of the rewards, Skirnevskiy, Brettel and Bendig (2016) give indication that creators of successful campaigns often return to the platform with subsequent new ideas since backers interpret previous crowdfunding success as an encouraging signal. Other authors propagate that the platform generates companies able to sustain themselves from internally generated funds or prosper with the aid of external investors in the long term (Mollick, 2014; Mollick & Kuppuswamy, 2014). Mollick (2014) states that of the fifty projects reaching the highest funding goals in 2012, 45 continued to exist as companies. Over 90% of all successfully funded projects in the sample of Mollick and Kuppuswamy (2014) continued to operate 1.5 years after the end of their campaign and had on average hired 2.2 new employees.

At the same time, 75% of all project creators are not able to fulfil the estimated shipping times for their rewards and the degree of delivery delay can be predicted by the amount and degree of overfunding of a campaign (Mollick, 2014). The only variables found to predict continuation of the business after the campaign were detailed financial planning prior to the campaign and the degree of elaboration of the business plan, giving a first indication of the importance of planning for after campaign management (Mollick & Kuppuswamy, 2014; Mollick, 2014).

2.3 Introduction to the Concept of Venture Growth

In the previous sections we have concluded that more research is needed on ventures in the phase following Blockbuster campaigns. To this end, we continue by clarifying the concept of rapid venture growth and the resulting challenges as well as possible management strategies in the following chapters.

2.3.1 Growth Research

The long-standing importance of venture growth as an integral part of small business research is evident when looking at literature reviews that analyse the current stage of research over the years (Gibb & Davies, 1990; Dobbs & Hamilton, 2007). Existing research on small business growth predominantly focuses on establishing growth models that explain which factors influence growth in a venture (Dobbs & Hamilton, 2007; Altinay & Altinay, 2008). Since this approach does not give any practical insights into the effects growth has on a internal structure of a company and how growth related challenges can be managed, study results bear little relevance for entrepreneurs (Achtenhagen, Naldi & Melin, 2010).

McKelvie and Wiklund (2010) propose a possible solution to this problem by suggesting that future research should be separated into studies that analyse "growth as an outcome", "the outcome of growth" and "the growth process", in line with Penrose's (1995) suggestions to differentiate between growth as an "increase in amount" and growth as an "internal process of development". McKelvie and Wiklund (2010) define the three concepts as follows:

Growth as an outcome: "*For the most part, this stream of literature uses growth as the dependent variable and essentially has as its primary goal to explain varying growth rates and/or increments of growth.*" (McKelvie & Wiklund, 2010, p.264)

The outcome of growth: *"This stream of research uses growth as an independent variable and examines the changes that result within the organisation as a consequence of growth, with a particular focus on the challenges associated with managing an increasingly larger organisation."* (McKelvie & Wiklund, 2010, p.269)

The growth process: *This stream of literature attempts to get at the internal nature of growth and specifically what goes on within the firm while it is growing."* (McKelvie & Wiklund, 2010, p.271)

While previously mentioned research on the factors that influence growth can be classified as expanding the streams of literature related to "growth as an outcome" and "increase in amount", the other two research strands investigating "the growth process" and "the outcome of growth" are more suitable to analyse growth from a company's internal perspective and therefore more conducive to the purpose of this paper. Furthermore, an emphasis on growth as a process leads to a better understanding of the risks and challenges that managers face in the different stages of company development (Leitch, Hill & Neergaard, 2010; Achtenhagen, Naldi & Melin, 2010; Wright & Stigliani, 2013).

2.3.2 Measuring Rapid Venture Growth

While many financial measures can be used to measure growth, sales turnover is the easiest metric to measure and provides a good estimation of a company's size and operational development (Dobbs & Hamilton, 2007; Wiklund, Patzelt & Shepherd, 2007; Altinay & Altinay, 2008; Delmar, 2016). The number of employees is the second most commonly used measurement (Delmar, 2016). These metrics can be assessed both in absolute and in relative terms (Davidsson & Delmar, 1997), but as we are aiming to compare growth in different companies we will use relative measurements of both sales turnover and number of employees.

Extant literature has studied rapid venture growth in the context of high-growth firms, which are categorised as growing more than 20 percent annually over a period of 3-5 years (Fischer & Reuber, 2003; Mohr & Garnsey, 2011). Examining growth in new ventures creates additional difficulties due to a lack of internal data that could serve as a comparison over time. We therefore rely on a more comparative definition of rapid growth: “high growth is understood as an extraordinary growth in comparison with the average growth of other firms in the same industry, and not in absolute terms.” (Moreno & Casillas, 2007, p.69).

2.4 Challenges of Rapid Growth for New Ventures and Associated Strategies

To understand the influence that rapid growth has on new ventures it is important to consider the unique circumstances that companies in the beginning stages find themselves in. Looking at the statistics on business failure, the first years are the most crucial phase for entrepreneurs to surmount on their way to creating a sustainable business (Poposka, Nanevski & Mihajlovska, 2016). It is the phase in which the entrepreneur takes their idea from theory to practice and also constitutes the phase in which a crowdfunding campaign is most conducive to overcome major business challenges such as building an initial customer base.

Stinchcombe’s (1965) concept of the liability of newness still holds high value for explaining the major challenges that new ventures face and exploring why companies exhibit the highest mortality rate in the early stages of their life cycle. The main issues that entrepreneurs face according to Stinchcombe (1965) relate to their lack of experience and lack of an elaborate network. All business processes are potentially affected by these circumstances as they often result in poor management and can lead to significant financial challenges. As an example, new ventures lack strong structures and clear employee roles have yet to be established. Apart from the internal challenges companies face they furthermore have to establish a relationship with their external environment and position themselves in the market (Scott & Bruce, 1987). While often facing strong competition, new ventures have to convince customers of their superior offering, acquire customers and fund the production of enough products to establish a sufficiently broad customer base despite limited resources (Churchill & Lewis, 1983).

Not only do new ventures face management challenges due to the liability of newness, but rapid venture growth adds additional unique challenges that many entrepreneurs are unprepared for (Nicholls-Nixon, 2005). More and more new ventures are confronted with the phenomenon of the "liability of rapid growth" due to the exponential exposure platforms such as Kickstarter offer. Hambrick and Crozier (1985) report four key categories of challenges that high-growth companies are likely to encounter: "1) instant size, 2) sense of infallibility, 3) internal turmoil and frenzy, and 4) extraordinary resource needs" (p.32). In the following, we will present these challenges in more detail and elaborate on potential strategies to manage them.

2.4.1 Instant Size

Instant size can be understood in the sense that a company exhibits the same financial metrics as a bigger company, but the internal structure of the company has not caught up with the new demand. Nicholls-Nixon (2005) summarises this challenge of rapid growth as follows: "This rapid pace of growth and change means that there will always be a gap between the demands of the high-growth venture and the structures and systems that are in place to manage its activities" (p.78). Rapid growth therefore changes the scope and complexity of a company, forcing it to adapt quickly (Delmar, 2016). The increased complexity leads to a higher demand for knowledge in the management team, which is fundamental for coordinating and planning growth (Penrose, 1995). As long as a company's operational processes and organisational structure are not aligned with the increased external demand, the company has to strike a balance between the formal processes required to manage growth and too rigid and strict rules strangulating the team's creativity and flexibility (Poposka, Nanevski & Mihajlovska, 2016). Without comprehensive knowledge the management team cannot successfully plan and execute strategies for dealing with the challenges of rapid venture growth. The information system in a company therefore has to be adjusted to the increased growth of the company, so that necessary information is collected and made available to key decision makers in the company.

2.4.2 Sense of Infallibility

Secondly, Hambrick and Crozier (1985) detect that companies are prone to experience path dependency and unquestioningly continue applying their previous success formula while turning a blind eye towards potentially threatening market occurrences. While this “sense of infallibility” (Hambrick & Crozier, 1985, p.38) proves beneficial and necessary in the initial start-up phase to overcome disappointment about initial setbacks, it rapidly turns into a liability. This challenge is similar to what Greiner (1998) explains in his stage-model approach as the “crisis of leadership”. At this turning point in the first stage of a company’s growth cycle a change in management style is needed to deal with the growing demands of the business, even though change seems to be uncalled for as increasing sales boast the founders’ enthusiasm (Greiner, 1998). The founders have to learn to delegate tasks and restrict their role to setting the overall growth oriented vision, facilitating the identification of opportunities and intervening to solve conflicts (Smallbone, 1995). Nicholls-Nixon (2005) identifies this model of self-organisation as central for ventures to prosper at high growth rates.

