SCHOOL OF
ECONOMICS AND
MANAGEMENT

LUND UNIVERSITY

Insights from Venture Builders: Managing the Collaborative Development of Ventures with Corporates

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Master's Program in Entrepreneurship & Innovation

ENTN19 | Degree Project in New Venture Creation

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Date of Hand-In | 24th May 2023

Date of Seminar | 31st May 2023

Abstract

Title: Insights from Venture Builders: Managing the Collaborative Development of Ventures with Corporates

Date of Seminar: 31st of May 2023

Course: ENTN19 MSc Entrepreneurship and Innovation | Degree Project in New Venture Creation (Master´s Thesis 15 ECTS)

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Keywords: Venture Builder; Corporate Venturing; Opportunity Development Process; Collaboration

Research Question: "How do venture builders manage the process of developing venture opportunities in collaboration with corporates?"

Methodology: This research followed a qualitative approach using a cross-sectional study design. Ten semi-structured interviews with employees from four different venture builder organizations are the primary data source. The data is inductively analyzed using Gioia, Corley, and Hamilton's (2013) approach.

Theoretical Perspective: This study reviewed existing literature on venture builders, corporate venturing, entrepreneurial opportunity development, and interorganizational collaborations as the core concepts of this research.

Conclusion: Although venture builders raise awareness as a new player in the world of corporate venturing, academic literature has barely explored this new phenomenon. This study explores how venture builders manage the development process of venture opportunities in collaboration with corporates and contributes to literature by identifying three key practices. This research determines the importance of *leveraging corporate assets*, *building trust and credibility*, and, lastly, *finding strategic fit between venture opportunities and corporate strategy* for venture builders to facilitate collaborative opportunity development with corporates.

Acknowledgments

We would like to thank our academic supervisor Joakim Winborg for his exceptional support and guidance throughout the development of our thesis, thank you.

Further, we thank all our interviewees for allocating their time to support our research. It was a pleasure meeting all of you and collecting those valuable insights. Without your help, this research would have never been possible, thank you.

Lastly, we also express our heartfelt gratitude to our program director Craig Mitchell, friends, and family for their continuous encouragement throughout this enlightening academic and entrepreneurial journey.

Sincerely,
Ralf & Amin

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1 Introduction

This chapter provides background information on the research topic, presents the identified research gap and formulated research question, based on a problem discussion, and lastly, the chosen thesis outline to thoroughly address the research purpose.

1.1 Background

Nowadays, striving for innovation has become an essential life-or-death matter for corporates (Baumol, 2004). Corporate venturing has grown in interest as a method to integrate entrepreneurial activity into corporate environments, not just to take advantage of short-term investment opportunities but as an important element of corporate strategies (Ireland, 2001; Narayanan, Yang & Zahra, 2009). But what does corporate venturing look like today? There are many different internal and external corporate venturing models such as creating joint ventures with other corporates, acquiring startups, corporate venture capital investing, intrapreneurship, incubators, or also accelerators (Kitsuta & Quadros, 2022).

With increasing efforts of corporates to engage with startups and collaborate successfully in this fast-paced ecosystem, these established models of corporate venturing are being complemented by newer models that could bridge the gap between both parties better (Weiblen & Chesbrough, 2015). One of these emerging models is venture building through venture builders (Mittermeier, Hund & Beimborn, 2022). There are several reasons for the developing popularity of this model.

To begin with, the startup landscape is characterized by high risk and uncertainty that are a burden for those wanting to participate in it (Gomes, Facin & Salerno, 2021; Sommer, Loch & Dong, 2009). Especially corporates that can often be perceived to be rather risk-averse and try to mitigate risk in any way possible (Pauwels et al., 2015; Weiblen & Chesbrough, 2015). In this context, venture builders might offer a new way of venture buildering (Baumann et al., 2018), a risk-mitigating way for corporates to enter the startup ecosystem. Additionally, collaborations between startups and corporations often struggle because of cultural differences leading to misunderstandings and different operational paces (Weiblen & Chesbrough, 2015), where venture builders could assumably have a bridging role as a new model of corporate venturing (Patel & Chan, 2023). Overall, the core distinction and potential advantage of venture builders is their holistic, proactive, systematic approach to building and scaling new ventures (Baumann et al., 2018; Gutmann & Maisch, 2022).

Building up on that, the authors argue that it is important to understand the mechanisms that navigate the development of those venture opportunities for both, the venture builders and the corporates. It is especially the opportunity development process that is most interesting to be examined, as it is the most frequently researched subprocess within the new venture creation process over the last 20 years and is the first step in the creation process of a new venture (Davidsson & Gruenhagen, 2021). Further, unlike accelerators and incubators, venture builders do not primarily work with pre-existing startups (Kitsuta & Quadros, 2022), but rather create them themselves, including ideation (Mittermeier, Hund & Beimborn, 2022; Patel & Chan, 2023), which makes it even more interesting to observe their opportunity development process more closely.

1.2 Problem Discussion

Although scholars have thoroughly done research on the opportunity development process and have evolved it throughout the years, the perspective was constantly taken from the perspective of an entrepreneur as an individual and his or her way of managing the opportunity development process e.g., Clausen (2020), Mauer et al. (2018), and Wood and McKinley (2010). The authors argue that it is questionable if this logic can be fully applied to venture builders. Especially those who work with corporates and presumably deal with corporate involvement, as they act, based on their business, like an entrepreneur but in the form of an organization (Patel & Chan, 2023). As a matter of fact, this research paper defines venture builders as *independently working organizations that have the business model of systematically creating, launching, and scaling new ventures by offering a holistic venture creation process* (Baumann et al., 2018; Mittermeier, Hund & Beimborn, 2022).

Venture builders differ from each other in some aspects. One of these aspects includes that not every venture builder creates new ventures in collaboration with corporates, and accordingly, does not develop the venture opportunities together with them (Mittermeier, Hund & Beimborn, 2022). Very recent research started examining the venture creation process of venture builders (e.g. Gutmann & Maisch, 2022; Patel & Chan, 2023), however, academia struggles in providing a variety of research on that topic to strengthen current results, especially with the focus on venture builders that build ventures in collaboration with corporates. The problem with that is the newness of the venture builder phenomenon itself (Hartmann et al., 2018).

Weiblen and Chesbrough (2015) point out the difficulties between corporates interacting with the startup world and vice versa. Thus, venture builders might be viewed as bridges that introduce corporates to the startup world, making use of their own agility and entrepreneurial expertise (Baumann et al., 2018; Gutmann & Maisch, 2022). Research demonstrates venture builders' right to exist as new players in the corporate venturing ecosystem (Patel & Chan, 2023), however, this novel and fragmented research field lacks a deeper exploration of venture builders' management practices to navigate a venture opportunity development process that is influenced by a corporate. Based on this research gap, with a specific focus on the corporate involvement aspect, this paper examines the following research question:

"How do venture builders manage the process of developing venture opportunities in collaboration with corporates?"

1.3 Thesis Outline

To answer the research question, it is important to understand this thesis' structural scientific approach to do so. The next chapter covers the *Theoretical Framework*, which elaborates on the core concepts relevant to this study and relates them to each other in a theoretical synthesis. By doing that, the current state of the literature on the topics is being reviewed and the research gap identified. In the next step, the chapter *Methodology* explains the design and approach to collecting and analyzing data to qualitatively explore the research problem. The empirical findings are presented in the *Findings* chapter and then further linked and interpreted with literature in the *Analysis & Discussion* chapter. Lastly, the chapter *Conclusion* summarizes the research problem, answers the research question, discusses this paper's academic contribution, as well as its limitations leading to future research proposals.

2 Theoretical Framework

The proposed theoretical framework elaborates on the core concepts most relevant to this research: Venture builders, corporate venturing, opportunity development, and interorganizational collaborations. Lastly, the theoretical synthesis summarizes the core statements of current literature by explaining the interconnection between all concepts. Thus, this synthesis elaborates on the identification of the research gap and the necessity for further empirical exploration on this topic.

2.1 Venture Builders

The emerging trend of venture building has grown to become a popular mode of corporate venturing practices within recent years (Kitsuta & Quadros, 2022). As this research paper uses venture building as one of the main concepts, it is essential to understand how current literature and this specific paper define and categorize venture builders, but also how they differentiate themselves from established models such as accelerators, business incubators, and corporate venture capital.

2.1.1 Definition and Categorization

Due to the newness of venture building as a practice that is getting more common (Kitsuta & Quadros, 2022; Patel & Chan, 2023), research has not presented a universal, scholarly definition of corporate venture building and proposes a plethora of different approaches to define and categorize venture builders (Mittermeier, Hund & Beimborn, 2022; Patel & Chan, 2023; Tkalich, Moe & Ulfsnes, 2021).

Within academia, the term venture builder is interchangeably referred to as startup studios, company builders, venture studios, or startup factories (e.g. Baumann et al., 2018; Bliemel, Gomes & Flores, 2017; Szigeti, 2016; Tkalich, Moe & Ulfsnes, 2021). To avoid this terminological confusion, this paper further uses venture builder as an umbrella term for all the previously named synonyms. Moreover, this paper determines the working definition of venture builders as *independently working organizations that have the business model of systematically creating, launching, and scaling new ventures by offering a holistic venture creation process*, primarily inspired by Kitsuta and Quadros (2022), Baumann et al. (2018) and Mittermeier, Hund and Beimborn (2022).

Although venture builders differ from each other in many characteristics, they typically conduct or offer to conduct the new venture creation process from the ideation until the scale-up stage (Mittermeier, Hund & Beimborn, 2022) and pursue this by hiring and employing in-house teams of entrepreneurs (Kitsuta & Quadros, 2022).

	Support Dimension	Characteristics			
WHO	Type of Entrepreneur	● *Visionary*	◆▲ *Mature*	■ *Intrapreneur*	
HOW	Main Supporting Logic	●◆ *Incubation*	▲■ *Excubation*	*Consultation*	
	Degree of Supporting Service	● *Essential*	▲■ *Extended*	◆ *Full*	
	Governance Structure	● *Market-like*	◆▲ *Hybrid*	■ *Hierarchy-like*	
	Degree of Standardization	● *Low*	▲ *Medium*	◆■ *High*	
	Main Type of Routine	● *Partnering*	◆ *Accelerating*	▲■ *Innovating*	
	Main Value Proposition	◆ *Entrepreneurial Know-how*	● *Entrepreneurial Ecosystem*	▲ *Leveraging Corporate Assets*	■ *Innovation Insourcing*
	Main Role of IT in entrepreneurial operations	*Facilitator*	*Mediator*	*Outcome*	●◆▲■ *Ubiquity*
WHAT	Level of Innovation Newness	*Core*	◆▲■ *Adjacent*	● *Transformational*	
	Domain of Innovation Newness	▲ *Opportunity-driven*	■ *Market-Driven*	●◆ *Tech/Topic-Driven*	
	Main Nature of Business	●▲ *Digital Technology*	◆■ *Digital Business*		
	Locus of Opportunity	● *Founder and/or DCB*	◆ *Mostly DCB*	▲■ *DCB and Corporate*	*Mostly Corporate*
	Main Output	●◆ *VC Case; New Venture*	▲ *New Business Unit/Venture*	■ *Not Fixed*	
	Selective Codes	Axial Codes			

● Founder-centric DCB (Case G) ◆ Portfolio-centric DCB (Case D & F) ▲ Industry-centric DCB (Case I & J) ■ Corporate-centric DCB (Case A, B, C, E and H)

Figure 1: Digital Company Builder Taxonomy (Mittermeier, Hund & Beimborn, 2022)

However, Mittermeier, Hund, and Beimborn (2022) examined the dimensions and characteristics in which digital company builders differ from each other and proposed a taxonomy for that, identifying four types of digital company builders, for the purpose of simplification further called venture builders: Founder-centric, portfolio-centric, industry-centric, and corporate-centric. Detailed differences in characteristics can be gathered from Mittermeier, Hund, and Beimborn's (2022) paper, however, it is interesting, regarding this paper's research purpose, to discuss the topic of corporate-centric venture builders. In this context, the term corporate venture builder exemplifies another terminology ambiguity in literature, as some scholars utilize this derivation of venture building with another meaning than others (Mittermeier, Hund & Beimborn, 2022). Some papers refer to corporate venture builders as venture builders that formally or informally work with established corporates to achieve corporate goals and also with access to their resources (Kitsuta & Quadros, 2022). However, other papers refer to corporate venture builders as venture builders arising as a new external unit from a corporate or corporate-backed (Hartmann et al., 2018). It is important to mention, that venture builders act independently as an organization in their decision-making, while still complying with the interests of collaboration partners (Kitsuta & Quadros, 2022). The different perspectives on defining corporate venture builders as either any type of collaboration between corporates and venture builders or categorizing them as corporate-backed venture builders demonstrate issues relating to the newness of this research area and illustrate the need for further terminological clarification (Mittermeier, Hund & Beimborn, 2022).

2.1.2 Differentiating from Accelerators, Incubators, and Corporate Venture Capital

It is further important to distinguish between venture builders and other relatable corporate venturing alternatives such as accelerators, business incubators, and corporate venture capital (Gutmann & Maisch, 2022; Kitsuta & Quadros, 2022; Peter, 2018).

Accelerators

Starting with accelerators, Hochberg (2016) defines them as “a fixed-term, cohort-based program, including mentorship and educational components, that culminates in a public pitch event often referred to as “demo day” ” (p.32). Accelerators and their programs are, as set in the definition, based on contractually fixed durations (Hochberg, 2016; Miller & Bound, 2011). Within this program, accelerators focus on five core elements short and fixed durations, education by giving business and product advice, small founding teams, cohort-based mentoring support, and networking, as well as pre-seed funding (Hochberg, 2016; Christiansen, 2009). In contrast to that, venture builders differ in several aspects. Firstly, venture builders offer a holistic approach to conducting the whole venture creation process, from ideation until scale-up (Gutmann & Maisch, 2022; Mittermeier, Hund & Beimborn, 2022) and potentially exiting (Peter, 2018), while accelerators work with early-stage but already existing ventures and have the goal of accelerating their growth (Hochberg, 2016). Connected to that, the venture builders process is ongoing and takes a longer time (Mittermeier, Hund &

Beimborn, 2022; Patel & Chan, 2023), whereas accelerator programs are intense and fixed to durations (Hochberg, 2016). Another distinction is that the accelerator program-entering startups are led in cohorts (Hochberg, 2016; Christiansen, 2009), and venture builders do not follow this cohort approach (Patel & Chan, 2023).

Business Incubators

Further, it is important to understand the distinction between business incubators. Colbert et al. (2010) defines a business incubator as "a program designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed or orchestrated by incubator management, and offered both in the incubator and through its network of contacts" (p.160). Moreover, an established typology by Grimaldi and Grandi (2005), distinguishes between four types of business incubators: Business innovation centers, university business incubators, independent private incubators, and corporate private incubators. The goal of all these business incubator types is to develop and foster autonomy and financial viability in new businesses by providing mentorship and support in management and technical issues, as well as resources such as working space, equipment, and network to funding options (Colbert et al., 2010; Peter, 2018). In contrast to venture builders, business incubators also, just like accelerators, take in pre-formed entrepreneurial teams with early-stage ideas and do not focus on creating new businesses by ideating in-house (Mittermeier, Hund & Beimborn, 2022; Patel & Chan, 2023). In further distinction to accelerators, the duration of incubator support for the startups is longer, showing similarities to venture builders (Patel & Chan, 2023). Other than venture builders (Patel & Chan, 2023), incubators do usually not provide funding, but just the right network and preparation to get funding, and, therefore, do not get remunerated by equity but earn money through renting out their spaces and services (Colbert et al., 2010).