The notion of the delegating, guiding founder/manager eludes to the concept of managerial capacity as discussed by Delmar (2016), describing how successfully the management team is able to balance the growing external and internal demand and learning capacity which determines the employees’ ability to adapt to change (Bessant, Phelps & Adams, 2005). If the founders find themselves incapable of assuming this re-defined leadership role, the future prospects of the company are contingent on that they step down and put an experienced business manager in place (Greiner, 1998).

2.4.3 Internal Turmoil and Frenzy

Thirdly, rapid venture growth is likely to result in “internal turmoil and frenzy” (Hambrick & Crozier, 1985, p.39) since it manifests itself in employee growth. New faces are hired at an increasing rate, quickly have to become acquainted with their area of responsibility and must be integrated into the team (Hambrick & Crozier, 1985). This challenge arises as companies facing rapid growth do not possess enough time to build structures and hierarchies that fit the current activities of the company (Andersson, 2003). As a result, self-organised teams aligned by a common task facilitate fast decision-making and the familiarisation of existing with new employees (Hambrick & Crozier, 1985; Nicholls-Nixon, 2005). Overall, the empowerment of the employees through flat hierarchies and decentralised decision-making is pivotal in allowing flexibility in the face of rapid growth (Burns & Stalker, 1961; Hambrick & Crozier, 1985; Andersson, 2003). A strong organisational culture, incorporating the values that allowed the company's growth in the first place, obviates the need for an overarching hierarchical structure (Hambrick & Crozier, 1985; Andersson, 2003).

2.4.4 Extraordinary Resource Needs

The significance of the challenge that a lack of resources presents is underlined when analysing companies from a resource-based view. According to resource-based theory a company's growth mainly depends on having access to the right resources and being able to develop them (Altinay & Altinay, 2008). Companies that can attract resources from an outside source are in a better position to grow, however they are then highly dependent on this source and vulnerable in case there are complications (Garnsey & Heffernan, 2005). For companies relying on Kickstarter this means that while it can enable high growth, there is an increased risk that once the resources from the campaign are depleted, additional resources are needed that cannot be supplied by the Kickstarter campaign.

Financial Resources for Production

For new ventures the main challenges resulting from rapid growth are the increase in demand for financial resources that are needed to finance the production of products at the right quality standard (Jones, 2009). Obtaining resources to deal with this demand involves high risks as irreversible investments have to be made (Delmar, 2016). Hambrick and Crozier (1985) explain that this leads companies to be constantly cash starved, as their cash flow is mostly negative due to the additional fund production. Garnsey and Heffernan (2005) describe that this cash flow problem leads to a "synchronisation syndrome", if cash returns cannot be generated fast enough to fund the accelerated pace of expansion. If a company cannot fund itself through its revenue or through externally acquired capital, the management has to slow down the growth process in order to change its structure and strategy to fit the financial demand (Jones, 2009).

Human Resources

Rapid growth inevitably leads to a workload that cannot be managed by the current team, however hiring and training new employees is resource intensive and takes up time (Jones, 2009). As an example, as sales turnover increases, the associated rapid increase in customers means that there are more customer requirements that have to be fulfilled through adequate customer service and increasingly complex logistics require suitable backend systems (Jones, 2009).

In order to sustain the company's growth, it is crucial to hire experienced people for mission-critical positions and let go of employees or even founders that have helped the company grow until this stage but are not suited for the new working environment under high growth conditions (Prats, Sosna & Velamuri, 2012). Besides maintaining high recruiting standards regarding the professional track record of newly recruited team members, a company should ensure that their values are aligned with the company's (Hambrick & Crozier, 1985). Employees should be attracted and continuously motivated by valuing them through investing in their personal development for instance (Welbourne, 1997; Andersson, 2003).

Concerning the timing of decisions related to recruiting and the procurement of other resources, the proactive sourcing of human resources enables firms to alleviate growth requirements (Nicholls-Nixon, 2005; Prats, Sosna & Velamuri, 2012). Entrepreneurs should stay closely involved with customer service, as customer suggestions can be implemented for further product development to sustain and prolong phases of growth (Poposka, Nanevski & Mihajlovska, 2016). Whenever tasks are not related to a company's core business or human resources cannot be attracted fast enough, a major strategy to avoid a slump in growth is outsourcing (Nicholls-Nixon, 2005; Delmar, 2016).

2.5 Conclusion

In the chapters above we have presented the most relevant research on the topics of crowdfunding and rapid venture growth. Extant literature on reward-based crowdfunding campaigns has mainly focused on the live phase of the campaign, while literature on the effects on the company and its growth after their crowdfunding campaign is scarce. With a focus on Blockbuster Kickstarter campaigns, we use literature on rapid growth to identify the resulting management challenges and strategies that new ventures have to consider. Based on Hambrick and Crozier's (1985) four key categories, these challenges and strategies are:

1) Instant size, which can be managed through a balance of a company's operational processes and its organisational structure as well as strong knowledge management.

2) Sense of infallibility, which can be managed through a change in management style and focus on employees' self-organisation.

3) Internal turmoil and frenzy, which can be managed through building a strong company culture and empowering employees to create decentralised decision-making.

4) Extraordinary resource needs, which can be managed by adjusting the speed of growth to fit financial resources and a proactive hiring process that focuses on efficiency and high recruiting standards.

These challenges create the liability of rapid growth that entrepreneurs have to manage on top of the challenges resulting from the liability of newness, which affects all new ventures.

3 Methodology

In this section we describe the chosen methodological process to answer our research question: How do entrepreneurs manage rapid venture growth ensuing from Blockbuster crowdfunding campaigns? Based on our research aim we describe our research approach and design and give an overview of our sample selection process as well as the companies we included in our sample. Subsequently we describe our process of data collection and analysis and discuss the limitations of our research.

3.1 Research Approach

In our thesis we apply established rapid venture growth concepts to the under-researched context of new ventures, constituting an abductive research approach (Gioia, Corley & Hamilton, 2013). As this research field lacks fundamental theories we employ a more open-ended research strategy and therefore chose a qualitative research approach (Bryman & Bell, 2015). Since many quantitative research approaches lack detail and practicality to deliver results that are valuable not only for academia, but also for entrepreneurs and managers, a qualitative approach is deemed more suitable (McKelvie & Wiklund, 2010; Wright & Stigliani, 2013).

Structural and process changes in a company’s growth process can often not be quantified by numbers and have to be assessed by collecting data through interviews. Similarly management challenges and strategies are best analysed through the eyes of practitioners. Bryman and Bell (2015) describe the benefits of a qualitative methodology approach in this context since they enable the assessment of opinions, feelings and experiences. A qualitative approach places more emphasis on the holistic perspective rather than individual variables and is therefore more adequate to analyse the process of how companies change due to growth.

3.2 Research Design

The research design of this paper pursues the objective of juxtaposing management challenges faced by new ventures in high growth phases and subsequent strategies that will consequently be grouped according to emerging overarching concepts. This way, we aim to expand both the knowledge in the field of crowdfunding research by investigating strategies for the under-studied area of after campaign management as well as the research area of rapid growth phases of new ventures by providing insights into how the growth process and outcomes of growth can be managed.

To this end, we opted for a comparative study approach of six successfully funded projects on Kickstarter.com, each of which we interviewed at least once between March and May 2017. This research design is deemed the most suitable to investigate environments characterised by complexity and dynamic development and thus ideal to investigate the intricate patterns emerging between the multifaceted challenges and chosen management approaches while a company continues to grow after overwhelming crowdfunding success (Andersson, 2003).

From an in-depth theoretical review of literature studying high-growth ventures, strategic management in small and medium-sized enterprises and crowdfunding management, we identified management challenges and strategies associated with rapid venture growth. These insights were used as the basis for our interview guide, with which we wanted to test our assumptions and generate new findings on management challenges and strategies in the new venture context.

3.3 Sample Selection

We contacted project creators based on the premise that they fulfilled the following selection criteria. We opted for the Kickstarter platform since it is the largest one of its kind in the category of reward-based crowdfunding (Agrawal, Catalini & Goldfarb, 2011). In order for the companies to fall within the scope of our working definition of an extremely successful Blockbuster campaign, the companies had to have reached at least double the amount of their initial funding goal (200%), and at least 100,000 € in pledges by at least 1,000 backers. This was to ensure that the complexity of the demands arising after the campaign were similar in nature and scope. According to Kickstarter's internal statistics, 500 technology projects (9% of the total number of projects in this category) and 532 design campaigns (6%) fulfil this definition of a Blockbuster campaign (Kickstarter.com, 2017d).