Corporate Venture Capital

Lastly, corporate venture capital is another corporate venturing method that is often related to the context of venture building (Kitsuta & Quadros, 2022). According to Maula (2001), corporate venture capital refers to "equity or equity-linked investments in young, privately held companies, where the investor is a financial intermediary of a non-financial corporation" (p.9). These investments aim to create a path for the corporate backing the corporate venture capital, to gain access to innovation and new technologies developed by the startups (Narayanan, Yang & Zahra, 2009). Most investments made by corporate venture capital investors fall into the category of passive investments (Chesbrough, 2002). This means that the corporation's objective is mainly financial and loosely linked to operational support for the startup, resulting in fewer learnings and adoption in terms of innovation and new technologies developed by the startups (Anokhin, Wincent & Oghazi, 2016; Chesbrough, 2002). In contrast to venture builders, corporate venture capital works with already existing startups (Kitsuta & Quadros, 2022) and, in most cases, acts as a passive investor that is rarely involved in operational support and development of the startup (Chesbrough, 2002).

Venture builders clearly distinguish themselves from accelerators, incubators, and corporate venture capital in different ways. Firstly, they offer a holistic approach to conducting the venture creation process with an internal team of entrepreneurs and potentially sourced co-founders (Baumann et al., 2018; Gutmann & Maisch, 2022; Kitsuta & Quadros, 2022; Mittermeier, Hund & Beimborn; Patel & Chan, 2023). Accelerators and incubators, only work with pre-formed teams and existing external startups and ideas and exclusively act within certain and not all stages of the venture creation process (Kitsuta & Quadros, 2022).

Consequently, the authors argue that none of these corporate venturing players adopt the exact business model of venture builders but rather just participate as external supporters in certain stages of the venture creation process (Patel & Chan, 2023). In connection to that, the extent of active participation in terms of creating and developing the venture is much higher in venture builders (Mittermeier, Hund & Beimborn; Patel & Chan, 2023), as accelerators only support external startups in a short-time period (Hochberg, 2016), while incubators focus on creating the entrepreneurial framework for startups to develop themselves (Colbert et al., 2010), and corporate venture capitals mostly act very passively focusing on financial returns (Anokhin, Wincent & Oghazi, 2016; Chesbrough, 2002).

2.2 Corporate Venturing

Within the last decades, the concept of corporate venturing has risen with the idea of creating new strategic values and business capabilities, as well as enhancing the financial growth and profit of established corporates (Narayanan, Yang & Zahra, 2009). Already Burgelman (1983), discovered and proposed future research into the potential of designing external venture organization forms in line with strategic management. However, many companies still fail in leveraging their corporate venturing efforts to their full advantage in terms of strategically implementing and developing them on a long-term basis (Covin & Miles, 2007). The following subchapters elaborate on the concept of corporate venturing itself, how venture builders might be positioned in this ecosystem, and the significant role that the fit of corporate strategy plays in it.

2.2.1 Concept of Corporate Venturing

Starting with the terminology, corporate venturing has been defined by various scholars and can be summarized as the entrepreneurial efforts of established corporates with the growth-focused goals of creating new business organizations within a corporate structure, innovative products, and new markets (Kitsuta & Quadros, 2022; Sharma & Chrisman, 1999). Sharma and Chrisman (1999) differentiate between two types of corporate venturing: Internal corporate venturing and external corporate venturing. While the result of external corporate venturing efforts is that the newly created organizations reside, act, and develop outside the established corporate domain, internal corporate venturing efforts result in organizations that reside, act, and develop within the corporate (Hill & Georgoulas, 2016; Sharma & Chrisman, 1999).

On the one hand, established methods of external corporate venturing include licensing, the creation of joint venture partnerships with other corporates, acquiring ventures or partly investing into them by securing minority equity stakes through a corporate venture capital vehicle such as a fund (Keil et al., 2008; Kitsuta & Quadros, 2022; Narayanan, Yang & Zahra, 2009). On the other hand, internal corporate venturing includes methods that create corporate-internal new venture units, referring to a traditional understanding of intrapreneurship within a firm (Hill & Georgoulas, 2016), or corporate incubators (Kitsuta & Quadros, 2022; Weiblen & Chesbrough, 2015).

Ultimately, these classifications are based on Sharma and Chrisman's (1999) acknowledged framework on corporate entrepreneurship that categorizes entrepreneurship into independent entrepreneurship and corporate entrepreneurship, and defines corporate venturing, which is divided into external and internal modes, as one of the subcategories of corporate entrepreneurship.

Classifying Venture Builders

Considering the insights from the chapter *Venture Builder* and the classification of corporate venturing activities, the authors argue that venture builders could be viewed as a linkage between independent entrepreneurship and corporate venturing in case of a corporate's involvement. Depending on the perspective the authors assume that venture builders demonstrate closer ties between independent entrepreneurship and internal corporate venturing or independent entrepreneurship and external corporate venturing that introduced by Sharma and Chrisman (1999). Regarding the first perspective, Kitsuta and Quadros (2022) argue that this kind of venture building can be viewed as a corporate-internal incubator with the difference of working with external entrepreneurs. On the contrary, venture building may also be viewed as an extension of external corporate venturing, especially when considering the role of venture capital in financing new ventures created by venture builders from the corporate's and the venture builder's perspective (Gutmann & Maisch, 2022).

As the definitions of external corporate venturing and internal corporate venturing imply that the differentiation depends on if the newly created business organization or unit will stay within the corporate boundaries or not (Sharma & Chrisman, 1999), new ventures created through a collaboration between a corporate and a venture builder are difficult to assign to either of these categories. Although, external corporate venturing methods comply more with the nature of the to-be-created venture, as it will act autonomously outside of the parent company's core domain and not be a new unit integrated within the core business of the corporate (Sharma & Chrisman, 1999). This relates more clearly to another typology of corporate venturing illustrated by Weiblen and Chesbrough (2015), which classifies corporate venturing as an outside-in corporate-startup engagement mode including equity involvement. This typology connects to the interpretation that venture builder may be related more to external corporate venturing than internal corporate venturing, as it views the goal of corporate venturing to "participate in the success of external innovation and gain strategic insights into non-core markets" (Weiblen & Chesbrough, 2015, p.81).

2.2.2 Strategic Fit

Although venture builders work independently as an entity, they have to consider corporate interests when choosing to collaborate with them to build ventures (Mittermeier, Hund & Beimborn, 2022). Therefore, the authors assume that taking the corporate strategy and focus into consideration is especially relevant. The concept of strategic fit emerges from the management theory (Venkatraman & Camillus, 1984). According to Chandler (1962) and Andrews (ed.) (1971), the concept of strategic fit is defined as matching the resources of the corporate with environmental opportunities and threats. Venkatraman and Camillus (1984) state that there are different domains of fit in theory, caused by the different research disciplines around strategic management. Economics and strategic management focus on the market structure-related fit between external and strategic factors, while marketing focuses on the content issues and organization theory on the topics around the process (Venkatraman & Camillus, 1984). The structural contingency theory has focused on the environment-structure relationships and not on the environment-strategy (Thompson, 1967; Lawrence & Lorsch, 1967; Donaldson, 1995). In the sense of matching and aligning to new opportunities and threats, the literature on strategy is multidimensional, and not clear if a corporate should adapt its strategy to environmental changes to fit better or if that would cause a misfit with the strengths of the corporate (Zajac, Kraatz & Bresser, 2000). Zajac, Kraatz, and Bresser (2000) propose an approach that shows how organizational and environmental factors impact strategic fit, which ultimately leads to organizational performance. Further, Zajac, Kraatz, and Bresser (2000) illustrate the need for establishing dynamic strategic fit in a simplified graphic with four dimensions as illustrated below.

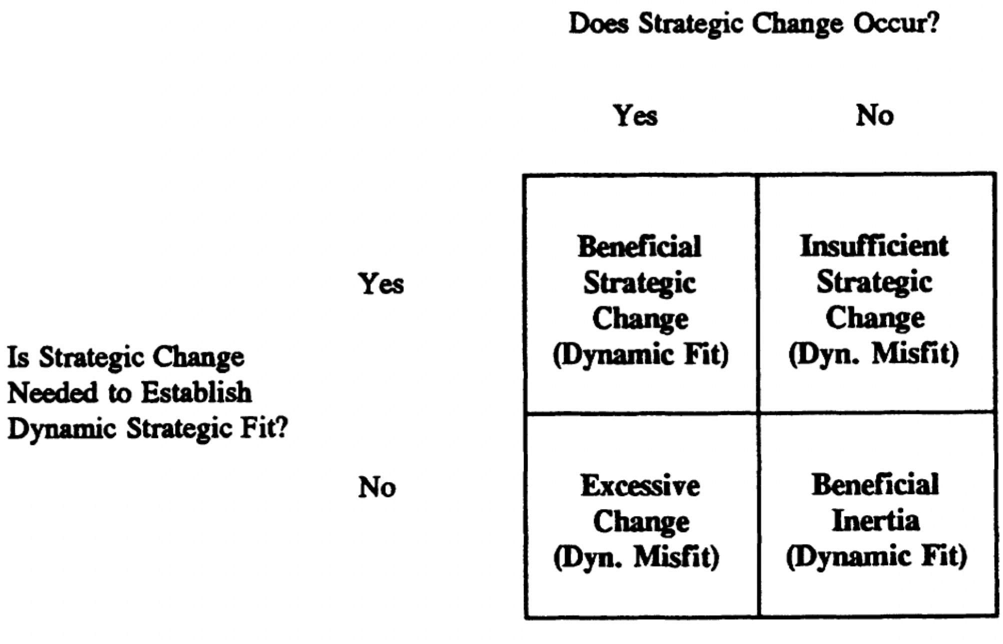

Figure 2: „Four possible scenarios in the pursuit of dynamic strategic fit" (Zajac, Kraatz & Bresser, 2000, p.433)

Beneficial strategic change can occur due to changes in conditions, for example, the lack of resources, and environmental conditions such as policy, competitors, technology development and other factors, organizations have the need to change and a performance benefit by doing so (Zajac, Kraatz & Bresser, 2000). Organizations facing those challenges should adapt their strategy, which is aligned with what the literature of traditional perspectives on strategic change recommends (Kraatz & Zajac, 1996).

Insufficient Strategic Change characterizes the opposite of beneficial strategic change, which could be seen as a worst-case scenario (Zajac, Kraatz & Bresser, 2000). The organization is faced with the same external challenges and has a strategy that is not fitting in terms of the conditions and is unwilling or has the lack of knowledge about the need to change the strategy (Zajac, Kraatz & Bresser, 2000). Organizations can be stuck in their behavior or it can happen that the new skillset needed to adopt the new strategy is not within their company (Henderson & Clark, 1990).

Beneficial inertia describes the situation, where the competitive advantage is on the corporate's side, when maintaining their strategy and not implementing strategic changes (Zajac, Kraatz & Bresser, 2000). The organization's embedded environment can have unchanged conditions or the local environment protects the organization from disruption in the industry (Zajac, Kraatz & Bresser, 2000).

According to Selznick (1957), the strategic orientation to the environment should not be an organization's goal. Organizations' survival and performance against environmental factors can be protected using resources that they own and an understanding of their borders instead of adapting (Miles & Cameron, 1982). Hofer and Schendel (1978) suggest that if an organization has historic strengths in resources, it can lower the need to adapt to environmental forces and can even be beneficial that maintaining its strategy. Because their resources are difficult to replicate it can be beneficial for the organization to be inertia and make use of them, so the organization's strategy must be viewed holistically in terms of its resources and environmental factors (Peteraf, 1993).

The other extreme can be *excessive change*, where the external environmental factors do not require change, but the organization implements change which leads to negative effects on the organization's performance. This could mean that organizations change too much in relation to their resources or are more unreflected because they want to change or grow excessively (Zajac, Kraatz & Bresser, 2000). Zajac, Kraatz, and Bresser (2000) state that this can result in the perception of a bad reputation if the specific strategy leads to areas too far away from the core business or lack of quality in products.

2.3 Opportunity Development

The new venture creation is a main domain of the research within entrepreneurship (Shane & Venkataraman, 2000). A focus in literature is on the individuals since emerging ventures are not yet existing (Samuelsson & Davidsson, 2008). In order to understand how venture builders manage the process of developing venture opportunities in collaboration with corporates, the concept of opportunity development has to be clarified first. The first subchapter discusses the nature of entrepreneurial opportunities and the constructs of the opportunity development process itself in relation to different academic perceptions of it. Following up on that, the second subchapter focuses on the external actors’ role in the opportunity development process. This enables a better focus understanding of how entrepreneurs interact with them.

2.3.1 Opportunity Development Process

Starting with the understanding from Stevenson and Jarillo (1990), and Stevenson, Roberts, and Grousbeck (1989), opportunities are a condition in the future, which are desirable and feasible at the same time, independent from the entrepreneur's current possibilities. According to Samuelsson and Davidsson (2008), new venture opportunities consist of economic change and can be either more innovative venture ideas, which can materialize in a new product or service, or more imitative venture ideas that are more likely to have adaptive business models and are based on replacing existing products or services.

Academia presents different frameworks to develop those opportunities (Davidsson & Gruenhagen, 2021). The process is described in sequential stages, but scholars often mention that it does not have to be linear (Davidsson & Gruenhagen, 2021). Prominent examples of that are Mauer et al. (2018) and Wood and McKinley (2010). Fiet, Piskounov, and Patel (2005), and Gruber, MacMillan, and Thompson, (2008) look at isolated topics like searching and choosing ideas. In Miozzo and DiVito's (2020) model, the opportunity evolves in a recursive cycle.

The objectivist perspective, also called the discovery approach, assumes that opportunities are circumstances that are unconstrained to the individual entrepreneur, so everybody has access to them (Hayek, 1948; Kirzner, 1973; Shane & Venkataraman, 2000; Alvarez & Barney, 2007). The constructivist perspective, which is also called the creation perspective, defines opportunities as a process in which the entrepreneur creates the opportunity within a process embedded in social structures and their relations (Shackle, 1979; Sarasvathy, 2001).

Wood and McKinley (2010) base their multistage model on this constructivist theory, where venture opportunities evolve from the entrepreneur's interactions in social structures, the evaluation of reality, as well as the perception of abilities to fulfill those goals in the future. Due to this specification of taking external interaction in the opportunity development process into consideration, relevant for the examination of corporate influence in venture builders' opportunity development process, this paper adopts this model (Wood & McKinley, 2010).

Wood and McKinley's (2010) model consists of the conceptualization of an opportunity idea, objectification, and opportunity enactment, and is due to its academic popularity (Davidsson & Gruenhagen, 2021) adopted by this paper.