We only contacted project creators from the categories of technology or product design to further ensure the comparability within our sample. These categories were of particular interest since they typically focus on pre-selling the actual physical product and thus the complexity of the delivery of rewards increases with a high amount of pre-orders, much more so than it would for a project originating in the arts category for instance, where the same movie can be shared with all backers via a single link. To exclude more established companies that presumably possess more experience in weathering challenges associated with rapid growth, we only approached companies that were founded between zero and three years before the start of their Kickstarter campaign.

In order to gather accurate and complete data, we placed emphasis on interviewing one of the actual founders of the selected companies who had also played a leading role in conducting the Kickstarter campaign. Since in our experience crowdfunding companies represent close-knit teams where information is shared fairly equally, and due to non-availability of more than one interviewee per company, we refrained from interviewing more than one founder although all interviewed companies were managed by at least two.

We chose only projects whose last campaign had ended at least four months but a maximum of two years before the interview in order for the project creators to have experienced and overcome a sufficient amount of challenges but also be able to recall the events around their campaign with sufficient accuracy.

On purpose we did not specify any demographic criteria such as gender, age or origin. Two companies in our sample have conducted several campaigns, which we interpreted as a potential source of additional insights due to the increased learning effect.

In total, we reached out to 42 companies matching our selection criteria. Out of 13 companies that responded to our email, six companies agreed to give us an interview. The companies were situated in Germany, Sweden, the UK, Switzerland and the USA.

Company name Established / age (in years/months) **Interview partner**	**Product name and description**	**Funding goal / Rate of overfunding**	**Delay of delivery to date**
Block Zero Aug. 2015 (1y 9m) **Jonas Knut**	**Freedrum:** Virtual drumkit consisting of sensors that can be placed on drumsticks or feet and paired with a smartphone to create a soundproof drumming experience.	€ 555,768* / 415%	No delay. Delivery August 2017

Blocks Wearables Sep. 2014 (2y 8m) **Serge Didenko**	**Blocks:** A modular smartwatch that can be fully customised to the user's preferences. Their campaign was the 6th most successful in the UK.	€ 1,439,994 */ 645%	10 months
Hexlox Feb. 2016 (1y 2m) **Marcus Tonndorf**	**Hexlox**: An anti-theft lock to prevent the theft of bike components.	€ 116,290 / 581%	7 months
Locumilabs May 2014 (3y) **Daniel Jahn**	**Nello:** After selling the licenses for their first product, the entrepreneurs entered the smart home market with a smart home chip that opens the front door of a building via an app.	€ 109,400 / 218%	10 months
MiaMily Aug. 2014 (2y 9m) **Cecilia Tsai**	**Hipster:** An ergonomic 3D baby hip carrier. After the success of their first Kickstarter campaign they returned to run an even more successful campaign for their second generation product.	€ 151,994* / 681%	1 month
Alpine Laboratories Sep. 2014 (2y 8m) **Greg Horvath**	**Pulse:** A smartphone-operated remote control for cameras. Have run five overly successful campaigns in total.	€ 991,139* / 2221%	7 months

**Converted from USD to EUR*

Table 1. Overview of Interview Partners.

3.4 Data Collection

The most relevant sources of data consisted in the conducted qualitative interviews with creators of successful campaigns complemented by background information on the selected companies gathered from their Kickstarter campaign pages, the companies' websites and relevant media sources (Kickstarter.com, 2017e).

We deployed the empirical data collection method of semi-structured interviews. This allowed us to focus on growth-related challenges and management strategies by the means of a previously prepared interview guide with open-ended questions. In addition to these, we addressed areas of interest that surfaced only during the interviews by immediate follow-up questions. Overall, this approach enabled us to collect reliable and comparable data from our interviewees in the depth required for our analysis (Bryman & Bell, 2015).

The interview questions pertained to one of five main sections. Namely, basic company and interviewee information, the extent of planning of expected growth, the outcomes of growth, challenges associated with the experienced growth and strategies to surmount these. We continuously readjusted the interview guide during and after each interview (Gioia, Corley & Hamilton, 2013). The final version utilized for the last interview can be found in the appendix of the paper. All interviews carried out between the researchers and the respondents were recorded and subsequently transcribed according to Bryman and Bell's (2015) guideline for qualitative research.

3.5 Data Analysis

Following the suggestions of Gioia, Corley and Hamilton (2013) we structured our results into first order concepts, second order themes and aggregate dimensions (for a detailed table of our data structure, please see appendix C). For the purpose of first cycle coding, we applied the principles of initial and in vivo coding in a tandem approach, breaking down the transcribed interview responses independently into components and organising them into a table. The first order concepts mostly consist of different actions taken by the interviewees and their company, as well as the rationale and opinions behind management decisions. Examples include decisions regarding growth and production planning and structuring the venture. We subsequently themed our codes according to management challenges and strategies, as presented in our findings part, and transitioned into second cycle coding, assembling similar codes into an overarching pattern code (Saldaña, 2015). In order to abstract our findings, we then grouped the first order concepts according to second order themes, such as "Flexibility versus planning", "Self-organisation" and "The growth mindset", which aim to aggregate the strategies and considerations entrepreneurs make to manage rapid growth. We then further distilled second order themes into aggregate dimensions (Gioia, Corley & Hamilton, 2013): "The lean start-up strategy", "Entrepreneurial mindset as an enabler and manager for growth" and "The long-term perspective of growth". These aggregate dimensions describe the overarching concepts that should be considered in areas such as strategic management, company structure and growth management, when managing rapid growth in new ventures. They also act as the starting point for discussing relevant theoretical implications for researching growth and practical implications for entrepreneurs.

3.6 Methodology Limitations

Whilst we have ensured the comparability of our sample companies to a great extent, every project on Kickstarter is unique. Thus, we intend to derive assumptions that should be validated by quantitative research based on larger samples. Furthermore, we are conscious that our interviewees are likely to experience an overestimation effect, a form of overconfidence, tending to make them underestimate past challenges and overestimate the ease of overcoming them (Moore & Healy, 2008). We aim to mitigate this bias through selecting campaigns that have occurred within a recent time frame and by asking specific, positively phrased questions that will allow the project creators to implicitly admit mistakes.[1]

Additionally we have to consider that management challenges might be assessed differently by each manager, depending on their preparation and expectation of the resulting growth. To ensure comparable circumstances and account for the difference in time since the Kickstarter campaign, we chose companies that had a maximum time difference after the campaign of 24 months. Additionally we asked the interviewees to differentiate between challenges that followed in the first six months after the campaign and challenges that arose in the following 18 months. To assess the management challenges our sample companies were facing, we conducted interviews with the founders and current managers of the company, which creates a bias due to this one-sided approach. As the chosen companies heavily rely on the self-organisation of their employees, there might also exist additional management challenges and strategies that employees faced and solved, which managers do not know of.

[1] Instead of asking “Which mistakes did you commit in the planning of your campaign?” we formulated a question with the same aim in this manner: “What would you do differently if you could go back to the end of your campaign, regarding your after campaign management?”. Please refer to our interview guide in the appendix for more examples.

4 Empirical Findings

The following chapters will give a descriptive overview of the findings obtained through interviews with six creators of highly successful Kickstarter campaigns. These results will be clustered and to the extent possible brought in congruence with our framework of challenges and strategies identified in the literature review above.

4.1 Overview of Findings

“Our company wouldn’t have existed without Kickstarter.” (Locumilabs)

“Kickstarter put us on the map.” (MiaMily)

The companies in our sample have managed a variety of challenges related to the growth experience linked to their Kickstarter campaign and the perpetuation of this rapid growth in the aftermath. Their Blockbuster campaigns represented a catalytic event in their company history. For the majority of companies in our sample, the campaign was a “make-or-break campaign” (Freedrum) determining whether they would pursue their project further and grow it into a bigger company. The campaigns were the trigger for a rapid growth phase that lead to further expansion of the ventures, leading to fruitful rounds of financing, global distribution of their products and in some cases further Kickstarter campaigns even surpassing the success of the first campaign. One company in our sample has grown their revenue by 50% each month since its inception while two other companies have doubled their revenue in each of the two years following their campaign. Two companies also leveraged the success of their campaign to secure major investment rounds (Blocks, Locumilabs).