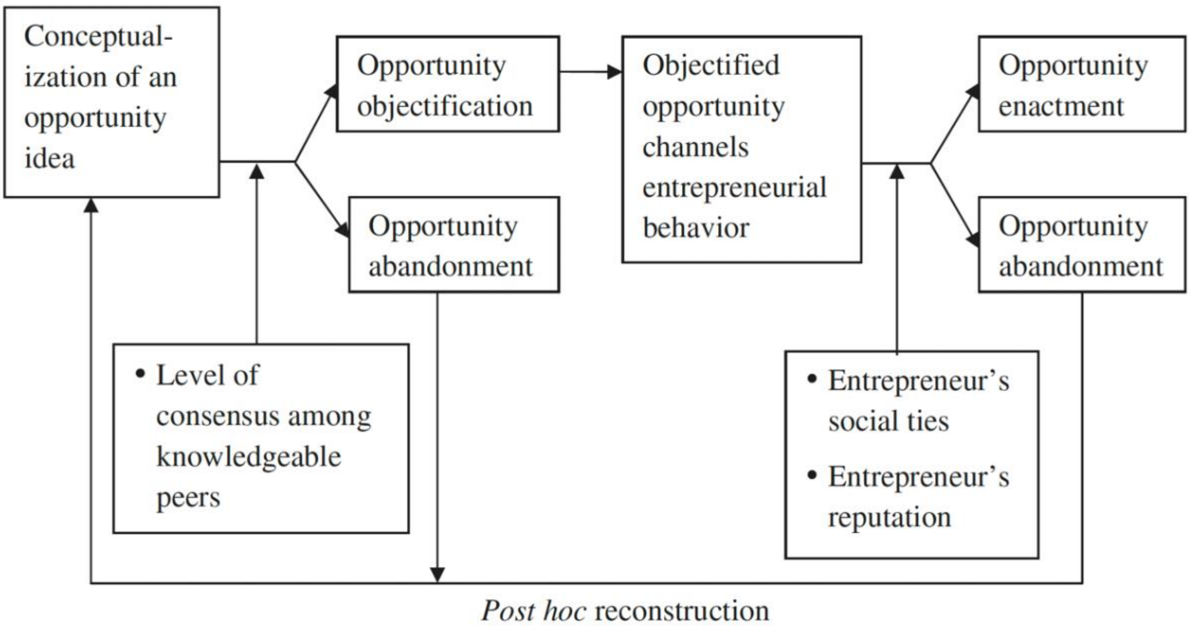

Figure 3: "The production of entrepreneurial opportunity" (Wood & McKinley, 2010, p.71)

Opportunity Conceptualization

First, an opportunity idea is conceptualized as it emerges from the entrepreneur's experiences and view on reality, and results in an envisioned future (Shackle, 1979). Followed by sensemaking with peers to test the viability of the idea (Weick, 1995). Hereby, sensemaking is the process in which the entrepreneur evaluates the opportunity idea with friends, colleagues, and others from his surroundings. Overall, entrepreneurs are an active part of an opportunity's emergence (Weick, 1979).

Opportunity Objectification

The larger the consensus between the peers and the entrepreneur the more likely is the chance that he will continue a step further to the opportunity objectification and also the other way around, the entrepreneur will more likely abandon the idea with less consent on the viability with his peers (Wood & McKinley, 2010). Social ties are important in this stage since the quality of the peers and the consensus among them about the opportunity idea will decide if it will be objectified or abandoned (Wood & McKinley, 2010). If the sensemaking results in a viable outcome, the objectification process proceeds into the stage of objectification, and then the opportunity idea into a verified opportunity (Wood & McKinley, 2010).

Opportunity Enactment

In the enactment stage, the entrepreneur is reaching out to external stakeholders to realize the opportunity. According to Wood and McKinley (2010), it is a peer-agreement-based behavior that forms into exploiting the business opportunity. In the context of the constructivist logic, it is relevant that the entrepreneur is able to attract, establish and solidify contact with external stakeholders to enact the opportunity (Sarasvathy et al., 2003; Wood & McKinley, 2010). The entrepreneur talks to investors, does the market research, tries to attract resources and capital, and scouts the technology which is necessary for the venture (Alvarez & Barney, 2007; Mitchell, Mitchell & Smith, 2008), builds social relations and creates a shared future with the required stakeholders (Shackle, 1979).

The relevance of external cooperation is not unique to the constructivist theory but also plays a key role in the objectivist theory (Long & Graham, 1988; Busenitz, 1996; Chrisman & McMullan, 2000). This process in the enactment stage reduces uncertainty for the stakeholders and ultimately helps to fulfill the venture's opportunity (Dimov, 2007). Better social ties and good reputations from past enactments, help the entrepreneurs to enact an opportunity (Wood & McKinley, 2010).

Opportunity Abandonment

Entrepreneurs who succeeded in producing a new venture will most likely experience a motivating positive emotional state (Wood & McKinley, 2010), while entrepreneurs who abandon an opportunity idea in the objectification or enactment stage experience failure which creates cognition dissonance and discomfort (Shackle, 1979; Festinger, 1957). Wood and McKinley (2010) suggest reconstructing the abandoned opportunity afterward to make it illusory, which also leads to the decoupling of the opportunity idea and gives the entrepreneur new possibilities to enact new opportunity ideas.

2.3.2 Context of External Actor Engagement

The interaction with social parties throughout the opportunity development process plays a crucial role to the extent that it can become a decisive factor in the continuation or abandonment of an opportunity (Tocher, Oswald & Hall, 2015; Wood & McKinley, 2010). Hence, understanding the role of external actors in shaping an entrepreneurial opportunity is essential to further explore venture builders' management of the process considering corporate involvement.

External Actor Engagement in the Opportunity Objectification Process

The sensemaking process as part of the objectification process is, by nature, dependent on feedback from external parties (Clausen, 2020; Dimov, 2007; Snihur, Reiche & Quintane, 2017; Wood & McKinley, 2010). Those external parties that the opportunity idea is presented to, need to be knowledgeable peers, which means that they must obtain professional expertise and know-how relevant to assess the opportunity idea (Haynie, Shepherd & McMullen, 2009). Additionally, the role of this external party's ability is also about expanding the social capital of the entrepreneur to access further knowledgeable peer groups (Adler & Kwon, 2002; Tocher, Oswald & Hall, 2015). Snihur, Reiche, and Quintane (2017) propose a model to sustain the engagement of those kinds of actors in the opportunity development process. Although this model assumes that actor engagement is beneficial, it still provides a neutral framework in terms of illustrating the relationship between external actors and the entrepreneur.

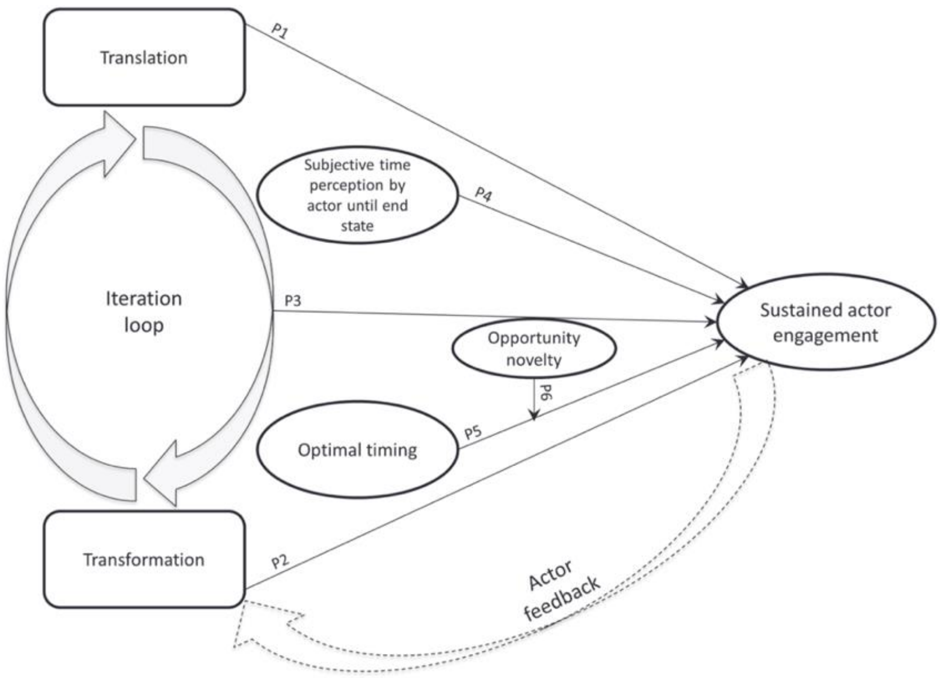

Figure 4: "Sustaining Actor Engagement Model in the Opportunity Development Process" (Snihur, Reiche & Quintane, 2017)

In this context, guiding the sensemaking process to achieve a high level of understandability and interest in the opportunity idea, is achieved through the translation of the opportunity (Czarniawska & Sevón, 1996; Røvik, 2016; Wæraas & Nielsen, 2016). Translation can be explained as a de-contextualization process through which abstract ideas are described, presented, and set into a local context that makes them tangible and understandable for the recipient (Czarniawska & Sevón, 1996; Røvik, 2016; Wæraas & Nielsen, 2016). In relation to that, the way an opportunity idea is presented and communicated may be adjusted dependent on the actor's characteristics (Snihur, Reiche & Quintane, 2017), considering that the actor's opinions are influenceable by the entrepreneur (Wood & McKinley, 2010). As soon as the engagement of the actor is gained, the aim is to "reduce the incongruity between an opportunity's novelty and the expectations of external actors, revealed through their feedback" (Snihur, Reiche & Quintane, 2017, p.6), also referred to as transformation. Managing the feedback thereby evolves to be a balancing act between leveraging feedback to an extent that is beneficial for the development of the opportunity idea and maintaining the engagement of the actor (Ferraris, Bogers & Bresciani, 2020). Research demonstrates that a high level of involvement of the actor within a collaborative relationship supports the engagement of the actor within the process (Hardy, Phillips & Lawrence, 2003; Lawrence, Hardy & Phillips, 2002). However, ignoring feedback can lead to the disengagement of the external actor (Snihur, Reiche & Quintane, 2017).

External Actor Engagement in the Opportunity Enactment Process

Expanding the social capital of the entrepreneur is one of the roles of an external actor that is already in place in the objectification process, as already described in the chapter *External Actor Engagement in the Opportunity Objectification Process.* However, the importance of social capital expansion is even more relevant at this stage (Tocher, Oswald & Hall, 2015) as it directly influences the level of opportunity confidence of other stakeholders (Dimov, 2010). Therefore, active management of an external actor to expand the network, relevant to the opportunity, can ultimately enable higher probabilities of the enlistment of other stakeholders for the opportunity enactment (Wood & McKinley, 2010), in line with creating a shared future vision (Shackle, 1979). Expanding on that, one external actor can have the reputational force to leverage the entrepreneur's reputation, as well as other stakeholders' confidence in the opportunity (Freeman, 1984). These social ties enable the entrepreneur access to different types of resources that are needed to enact an opportunity (Hallen et al., 2011). Translation of the opportunity and transformation of feedback, as discussed previously, is accordingly also part of the enactment process of convincing others to be active stakeholders when launching the new venture (Snihur, Reiche & Quintane, 2017).

Social Competence

Another significant factor, enhancing the success probability of the objectification process but also the enactment process is entrepreneurs' social competencies (Tocher, Oswald & Hall, 2015), portrayed by their social skills of social perception, ability to impress others, ability to persuade and influence others, as well as their social adaptability in different situations (Baron & Markman, 2000, 2003).

Higher levels of social competencies correspond with enhanced abilities creating bonding ties that set the basis for further relationship management with external actors. This might appear in the form of gaining the trust, legitimacy, and confidence of the external actor (Shepherd & Zacharakis, 2001; Smith & Lohrke, 2008).

Especially when transforming feedback, individuals can proceed into a stage of psychological ownership of ideas, which can challenge their willingness to neutrally revise their opportunity ideas and properly incorporate external feedback into them, as they do not merely detach the opportunity idea from their identity (Grimes, 2017), possibly leading to external actor disengagement (Snihur, Reiche & Quintane, 2017).

2.4 Interorganizational Collaboration

As the objective of this research paper is to examine the management of the opportunity development process of venture builders specifically considering the influence that corporates have on it, it is important to understand what such a collaboration between two organizations is based on, in the first place. This paper selects and uses Hardy, Phillips, and Lawrence's (2003, p.323) understanding of an interorganizational collaboration as "a cooperative, interorganizational relationship that is negotiated in an ongoing communicative process, and which relies on neither market nor hierarchical mechanisms of control". This definition is chosen by the authors due to its comprehensiveness and arguable representativeness for other definitions. Within this understanding of interorganizational collaborations, the following subchapters highlight the three elements, network resources, knowledge-sharing, and trust-building that play an important role in facilitating such a collaboration (Gulati, 1999; Hardy, Phillips & Lawrence, 2003; Pitsis, Kornberger & Clegg, 2004; Vangen & Huxham, 2003).

2.4.1 Network Resources

Organizations often collaborate due to access and pool complementary resources in order to gain competitive market advantages, mitigate risks, and enhance innovative capabilities (Lavie, 2006; Nohria & Garcia-Pont, 1991; Powell, Koput & Smith-Doerr, 1996; Rothaermel, 2001). Expanding on that, network resources describe resources that result directly from entering a collaboration and expand the opportunity corpus of an organization (Gulati, 1999). As determined by Gulati, Lavie, and Madhavan (2011) the three underlying mechanisms of *reach, richness, and receptivity* determine the effectiveness of network resource usage within an interorganizational collaboration. *Reach* describes the diversity of network ties that one organization is able to provide, the *richness* quality, and value of the network ties of an organization, and *receptivity* the extent to which these network ties are accessible and able to be leveraged. Related to that, Saxton (1997) depicts that the reputation of one organization can significantly benefit the other. However, Stuart, Hoang, and Hybels (1999) also demonstrate that reputation, being a tool to create advantages for young organizations entering a collaboration with more established organizations, can be negatively affected by a careless selection of collaboration partners.

2.4.2 Knowledge-Sharing

Knowledge-sharing in the context of interorganizational collaborations is, according to Appleyard (1996, p.138), defined as “the transfer of useful know-how or information across company lines”. By itself, corporate knowledge is a significant asset to gain long-term competitive market advantages, which makes it attractive for each party of an interorganizational collaboration to learn about and leverage the other party’s knowledge (Hamel, 1991; Loebbecke, van Fenema & Powell, 2016). However, organizations also strive to protect their own knowledge to a certain extent even though they work together towards a mutual goal, which might negatively influence further collaboration (Keller et al., 2013). This consequently urges organizations to develop knowledge-sharing routines and guidelines that balance this paradigm (Dyer & Singh, 1998; Loebbecke, van Fenema & Powell, 2016).

2.4.3 Trust-Building

Building trust is highlighted to be a core element facilitating interorganizational collaborations (Child, 2001; Das & Teng, 1998; Pitsis, Kornberger & Clegg, 2004; Vangen & Huxham, 2003), especially in collaborations that are characterized by high uncertainty (Latusek & Vlaar, 2018). Trust plays a significant role in moderating different power dynamics between two organizations so that even in situations where one party is presumably more dominant in terms of control and power, a high level of mutual trust is able to satisfy both parties’ needs (Das & Teng, 1998; Vangen & Huxham, 2003).

Dimensions of Trust

Within that, Connelly et al. (2018) map out two dimensions of trust. Firstly, integrity-based trust describes trust that is related to one organization’s “perceptions about a partner’s motives, honesty, and character” (Connelly et al., 2018, p.920), as also concluded by Mayer, Davis, and Schoorman (1995), and Sitkin and Roth (1993). On the other side, Connelly et al. (2018) describe the second dimension of trust to be competence-based trust, which incorporates the trust that is built up through one organization’s expectations of “technical skills, experience, and reliability needed to fulfill its obligations” (p.920) regarding the other organization.