Our interviews show that this rapid growth has not come without a cost and the managers of the companies confronted significant challenges that could have inflicted damage on the company if they had not been dealt with correctly, exemplifying the influence of the "liability of rapid growth" on new ventures. The challenges that the companies faced due to their rapid growth were triggered by their Kickstarter campaign and evolved together with the rapid growth of the company. The phase directly post campaign was seen by all companies as a highly stressful and challenging time, as a large amount of pre-orders had to be fulfilled in addition to managing fundamental issues such as organising and structuring the company. This is however only the "tip of the iceberg" (MiaMily). As the companies continued their rapid growth, the management team and employees gained more experience and handled issues such as logistics and customer service better. The challenges 6-12 months post campaign concerned more strategic decisions and reaching important milestones:

"Now the stress is making enough each month to break even so we can produce more each month. Growing is hard because we need more people and have to pay them so there is more pressure on us generating sales." (MiaMily)

Certain challenges could not be avoided even with detailed planning, while some challenges could be anticipated and thereby circumvented. The former was the case with Hexlox for instance. They planned the sales expansion post campaign in detail only to overhaul these plans when they encountered severe production delays. In the following sections we look at specific challenges that result from rapid growth and how the managers in our sample dealt with these challenges, based on the four categories defined by Hambrick and Crozier (1985).

4.2 Instant Size

Rapid growth phases force a company to expand within a short amount of time, as high external demand creates the effect of the company gaining "instant size", which has to be managed through quick adaptation (Hambrick & Crozier, 1985; Delmar, 2016). The management team played the central role in this process, as it had to steer the workflow of the team into the right direction, always looking at the big picture of the company even in times of immense stress. The companies in our sample show how instant size creates significant management challenges that influenced every layer of the company.

"You are going to be overwhelmed with the amount of customers you have overnight (...) Kickstarter opened the door to the global market for us and we managed to sell in 33 countries. As a start-up you would normally never have this kind of exposure." (MiaMily)

Rapid sales growth is the most mentioned cause for management challenges. While an increase in sales is desirable, it also poses significant risks if the venture is not sufficiently prepared and flexible. Hexlox for example managed to produce double the amount of products pre-ordered through Kickstarter. However, the company did not manage to secure appropriate sales channels for the high amount of products and sat on a lot of unsold stock, locking in capital. An increased amount of customers does not only mean that production and logistics become more complex but simultaneously leads to additional demands in terms of increased customer service needs (Jones, 2009), which we elaborate on in chapter 4.5.

Cash flow problems were one of the main symptoms resulting from instant size that were mentioned by almost all our interviewees. Their responses showcase the high risk that a large amount of customers create for ventures in technology and product design areas, as these ventures have to plan their operations around production.

"Cash flow is always the biggest problem – that's why you need all these rounds of financing. The biggest cash flow gap was between the end of the Kickstarter campaign and the seed-round we had a few months later." (Locumilabs)

Following the success of their campaigns and continuing to grow rapidly in the months after, the managers had to adapt their growth strategy quickly. The first step for the entrepreneurs in deciding which strategy to pursue was to determine what the company should focus on, set clear priorities and be open to dismiss processes that added unnecessary complexity to the operation. Freedrum's goal, for example, was to grow into a ship-on-demand company as quickly as possible, focusing on building a sustainable production and logistics chain. Blocks decided to reduce sales expenditure and fully focus on product development. Our interviewees agreed that one of the biggest challenges was planning the future growth of the company and finding ways to strengthen its position in the market. The new ventures had to plan a growth strategy that sustainably reaches milestones in order to ensure their company's survival.

"Kickstarter is a monster and if you don't feed it, it gets angry. The hardest thing for people to understand is that the business really starts after you have delivered." (Hexlox)

These milestones were, for example, new rounds of financing to grow the company or the establishment of new sales channels or new markets to increase revenue. Additionally the high amount of customers created the need for professional customer management systems. It was difficult for the new ventures to constantly adapt the company. Instant size can also lead to subsequent radical changes in the company, as was the case with Blocks who shifted the entire company focus from marketing and sales to product development and production:

"We had a huge team of about 30 people for Kickstarter. The team completely changed since then. Except for five people, every single face changed because the focus of the company shifted." (Blocks)

Reflecting this drastic change, the newly formed team moved to Taiwan to be in close proximity to the manufacturer. In the case of Hexlox the company shifted to producing just enough to fulfill the Kickstarter backers orders and scaled back its sales efforts to focus on optimising the manufacturing process.

4.3 Sense of Infallibility

Companies leaping forward through overnight success on Kickstarter are prone to experiencing a sense of infallibility, their sudden success blinding them to the need of restructuring their company (Hambrick & Crozier, 1985). Our interviewees confirmed this risk, mentioning how high revenues from the campaign can entice managers to overestimate their success and hinder them from accurately planning the growth after the campaign.

Blocks emphasized that it is risky to strictly maintain patterns and structures that proved successful during the crowdfunding campaign, even if it seems to be the most convenient path. The consensus was that managers should be open to adapt the focus of their leadership role to cope with the increased demand and manage changes, such as the transition of the company from fulfilling pre-orders to shipping on demand and growing the team (Freedrum, Hexlox). After the last day of the campaign the plan to reach the next milestones already has to be in place. The company has to counteract a natural slump in sales by re-positioning their marketing and sales force since it does not receive the same amount of "free marketing" support by Kickstarter's internal amplifying mechanisms anymore (Locumilabs, Miamily).

In case the crowdfunding campaign had the principal aim to make the company better marketable towards investors, the management teams needs to professionalize the company and ensure a continuing track record as part of a sustainable and well-thought-through growth strategy to convince potential capital givers:

"The big challenge relating to Kickstarter is that you see a big number in the beginning and think that it's all great because you have an influx of money. Many don't see that Kickstarter isn't just a small project, but the beginning of a company. It's more complex than just creating a product and shipping it – most products can't be solely funded by Kickstarter alone and so you need to plan the rest around it." (Locumilabs)

While managers had to lead the way for their employees, additional challenges include achieving a balance between task delegation and control and between the fulfilment of pre-orders and maintaining the overall growth vision. In order to allow the founders to focus on keeping up the growth momentum, our interview partners emphasized the need for self-organisation of the employees:

"We shift a lot of control on to the employees. (...) We want our employees to take on as much responsibility as possible. It's more of a pull from the employees than a push from the management." (Locumilabs)

The focus of the employees on a reduced number of tasks at the same time was crucial to achieve the required speed. This demanded a huge degree of task ownership of the employees since there was not enough time to instruct colleagues in detail and excessive questions would have slowed down the entire team (Blocks). Even in the smallest team in our sample, MiaMily, the key to effective teamwork was restructuring the responsibilities of the two founders in order to avoid overlaps and account for differing working styles.

4.4 Internal Turmoil and Frenzy

The rapid growth of the venture poses challenges not only for the management team, but for the entire workforce, including new and existing employees. The challenge consists in weathering internal turmoil and frenzy arising from the sudden growth in employees by establishing hierarchies and areas of responsibility to the necessary extent supported by a strong company culture (Hambrick & Crozier, 1985; Andersson, 2003).

Our interviewees consistently emphasized the benefits of nurturing an active and transparent company culture. Locumilabs and Blocks mentioned that their culture did not experience great changes but the growth in employees led them to have to make their core company values explicit.

"[Our company culture] didn't change too much, we still have the same open platform mindset that we have had from the very first day when we had only the founding team compared to now that we count 25 people." (Blocks)

Alpine Laboratories stated that "every company has a culture, it's just a matter of how much control you have over it". Their company culture "is significantly dictated by the founders' personalities and philosophies" due to their small size of seven employees (Alpine Laboratories). At the same time, they have started to deliberately shape their culture since it works as a great motivator and ensures the self-organised units stay on track. According to Locumilabs, this diminished the need for structure and could make a small team work more efficiently than a bigger team:

“We don't want to have too many processes, but want our employees to be self-organised because they know what's important for the company. It takes time to establish trust and when it gets to a point at which the management trusts the employees with organising their own tasks, then you don't need a rigid company structure.” (Locumilabs)

Regarding the final degree of hierarchies and structure needed, the results slightly differed across companies. The company with the largest number of employees in our sample, Blocks, reported adopting a more rigid structure with three hierarchical levels, rigid timelines and fixed meetings. Weekly and quarterly meetings kept the whole 25-person team updated and ensured the achievement of high-level objectives set by the founders and department leads conjointly. The organisation of employees is firmly based on the notion that “everyone has to act as an entrepreneur or a founder” (Blocks). Hexlox added that as long as there are clear distinctions between task areas, the employees have the best overview of how to prioritise tasks and they should be trusted with working on the right jobs. The other companies in our sample, counting between five and ten employees, chose flat hierarchical structure with the founders on top and the rest of the team in direct succession (Locumilabs, MiaMily).