Trust-Building Mechanisms

Trust can be built through different approaches. One is taking risks in situations where the risk-taking organization then relies on the other party and therefore demonstrates that they trust them (Das & Teng, 1998). But there are also other mechanisms in place. Das and Teng (1998) emphasize the importance of effective communication in trust building. In this regard, communication should be honest, and rapid to avoid misconceptions about each other that may lead to conflicts (Larson, 1992). Further, communication plays a crucial role in establishing a constant flow of information to balance out information asymmetry between two organizations, which also prevents conflict situations (Cho, Ryoo & Kim, 2017; Hart & Saunders, 1997). The proactive and voluntary exchange of information enhances the parties' ability to aggregate evidence about each other's credibility and trustworthiness (Creed & Miles, 1996). Moreover, communication should take place continuously and regularly, to get a better understanding of each other's values and goals, and thus build up trustworthiness (Leifer & Mills, 1996; Madhok, 1995). Understanding each other's needs is further important to build trust through interorganizational adaptation. Literature underlines that the willingness of parties to adapt themselves to the needs of the other party for the purpose of a better interorganizational fit, while accepting their own drawbacks, immensely increases trustworthiness and can prevent cultural clashes (Hallén, Johanson & Seyed-Mohamed, 1991; Sankar et al., 1995).

2.5 Theoretical Synthesis

Corporate venturing activities have become recently a topic that gained more interest as a piece of corporate strategies to gain long-term value through innovation (Ireland, 2001; Narayanan, Yang & Zahra, 2009). The theoretical framework defined the nature of this relatively new phenomenon which has often been used as a terminology in different contexts. Since venture builders provide the full-service value chain of startup creation from ideation up to potential spin-offs (Gutmann & Maisch, 2022; Peter, 2018), they have a unique position in the startup ecosystem. Depending on the agreement on the task with corporates, venture builders can obtain a very active role and usually stay involved with their startup founders or a large equity stake as compensation (Baumann et al., 2018; Szigeti, 2016).

Literature provides a separate view on venture builder classification. One side sees it as independent entrepreneurship and internal corporate venturing, as, for example, argued by Kitsuta and Quadros (2022) which could interpretatively classify them as corporate-internal incubators with external entrepreneurs. Taking the financing of new ventures through venture capital in venture builder into consideration it is viewed as external corporate venturing (Kitsuta & Quadros, 2022). According to Sharma and Chrisman (1999), the classification in literature is caused due to the fact that the newly created business organization stays within the corporate boundaries. Within the topic of corporate venturing, an important issue is a strategic fit, where startups may face an issue in aligning with corporate strategy (Ireland, 2001; Narayanan, Yang & Zahra, 2009). The authors assume that venture builders may bridge this gap but could also face difficulties in regard to aligning with corporate strategy.

Corporations seek help to be able to stay innovative (Weiblen & Chesbrough, 2015). It seems that venture builders work as a form of corporate renovation, which materializes in new innovative business models (Mittermeier, Hund & Beimborn, 2022). Since it is a relatively new phenomenon, which gained traction over the last years, very little is known about how they achieve that (Mittermeier, Hund & Beimborn, 2022; Patel & Chan, 2023). One main area of interest is to investigate the managing practices in the opportunity development process in venture builders because other forms of corporate venturing like incubators and accelerators usually already onboard existing ideas (Kitsuta & Quadros, 2022), while venture builders start from scratch (Mittermeier, Hund & Beimborn, 2022). That is why this paper investigates especially the conceptualization of ideas and their development into an opportunity when venture builders collaborate with corporates.

The multistage framework by Wood and McKinley (2010) offers an initial understanding of the opportunity development process between corporates and venture builders. This multistage framework makes use of the constructivist model, which is based on the theory that the rise of opportunities comes from the entrepreneur’s ideas, which are viewed in the context of social interactions (Wood & McKinley, 2010). Entrepreneurs are not viewed as individuals selecting ideas only but are part of their creation (Weick, 1979). Thereby, this theory is especially relevant to explore the managing practices that continually underly the process, from opportunity idea conceptualization to opportunity objectification and enactment. Throughout these stages, this paper looks at the social connections and how the individual working in the venture builder can manage the process, and which role the corporate plays throughout the opportunity development process. The multistage framework starts with the conceptualization of the opportunity idea with the help of his social structures and then moves to an objectification phase in which the entrepreneur is evaluating the idea with creating an agreement on the idea in order to continue to the objectification stage (Wood & McKinley, 2010). In the enactment stage, the entrepreneurs try to pull strings and build relations with external stakeholders, which reduces uncertainty (Wood & McKinley, 2010). If he succeeds this stage leads to the solidification otherwise it will be abandoned (Wood & McKinley, 2010).

Some literature superficially investigated the new venture creation process in total (Gutmann & Maisch, 2022), but the literature is missing the specific perspective on the opportunity development process from venture builders and how their stakeholder relations, in this case, corporates, influence these. This venture builder field is relatively unexplored and fragmented in literature (Mittermeier, Hund & Beimborn, 2022). It demonstrates a clear gap that should be filled, to provide academia with a better understanding of how a collaborative opportunity development process of venture builders is managed considering corporate involvement. This leads to the following research question:

"How do venture builders manage the process of developing venture opportunities in collaboration with corporates?"

3 Methodology

The following subchapters elaborate on the methodological approach used to examine the research purpose of this paper. These subchapters discuss the research design, literature selection, interviewee selection, data collection, data analysis, limitations, and ethical considerations.

3.1 Research Design

This paper aims to examine how venture builders manage the process of developing opportunities in collaboration with corporates. To do that, a cross-sectional design based on multiple semi-structured interviewees is used for several reasons, investigating the research topic on an organizational level and from a venture builder perspective.

Firstly, the general approach of this cross-sectional study design enables the researchers to gain deep insights into the research topic (Bell et al., 2019). Hence, this design allows the emergence of generalizable findings that are applicable to the process of all venture builders, while pointing out some distinctions amongst the findings (Bell et al., 2019). Secondly, the decision on basing the research on ten interviews is to ensure a high solidity of the findings, as well as lowering the risk of replicability when drawing conclusions (Eisenhardt & Graebner, 2007; Rowley, 2002). As a result of that, this paper adapts an idiographic approach within its research (Bell et al., 2019).

This cross-sectional study design follows a qualitative research strategy, using unstructured visualization practices and semi-structured questions within in-depth interviews. The paper follows an abductive approach as it incorporates, both, inductive reasoning elements by using Gioia, Corley, and Hamilton's (2013) analyzing approach and deductive reasoning elements regarding the use of Wood and McKinley's (2010) model to set findings into the context of the process stages.

3.2 Literature Selection

In line with a scientific approach to writing this research paper, the authors focused on exclusively using peer-reviewed academic literature. To source those articles, academic literature databases, such as Scopus and ScienceDirect, were used. However, the newness of the venture builder phenomenon in academic literature results in a highly fragmented and very limited number of peer-reviewed articles discussing this topic. As a result of that, the authors were forced to rely on information from a few peer-reviewed articles regarding this topic. Further, very few non-peer-reviewed references were used for the purpose of supporting insights about the venture builder phenomenon in the *Venture Builder* chapter of the theoretical framework. The authors acknowledge that doing that bears the risk of lower scientific information quality. Nevertheless, to oppose this risk the best way possible, (1) those papers were only used if academia did not present any other peer-reviewed paper explaining an issue, and (2) from those non-peer-reviewed resources only the highest cited ones were chosen, which resembles a certain scientific quality in them.