While it did require time to bring a new team member up to speed, the founders had identified different strategies to shorten the time period needed to integrate a new employee. To accelerate the familiarization with the company’s processes, Blocks for instance created a “Blocks 101” folder detailing the company’s rules, mission, objectives and necessary administrative information as well as presenting the other team members, timelines, meeting schedules and feedback options. Two of the companies in our sample stressed the benefits of an intense time period spent together when living in the same flat while participating in an accelerator program for three months (Locumilabs) or after relocating the entire team to the production facility in Taiwan (Blocks). Especially when large parts of the team have been replaced by new faces, such initialization periods of community creation had long-lasting positive effects on the employees’ shared mindset and resulted in increased productivity:

"Get the team closely together. It was quite difficult since it was a new team and a new product. First you have to make sure that you get everyone into one team and then focus on the rest." (Locumilabs)

4.5 Extraordinary Resource Needs

Rapid expansion of a company takes its burden on a new venture, as an extraordinary amount of resources are needed to sustain this growth, ranging from financial and human resources to the resource of time (Jones, 2009). This fact can be seen in the majority of our sample companies, with the most crucial factor being the need for financial resources.

All entrepreneurs agreed that financial resource challenges can only be managed by preventing them through anticipatory planning instead of managing them when they occur, as this cannot be done without significantly scaling back the growth process. They therefore emphasised strict cost planning as being the most important factor for successfully managing rapid growth:

"It seems like many failing projects make projections of timelines and costs based on information they don't realize is incomplete and due to the margins of Kickstarter they aren't actually swimming in cash, meaning they don't have a huge margin for error or learning." (Alpine Laboratories)

Another example for especially high resource demands was the phase around the Kickstarter campaign, leading up to the first round of production. In some cases the funding acquired through Kickstarter fully covered the production costs. This held true for products that were fully developed at the time of the campaign but other companies required more time and financial resources provided by additional investors to cover the costs for completing product development and starting mass-production. However, investors were mostly interested in supporting ventures that managed to sustain rapid growth as they thereby exemplified a highly probable return on investment. To this end, even more resources were needed, as sales output for example is directly linked to the resources spent on sales and marketing. Hexlox stated that if they had 20 more sales employees they would also sell 20 times as much. The entrepreneurs had to account for this situation by planning in incremental steps:

"You have to see that you can sustainably build a fast growing business that generates revenues each month. If you can show that you've grown by 40% each month over 6 months investors are impressed and see that the business works and is worth investing in, because it shows them what is going to happen to their money." (Locumilabs)

The second biggest area that created challenges was a high demand for new employees that could manage the rapid increase in tasks. This area was so demanding because the ventures had to find the right employees at short notice. The most common strategy mentioned to bridge the gap between an increased workload and the hiring of new employees was to temporarily increase the working hours invested by the existing team. Another strategy consisted in relying on consultants and freelancers. The interviewed managers placed high importance on an efficient hiring policy, only hiring people when absolutely necessary. The demands placed on potential employees increased in parallel with the attractiveness as an employer, allowing companies to contract experienced managers as key hires to replace the juniors who had supported the Kickstarter campaign (Locumilabs, Blocks). The raised standards on the other hand increased the hiring time, leading some companies to scale back their growth until finding suitable employees bringing in the needed qualifications, expertise and values aligned with the company culture (Hexlox, Locumilabs).

The managers did not shy away from cutting ties with new employees quickly if they did not meet the job requirements. To reduce the training period for new employees the managers skipped any initiation period and confronted new employees with their tasks as soon as possible (Locumilabs, Blocks). In terms of their hiring strategy, most companies in our sample were strictly opposed to hiring employees proactively, justifying their attitude with the impossibility of foreseeing their concrete employee needs (Locumilabs, Hexlox, MiaMily).

"No, no start-up does that, do they? (referring to proactive hiring) (...) We basically worked until we couldn't do it ourselves anymore and then we hired the next one and then the next one and the next one." (Hexlox)

Interestingly, a single company in our sample explained their general opposition towards proactive hiring with the exception of one area, customer service, where they could project a growing need after the end of their last campaign (Alpine Laboratories). This is in alignment with the fact that all companies mentioned the extraordinary demand for customer service as a focal challenge in their after campaign management.

"Raising the money is easy, but the two months afterwards are hell. From a start-up that has no customers at all, we suddenly had 600 customers and they're emailing you, messaging you, posting comments." (MiaMily)

For these especially demanding customers, the unanimous solution implemented by our interviewees was to "kill them (the backers) with kindness" (Hexlox) in the form of immediate, honest communication. Although customer service required substantial resources over time, no manager in our sample considered outsourcing this task as they regarded customer service as a key task. On the contrary, some companies in our sample put emphasis on declaring customer service a priority by having one of the founders taking care of it (Locumilabs, Hexlox). Interaction with the customer was regarded as highly valuable for product development and as an opportunity to build strong relationships with the customers:

"I think the biggest learning I had from it is that it's a fantastic feedback tool if you know how to do it. The money is great, the pre-sales are great and obviously the media attention is great, but the feedback you get from customers on how to make your product better is extremely valuable although you have to work hard for it." (Hexlox)

5 Analysis and Discussion

Based on our findings we identify overarching concepts in areas such as the management approach, company structure and growth planning that enable companies to deal with management challenges resulting from rapid growth, following the approach outlined in chapter 3.5. For a detailed table of our data structure that details our process, please see appendix C. In the course of the following chapters we describe the concepts behind the aggregate dimensions and the subordinate second order themes.

5.1 The Lean Start-up Strategy

Crowdfunding takes the lean start-up concept to an unprecedented level by allowing project creators to validate their minimum viable product with actual customers prior to entering the market and incorporate feedback of these early adopters into their product development. Crowdfunding platform for example facilitate the process of finding Beta testers among the backers of a project, allowing to accelerate the feedback loop (Alpine Laboratories; Locumilabs; Blank, 2013).

Our empirical findings have allowed us to gain insights into how new ventures rely on lean start-up ideas by conducting a Kickstarter campaign but also in order to ensure their flexibility in rapidly moving environments and the long-term growth of their companies despite limited resources. This is reflected not only in the companies' evolutionary product philosophy, expressed in their step-by-step product development and their continuous incorporation of their backers' feedback therein but also in their company and employee structure as well as their general stance towards planning.

5.1.1 Lean Product Development

As continuously expressed throughout our interviews, the companies in our sample associated great benefits in terms of reducing their costs and complexity of the production process, time-to-market and quality of their products by making use of selected lean product development techniques (Kosonen & Buhanist, 1995; Karlsson & Ahlström, 1996). Introducing a simple product centred on its core features and innovative value proposition significantly shortens delays that are otherwise bound to arise due, for example, to unrealistic stretch goals (Locumilabs). Furthermore having additional features up one's sleeve places the company in an advantageous position where it can introduce exciting product variations at a later stage to incentivize the second group of buyers to purchase through the company's subsequent sales channels such as their website (MiaMily).

The lean product development techniques implemented by the companies in our sample entailed for instance the involvement of the supplier to whom the same importance as an investor was attached and who had to be won over and involved into the product development process (Blocks). In addition, the start-up members collaborate in cross-functional teams, the marketing team reporting feedback from backers to the product development team, for example. As will be elaborated on in chapter 5.2.1, the employees are guided by a management by objectives rather than coordination into detail leading to them pursuing their tasks in a self-organised manner spanning greater areas of responsibility (Kosonen & Buhanist, 1995; Karlsson & Ahlström, 1996).

5.1.2 Customers as a Liability and an Asset

In line with the change of perspective favouring customer feedback over the founders' intuition inherent to the lean start-up philosophy (Blank, 2013), our respondents shared the attitude that the direct access to one's customers holds great potential to create a community of enthusiastic supporters acting as ambassadors for one's brand and substantially aid product development. Paying tribute to the significance of a direct stream of communication between the first customers and the founding team, some of our interviewees consciously retained customer service as a core priority of one of the founders despite the time-demanding nature of this task (Locumilabs, Hexlox) and all companies refrained from outsourcing this core task.

This notion of customer-centricity is in congruence with the underpinnings of customer equity management and entrepreneurial marketing since both urge for redefining and leveraging the customer as a strategic asset of a company. In essence, they call for departing from the traditional transactional marketing approach towards a strategy centred around the customer, recruiting early adopters as development partners and integrating customers into the creation of new products and marketing activities as it is put into practice by project creators on Kickstarter (Hogan, Lemon & Rust, 2002; Giglierano, Vitale & McClatchy, 2011). As confirmed by Coviello and Joseph (2012), fostering an ongoing conversation with customers is especially fruitful for the company's innovativeness when these customers are characterized by representing technically eager lead users that are financially committed - a characterization that typically applies to the average backer of a technological project.

5.1.3 Lean Company Structure

The lean character of the companies in our sample was reflected in both the scarcity of rigid structures and processes as well as the speed-oriented hiring and firing process. In the face of constrained resources, the prevailing strategy of our respondents resulted in strict cost management, striking a balance between minimizing production costs in order to leverage margins and achieving the high product quality promised to the backers.

Particularly in regards to the personnel structure and human resources strategy, a consistent pattern emerged. Across the board, our respondents relied on contracting freelancers, consultants and interns wherever possible (e.g. MiaMily, Blocks). This is consistent with the strategy to buy resources that are not proprietary or secret according to the resource pyramid of value creation when time is a critical factor (Brush, Greene & Hart, 2001).

In line with the “person-climate/culture fit” hiring technique firstly proposed by Bowen, Ledford and Nathan (1991), new employees were hired based on their qualifications and overlap in regards to the companies’ culture. The benefits of the increased dedication of the employees as well as their flexibility to adapt their task orientation outweighs the lengthy and costly hiring process (Bowen, Ledford & Nathan, 1991).

Whereas this human resources approach favouring quality over quantity could have hinted at proactive hiring as portrayed as a conducive strategy to foster uninterrupted high growth (Nicholls-Nixon, 2005; Prats, Sosna & Velamuri, 2017), only one of our respondents deployed such a long-term strategy. Without the possibility to project employee needs, the founders ended up increasing their personal time investment instead until the workload justified creating a new position.

5.1.4 Flexibility versus Planning

Despite entering the market in a spectacular fashion and thereby creating a variety of management challenges resulting from the ensuing rapid growth, none of the companies in our sample had elaborate plans in place in anticipation of what was to come. This surprising fact begs the question of whether our interview partners are simply instances of survivorship bias or whether these companies adhere to overarching concepts that guide them and increased their chance of success. In our interviews we encountered the recurring theme of planning versus staying flexible and focusing on employing short-term tactics.

The entrepreneurs in our sample do place high importance on planning key issues essential to the success of the company, which include manufacturing costs, planning future growth and marketing. Overall however, the managers in our sample prefer to stay as flexible as possible, as new challenges can come up any time. Planning is seen as a valuable resource for the management, but it has to be efficient enough to provide value to the company. Especially in highly dynamic rapid growth phases, elaborate planning is only beneficial when it can be based on high probabilities and anticipated demand. If the chances are high that plans will have to be radically changed further down the road then formulating them takes up unnecessary time and effort. An important insight is that both strategies work best when they are used to complement each other for strategic management and are not seen as mutually exclusive. Managers need to stay flexible when deciding on which goals to pursue, but have to make sure that the new plan is implemented in a strict manner.

5.2 Entrepreneurial Mindset as an Enabler and Manager for Growth

Consistent with our insights gained throughout the literature review, ingraining an entrepreneurial mindset into the core culture of a company and into the approach to work of all team members proved to be key to maintaining an enterprise on a growth-oriented track.

5.2.1 Self-organisation

In congruence with Nicholls-Nixon's (2005) call for self-organisation in combination with a visionary management style in order to resist a "sense of infallibility" (Hambrick & Crozier, 1985), our interviewees unanimously confirmed the need for highly independent and self-managed working styles. Demanding high proactiveness from all team members, the so-called "entreployees" (Pongratz & Voß, 2003), this approach releases the founders from the time-consuming task of having to delegate individual responsibilities and instead allows the management team to focus on achieving the company's overall growth mission. It is characterized by a leadership style pursuing a management by objectives (Blocks) and highly flexible working hours and working place policies (Hexlox, MiaMily). In their inspirational role as "transformational leaders" it is crucial that managers develop and refine goals in conjunction with the employees in order to motivate them with meaning (Kirkman & Rosen, 1999).

The self-actualisation of employees is deemed to increase their motivation as well as their creativity and organisational commitment, aimed towards maximizing the potential and efficiency of the workforce in a context of limited resources (Kirkman & Voß, 1999; Pongratz & Voß, 2003).

5.2.2 Company Culture

Self-organisation goes hand in hand with the need for a strong company culture that provides the “deep structure” necessary to keep employees on a shared growth-oriented path without the need for explicit guidance. A cohesive company culture that counts on a high level of agreement among the employees upholds the entrepreneurial company values that made the company come into existence in the first place (Hambrick & Crozier, 1985; Arogyaswamy & Byles, 1987; Nicholls-Nixon, 2005). A company culture originating from the founders’ vision aids in creating a mutual understanding of the future focus of the venture, thereby expanding the personal resources of the founders to the organisation and perpetuating its competitive advantage. This represents a critical milestone in overcoming the invisible hurdles on the path of growing a venture larger than the initial founding team (Brush, Greene & Hart, 2001). Baum and Locke (2004) corroborate the direct and indirect (through specific goals) positive effects of communicated vision on venture growth.

In addition, a clearly defined company culture helps to convey a company’s image and increase its credibility towards its customers. For example, arriving at the bike shops in full biking gear helped Hexlox to let their expertise and passion become tangible. This way, a unanimous corporate culture transitions into a tool of corporate branding towards external actors. With the increasing unpredictability of market developments, companies benefit from not only positioning their products but their whole corporations in alignment with their strategy. Ultimately, they can use their vision as a source of differentiation (Jo Hatch & Schultz, 2003).

5.3 The Long-term Perspective of Growth

Venture growth is inevitably a process that takes time and that consists of gradual changes that entrepreneurs have to manage. The frequency and severity of these changes is influenced by the pace of growth, with rapid growth forcing entrepreneurs to make decisions quicker and with less empirical data to rely on. The timing of the entry into the market has a high influence on the type of challenges that the venture will face and entrepreneurs will have to balance the decisions they make to fit the current focus of the company that is needed to survive, while not losing sight of the long-term vision.

5.3.1 The Growth Mindset

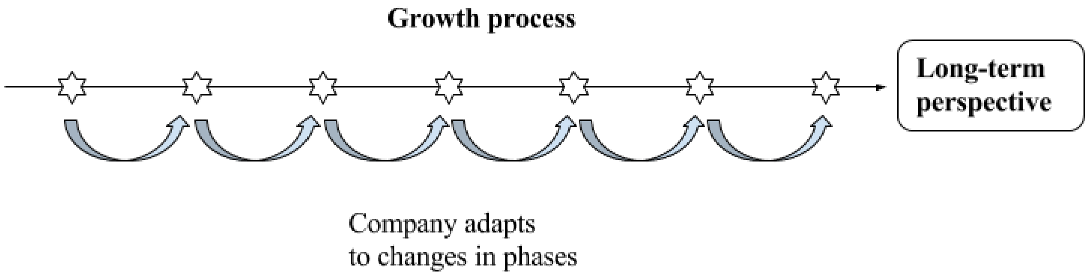

Figure 2: The Long-term Perspective of Growth

Looking at rapid growth phases over a longer period of time, the companies in our sample show that new ventures do not experience the effects of, for example, instant size only at single points in time, but are affected by the outcomes of growth on a continuous basis. The categories defined by Hambrick and Crozier (1985) do not take into account this perspective of time in a rapidly growing company, which is important because the growth process is not static and can be divided into smaller changes that companies have to make to adapt to the changing demand (as shown in figure 2). These changes have to be connected and built upon each other to make growth sustainable and to avert management challenges in the future that result from continuous growth. This can only be achieved with the right management mindset that acknowledges the importance of adapting the company not only to the current demands but also the long-term vision. To this end, new ventures have to constantly incorporate market feedback and monitor the performance of the company, so that they can adapt their management strategies. This way the gap between external demand and the capabilities of the venture that is created through rapid growth (Nicholls-Nixon, 2005) can be better controlled and its impact reduced.

The results of our interviews show the high importance of sustainable management decisions in areas such as manufacturing, financing and sales. For ventures that produce physical products, production cycles demand planning that reduces unnecessary gaps as they can potentially create significant cash flow problems, which is congruent with the challenge that Garnsey and Heffernan (2005) describe as "synchronisation syndrome", dubbed as the "chicken-and-egg problem" by one of our interviewees (Hexlox). Manufacturing is also the most influential factor that leads to extraordinary resource needs in rapid growth phases. Knowing production costs in detail up front and constantly checking their assumptions is a prerequisite for the management team, as costs have to be low enough to sustain long-term growth. Manufacturers should therefore be seen as equal partners or investors for the new venture as the relationship with them partly determines its future.

For financing the new venture in a phase of rapid growth, the long-term perspective translates into ensuring that the next step of financing can be reached with existing resources. The companies in our sample utilised Kickstarter as a strong resource, building on the success of their Blockbuster campaigns as a stepping stone for additional funding. Subsequent Kickstarter campaigns were integrated as a long-term sales channel, collecting the production costs to expand organically. Lastly it is important to select the customers that enable long-term growth rather than focusing on expanding sales as much as possible, as this can lead to lower margins and a higher strain on resources (Hexlox).

5.3.2 Timing Entry into Market

An important factor influencing the type of challenges that companies face following successful Blockbuster campaigns is strongly related to the stage of the new venture at the time they decide to enter the market through a Kickstarter campaign. The stage of the venture is reflected in the goal that managers pursue when starting the campaign, which can be separated into two categories. The companies pertaining to the first category turned to Kickstarter during their phase of product development in order to validate their concept and market and gain feedback from customers (Locumilabs, Blocks). These companies subsequently faced challenges related to acquiring additional financing to cover costs for product development and to fund production so that their products could be delivered to pre-sale customers. The companies in the second category had completed product development and subsequently had to focus on manufacturing and logistics to continuously generate sales (MiaMily, Freedrum). These companies faced challenges concerning rapid organic growth that needs to be sustainable enough to satisfy the demand of the speedily expanding business.

5.3.3 Change in Focus of the Company and Radical Changes

Although the long-term perspective of a company should guide the growth process, it is important that managers in situations such as phases of rapid growth, stay open to changing the current focus of the company and implement radical changes if necessary. Our interviewees show how rapid growth changes the scope and complexity of a company (Delmar, 2016) and therefore the importance of managers identifying the right focus. These radical changes are, for example, a highly fluctuating amount of employees or a shift to different areas of expertise, the relocation of offices and the rescheduling of production and distribution. Such changes are difficult for managers to foresee and plan for, which further emphasises the importance of flexibility in the management approach and a lean organisational structure that can adapt quickly. The challenge for managers lies in accepting this uncertainty in a dynamic environment, while making sure not to deviate from their overall growth strategy.

Many of the approaches and strategies that the entrepreneurs in our sample employed can be found in theoretical frameworks, such as effectuation, which helps entrepreneurs to plan and make decisions in uncertain environments (Sarasvathy, 2001). In effectuation theory a focus on control is favoured over a focus on trying to predict outcomes, which gives new ventures an advantage over established companies. This is especially beneficial in phases of rapid growth, as they are also phases of high uncertainty. Radical internal changes, often after an intense phase of growth, are an example of how opportunities are created by action over time, instead of being predictable. Based on experimentation and flexibility, new ventures then act on these opportunities and adapt their strategy and the structure of the company along the way, ready to make radical changes if necessary (Deligianni, Voudouris & Lioukas, 2015).

6 Conclusion

In our thesis we identify overarching concepts that could guide new ventures facing rapid growth in order to answer our research question: How do entrepreneurs manage rapid venture growth ensuing from Blockbuster crowdfunding campaigns (surpassing their initial funding goal by at least 200%)?

Cast in the research areas of rapid venture growth and crowdfunding, we firstly analysed previously recognized theories regarding management challenges and strategies related to the "liability of rapid growth" in the early stages of a venture. Secondly, we matched these strategies to actual practices of six technology and product design companies that experienced rapid growth after an overly successful Kickstarter campaign. The context of reward-based crowdfunding allowed us to study the effects of a rapid increase in demand resulting in fast-paced growth on a start-up in an experiment-like setting and to identify consistent patterns emerging across companies.

Our findings imply that there are no uniform success strategies applicable across a variety of contexts, as every venture is different and the highly dynamic nature of rapid growth creates unique challenges and obstacles. New ventures can however enhance their strategies by applying overarching concepts that improve their starting position and prepare them for the challenges to come. The concepts we identify are derived from the aggregate dimensions identified through our findings and relate to a venture's strategic management (the lean start-up strategy), organisation and structure (entrepreneurial mindset as an enabler and manager for growth) and growth management (the long-term perspective).

The lean start-up strategy, in its essence, describes how to bring a simple product to market as fast as possible, making use of the backer community for feedback. It comprises a company and human resources strategy based on the premises of efficiency with high demands placed on every employee from the first day on. In general, flexibility is favoured over planning except for selected areas such as production, financing and marketing and ultimately both approaches complement each other.

The entrepreneurial mindset as an enabler and manager for growth focuses on integrating new employees into an entrepreneurial company culture, featuring high task ownership and independence of self-organised employees. In consequence, the managers can focus on managing by objectives that are shared by the majority of the organisation's members.

The long-term perspective of growth is important for new ventures to adapt a growth mindset to overcome challenges such as the "chicken-and-egg problem" in production. Additionally entrepreneurs have to consider their market entry through Kickstarter as part of the company's overall growth plan and be prepared to adjust their company's size and shape to reflect radical changes in focus regarding the organisation of the venture and its employees. Rapid growth in new ventures creates a highly uncertain environment in which frameworks such as effectuation help entrepreneurs stay in control.

Various combinations of elements of these concepts have enabled the companies in our sample to manage the management challenges they were confronted with due to rapid growth following their Blockbuster Kickstarter campaigns. These concepts are constantly adapted throughout the growth process of the company. New ventures get feedback from the market and the performance of the company on how well their management strategies are suited to cope with the management challenges resulting from rapid growth (as shown in figure 3). Companies therefore adapt in an evolutionary manner, influenced by past experiences, the current environment and management challenges they are currently facing.

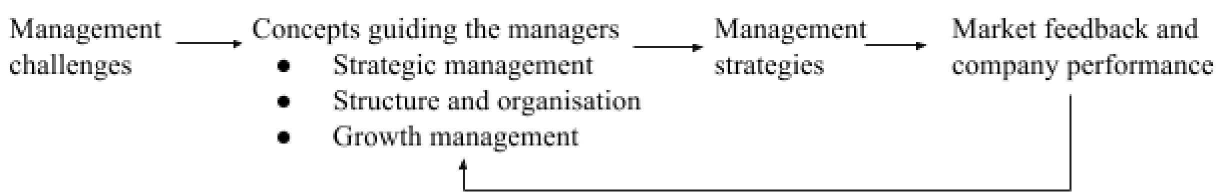

Figure 3. Management Challenges and the Evolution of the Company

6.1 Theoretical Implications

New ventures subsist in a fragile state once they enter a market and have to quickly grow in order to establish a sustainable position and prepare for future challenges. The companies in our sample show that rapid growth creates additional management challenges which can be classified as the “liability of rapid growth”. Our findings are congruent with the suggestions of Davidsson, Achtenhagen and Naldi (2010) that growth should not be automatically equated with success and both beneficial and adverse ramifications have to be considered.

For the theoretical background of our thesis we applied literature on high growth ventures to the context of new ventures that are experiencing phases of rapid growth. We can therefore discuss implications regarding the literature in a new venture context. Whereas some of our findings confirmed the academic standpoint regarding management challenges and strategies represented in our literature review, such as the indispensable nature of self-organisation supported by a strong company culture, others contradicted them. Examples include the near impossibility of proactive hiring in the reality of the start-up world and similar instances of prioritising flexibility over planning.

Regarding the research strands “the outcome of growth” and “the growth process”, it becomes clear from our findings that both approaches are closely related and that there is a natural overlap, as the growth process influences the outcome of growth and vice versa (as described in 5.3). An outcome of growth can be both the resulting state of the company after it has adapted to changes in external demand, but can also include the additional challenges that are created through this change. One outcome of growth therefore always leads to a subsequent outcome of growth, connected by the growth process. To gain a full picture of the effects and processes that result from growth, the two approaches are therefore best used in conjunction.

Another instance suggests a deviation in how rapid growth can be categorised and analysed in established ventures compared to new ventures. Our findings show that rapid growth cannot only be categorised by the change in company output, but also by looking at the severity of the changes that the company has to undergo to reach this output. Additional research needs to consider different growth indicators for analysing rapid growth in new ventures compared to the existing parameters for high-growth firms. While an increase in sales and employees has meaning to a certain extent, valuable insight can be gained by investigating how the efficiency of a new venture increases as it deals with resource constraints and structural changes.

In particular, our results lead to the conclusion that, contrary to the traditional sense of rapid growth, in which the number of employees increases substantially together with sales, for new ventures the change in employees due to rapid growth does not have to be a steady increase over time, but can instead be highly fluctuating. Employees are hired and let go quickly to fit the current demand and required skill sets, as this strategy minimises costs and ensures that growth can be sustained by staying flexible. This is also the reason due to which almost all entrepreneurs in our sample relied on contracting freelancers and outsourcing labour-intensive tasks. As discussed by Davidsson, Achtenhagen and Naldi (2010), this additionally distorts the effectiveness of growth indicators such as sales and employment growth and indicates that growth cannot be easily quantified and should include the internal changes in a company and its structure to allow a more holistic assessment of the company and the effects growth can exert on new ventures.

Further avenues for fruitful research could consist in validating the success of the overarching concepts applied by the companies in our sample across a broader selection of companies, possibly expanded to a non-crowdfunding related context as well.

6.2 Practical Implications

Implications for practitioners can be derived in a twofold manner from our paper. Firstly, our results bear high relevance for companies conducting a crowdfunding campaign and seeking to learn from cases of extreme success how to approach their after-campaign management. The main insights identified for this group consists of recommendations regarding to what extent a more flexible approach could ensure the uninterrupted growth of a successfully funded project, for example when it comes to employee hiring, and in which areas more detailed planning could be called for, for instance related to the manufacturing process and cost management. The concepts derived in the analysis part of our thesis could also be of particular interest to project creators since their abstracted form allows for them to be implemented by companies within their individual context.

Secondly, we deem our insights to be potentially relevant for firms facing rapid growth outside of the crowdfunding context as well. Specifically, we refer to the growing number of "born global" companies that "expand into foreign markets and exhibit international business prowess and superior performance, from or near their founding" (Knight & Cavusgil, 2004, p.124). By definition, this can include both companies excelling in an international context after a successful crowdfunding campaign as well as companies pursuing a more classical internationalization strategy with the aid of distributors. These small-sized firms experience sudden high growth rates due to the exponential nature of the internet, leading them to face large orders from an international customer group despite limited resources. Born global firms are characterized by deploying entrepreneurial strategies which bring them close in concept to individuals performing a crowdfunding campaign as a form of bootstrapping in order to bring their company into existence (Oviatt & McDougall, 1994; Winborg & Landström, 2001; Knight & Cavusgil, 2004; Ebben & Johnson, 2006). In contrast to a crowdfunded company, born globals usually experience growth on a more continuous basis since their influx of orders tends to increase gradually but steadily over time. Therefore in particular our insights into the growth process and how to adapt a company's structures and processes to keep up a continuously high growth rate could prove beneficial for these enterprises relying on international success. Similarly to our results in strong favour of flexibility in many business areas, the superior performance of born globals has been linked to their agility inherent to their small size (Knight & Cavusgil, 2004).

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Appendix A

Company name	Location of the interview	Duration of interview 1 (in minutes)	Duration of interview 2 (in minutes)
Block Zero	Skype	48:08	/
Blocks Wearables	Skype	51:44	23:50
Hexlox	Skype	58:12	/
Locumilabs	Skype / Munich	31:59	48:33
MiaMily	Skype	49:50	56:46
Alpine Laboratories	Skype	41:00	12:44

Table 2. Overview of Interview Details

Appendix B

Topic / theoretical construct from literature	Interview question English
Basic company information	When was your company founded? (year and month)
Basic company information	How would you describe your position in the company?
Basic company information	How many employees do you have at the moment?
Employee growth	How many new employees have you employed since the end of your campaign and in which areas?
Employee growth	What was your strategy when hiring new employees? What were you looking for in new employees?
Employee growth	Did you hire employees proactively, anticipating that you would need their skills? If yes, how much time in advance did you hire them before you actually needed their skills?
Employee growth	What is your strategy for integrating new employees into the team as fast as possible and into the business processes?
Basic company information	What is the financial background of your company - are you self-funded or do you have investors on board? If yes, Business Angels, Venture Capitalists, how many, when did they invest (how many funding rounds)? Did the KS campaign influence how easy it was to find investors?

Growth planning	What was the main goal of your campaign - what did you hope to achieve with your campaign? (E.g. market validation, product development, customer base, finance production, …) What were the challenges you were trying to solve through the campaign?
Growth planning	How and to what extent did you plan the growth you anticipated your company to experience after the campaign?
Outcomes of growth	What were the actual after effects of your successful campaign? (Positive effects: Funding, press coverage, sales, e.g.?)
Sales growth	Can you give us an overview of how your sales developed during and after the campaign? Percentages are fine.
Growth planning	How did your funding goal compare to the amount of money that you would have needed to fund your production? Was it more / less than actually needed? Did you expect to surpass your funding goal? How did you fund the production?
Growth problems	Did you experience any cash flow problems after the end of the campaign? (first two weeks e.g. before funds are released)
Outcomes of growth	Did the Kickstarter campaign and resulting growth help you increase your profitability?
Growth problems	What were the three biggest challenges you faced after the end of your campaign?
Growth management	How did you cope with these crowdfunding/growth related challenges?
Growth management	What could you have improved when dealing with these challenges?

Growth management	How did you have to adapt the structures and processes of the company after the campaign? (e.g. knowledge management, administration processes, finances, human resource management, ...)
Growth management	Did you decide to outsource any processes in response to the growth of your company?
Growth management	How did you have to adapt your management style? How would you describe your leadership role?
Growth management	What does your process of delegation look like? How do you make sure it doesn't take up too much time or control?
Growth management	How did you change the way the whole team collaborates, especially related to areas of responsibility, roles and decision-making?
Growth management	How did your company structure change - did you have to establish a more hierarchical structure?
Growth management	Did you at some point have to go back to a less rigid company structure because you felt you strangulated your employees' creativity?
Growth management	How did your company culture change due to the campaign and employee growth?
Growth management	What are the three core values characterizing your organisational culture?
Growth management	How did you deal with the increased demand for customer service?

Growth management	How did your crowdfunding campaign fit into your overall growth strategy? Did the KS campaign lead to continuous growth? What is your outlook on growth now? To what degree had you planned to use Kickstarter as a stepping stone towards building a bigger business?
Growth management	Would you say that the crowdfunding campaign just accelerated growth or that it enabled growth that wouldn't have been possible without it?
Growth problems	How do the challenges you experienced directly after the campaign compare to the challenges you are experiencing now, 6-18 months later?
Growth planning	How did you plan your production around your campaign? Did you already have suppliers lined up, certifications etc?
Growth planning	Have you already shipped all your rewards? Until when will you ship all of them?
Growth planning	Regarding your stretch goals, how much research had you done about their feasibility?
Growth planning	How many employees were involved in the development and management of the campaign? Who was responsible for the planning of the campaign? What was your role?
Solutions to growth problems	What would you do differently if you could go back to the end of your campaign, regarding your after campaign management?
Solutions to growth problems	What are your key learnings from your crowdfunding campaign that you would implement for future growth phases, especially regarding planning and management post

	campaign? Would you aim to be more flexible in your planning or set up more concrete plans?
Outcomes of growth	Did you experience positive after effects in terms of marketing - was it easier to grow your customer base through social media?
Outcomes of growth	Did you experience positive after effects in terms of PR - was it easier to establish contacts with the press, bloggers, get invited to fairs etc?
Other	Are there any questions you feel we should have asked that we didn't ask?
Catch-all	Why do you think companies fail in the rapid growth phases following successful campaigns?

Table 3. Interview Guide

Appendix C

The following table gives an overview of our data structure, including identified concepts, themes and overarching aggregate dimensions.

First Order Concept	**Second Order Theme**	**Aggregate Dimension**
No colour variation No stretch goals	Lean product development	The lean start-up strategy
Customer service as founders' responsibility Customer service management tools Honest, immediate communication Make use of backer community	Customers as a liability and an asset	
Quick hiring & firing Trial period "Hit the ground running"	Lean company structure	
"Make or break" campaign Engage with manufacturer early on "Last minute" company foundations Time pessimistic production planning	Flexibility versus planning	
No micro management Task ownership Speedy completion "Everyone is an entrepreneur"	Self-organisation	Entrepreneurial mindset as an enabler and manager for growth
Flat hierarchies Community creation "Work as a lifestyle"	Company culture	
Building a company Sustainable management decisions in manufacturing, financing and sales: low costs or investors	The growth mindset	The long-term perspective of growth

"Chicken-and-egg problem"		
KS as a stepping stone Stage of venture either in product development or close to production	Timing entry into market	
From sales/marketing to product development/ manufacturing Replace all employees besides core team	Change in focus of the company and radical changes	

Table 4. Data structure and Aggregate Dimensions