3.3 Selection of Interviewees

The selection of interviewees is based on a purposive sampling approach, specifically criterion sampling (Bell et al., 2019). The main reason for that is the great control the authors have in selecting interviewees that meet specific and set criteria for the represented venture builders. Ultimately, this enables the selection of interviewees where the relevance of insights addressing the research question is met best (Bell et al., 2019), especially considering that the opportunity development process is clearly viewed from a venture builder perspective. In this context, criterion sampling is a beneficial tool to exclusively find venture builders that develop opportunities in collaboration with corporates, and not those that do that completely independently without corporates, as this would not address the research question. Considering that the research level is organizational, the following sampling criteria are set for the venture builder:

Venture Builder (Organization)

- Using the developed working definition, selected, and examined venture builders must be definable as *independently working organizations that have the business model of systematically creating, launching, and scaling new ventures by offering a holistic venture creation process* (Baumann et al., 2018; Kitsuta & Quadros, 2022; Mittermeier, Hund & Beimborn, 2022)
- The organization labels itself with the term venture builder or a synonymously used term (e.g. Baumann et al., 2018; Bliemel, Gomes & Flores, 2017; Szigeti, 2016; Tkalich, Moe & Ulfsnes, 2021)

- The venture builder develops ventures in collaboration with corporates

To draw conclusions on the opportunity development process of venture builders as organizational entities, individuals with relevant working experience in such a venture builder are purposively selected to ensure representativeness. The authors identified individuals in venture builders through their personal networks to venture builders and contacted them via e-mail or LinkedIn. The following criteria were applied by the authors to select the individuals:

Venture Architect/Venture Developer/Manager (Individual)

- Employee within a venture builder with relevant operational experience in leading the opportunity development process for the creation of a new venture in collaboration with a corporate
- The individual has experience in acting as a direct contact person for the corporate throughout the process

Table 1: Interviewee List

Name	Position	Venture Builder	Self-Labeling	Interview Length
Interviewee 1 (I.1)	Venture Developer	Venture Builder A	Corporate Venture Builder	68 minutes
Interviewee 2 (I.2)	Venture Manager	Venture Builder B	Digital Business Builder	71 minutes
Interviewee 3 (I.3)	Head of Venture Development	Venture Builder A	Corporate Venture Builder	77 minutes
Interviewee 4 (I.4)	Senior Venture Architect	Venture Builder C	Corporate Venture Builder	65 minutes
Interviewee 5 (I.5)	Venture Developer	Venture Builder A	Corporate Venture Builder	76 minutes
Interviewee 6 (I.6)	Product Manager	Venture Builder D	Corporate Venture Builder	69 minutes
Interviewee 7 (I.7)	Venture Architecture Lead	Venture Builder D	Corporate Venture Builder	73 minutes
Interviewee 8 (I.8)	Venture Architect	Venture Builder C	Corporate Venture Builder	68 minutes
Interviewee 9 (I.9)	Venture Developer	Venture Builder A	Corporate Venture Builder	61 minutes
Interviewee 10 (I.10)	Senior Venture Architect	Venture Builder C	Corporate Venture Builder	68 minutes

3.4 Data Collection

The data is collected through qualitative interviews based, as this commonly used data collection method in qualitative research offers high flexibility when analyzing the data (Bell et al., 2019). Each interview is divided into an unstructured part and a semi-structured part. Due to the geographical distance between the interviewees and the authors and schedule flexibility, the interviews were conducted as non-face-to-face interviews (Bell et al., 2019) through the online video calling application Google Meet in English.

Within the first part of the interview, demographic data, and work-related background information, such as age, academic education, and professional career, were collected from the interviewee. To follow up on that, the interviewee was asked to provide a brief introduction of the venture builder that the interview is about, as well as their own role and responsibilities within that venture builder. This personal data ensures alignment with the sampling criteria and gives more context to the interview (Bell et al., 2019). As soon as this basic data is aggregated, the authors provide the interviewee with a brief introduction to the opportunity development process concept, so that the interviewee can draw and visualize their perception of the process in the venture builder with the online whiteboard tool Miro and orally elaborate on it, concluding the unstructured part. Until this stage, the interviews last approximately 20-30 minutes. This first part is designed this way to create a common understanding of the opportunity development process within the interviewee's venture builder as it can be different from other venture builders. Further, the interviewee can use this visualization throughout the second part of the interview to explain a certain situation better and place it into a time-framed context of the process.

As soon as a common understanding of the opportunity development process in the venture builder is established, the semi-structured part of the interview starts. The semi-structured interview questions are partly guided by the multistage opportunity development process model by Wood and McKinley (2010) as an overarching structure but not limited to it. Open-ended semi-structured questions were chosen to ensure cross-interview comparability while maintaining the flexibility to react to the unique answers of each interviewee during the interview (Bell et al., 2019).

3.5 Data Analysis

The raw data gathered from the interviews is firstly analyzed within itself using the method introduced by Gioia, Corley, and Hamilton (2013) to conclude empirical findings. As already illustrated by Corley and Gioia (2004), the authors inductively open-coded the accumulated data, starting with cutting out and sorting interviewee quotes. These were then transformed into first-order concepts. Using axial coding (Bell et al., 2019) the first-order concepts showed up second-order themes, which lastly demonstrated aggregated dimensions (Corley & Gioia, 2004). Although the interview guide is partly inspired by Wood and McKinley's (2010) model, the authors consciously decided to open-mindedly approach the raw data and let themes emerge from that, without pre-determining categories based on Wood and McKinley (2010) that would limit and compromise the explorative nature of the findings. After the dimensions were identified, they were set in relation to literature, especially Wood and McKinley's (2010) multistage process model to provide context between the findings and the stages in the opportunity development process but not limited to it.

3.6 Limitations

Every methodology has its shortcomings therefore it is crucial to understand the limitations in their interpretation. According to Bell et al. (2019), the main criticism of qualitative research is the difficulty in replicability, subjectivity, lack of transparency, and possible problematic generalizations.

The selected interviewees were acquired by the authors through their personal and professional networks since it is difficult to reach relevant interview partners willing to talk about sensitive internal topics in relevant areas. Even though the authors tried to keep the personal connections as limited as possible this could lead to an increased level of subjectivity (Bell et al., 2019).

Further, all interviewees are German and work for venture builders in Germany. This geographical limitation might reduce the international generalizability of this paper’s results (Bell et al., 2019). Moreover, the selection of interviewees imposes an imbalance of represented venture builders, as venture builder A is represented four times, venture builder B once, venture builder C three times, and venture builder D twice. A larger and more balanced sample size could increase generalizability through reoccurring patterns that might now represent certain venture builders more than others. Nevertheless, to draw conclusions about this paper's research purpose, ten interviews and approx. eleven hours of interview material have been collected to achieve a sufficient level of data saturation (Bell et al., 2019).

The aim of the cross-sectional study design is to generalize as much as possible, however, the semi-structured interview guide requires some flexibility in asking individual follow-up questions by nature to understand the individuals' answers better. This comes along with a reduced replicability trade-off (Bell et al., 2019). To oppose that issue, the authors focused on keeping the order of the questions and the asked questions themselves as similar to the interview guide as possible, without extreme adaptations during the interview (Bell et al., 2019). To increase transparency the detailed interview guide has been attached to this study (see Appendix A).

3.7 Ethical Considerations

The authors acknowledge the four main areas of ethical principles introduced by Diener and Crandall (1978) concerning risks for interviewees that come along with the data collection and address them to ensure the confidentiality and integrity of research. To begin with, the interviewees' personal identity and their associated venture builder identity is being anonymized to *avoid harm* to them, especially in the form of career prospects but also the venture builders' public safety. To avoid an *invasion of privacy*, the interviewees were informed about the anonymization of data and their right to stop the interview at any time if they feel uncomfortable. *Deception* was avoided by transparently communicating the research scope and methods applied to the interviewee. This information, specifically the research objective, author names, recording of audio, and exclusive data handling for university purposes, were communicated at the beginning of each interview but also through an *informed consent form*, attached (see Appendix B), to ensure the interviewee's awareness about those topics.

4 Findings

This chapter presents the study's main findings, which were structured in the three aggregated dimensions of Leveraging Corporate Assets, Building Trust and Credibility, and Finding Strategic Fit between Venture Opportunities and Corporate Strategy. The dimensions are based on second-order themes that are built from first-order concepts deriving from quotes.

4.1 Leveraging Corporate Assets

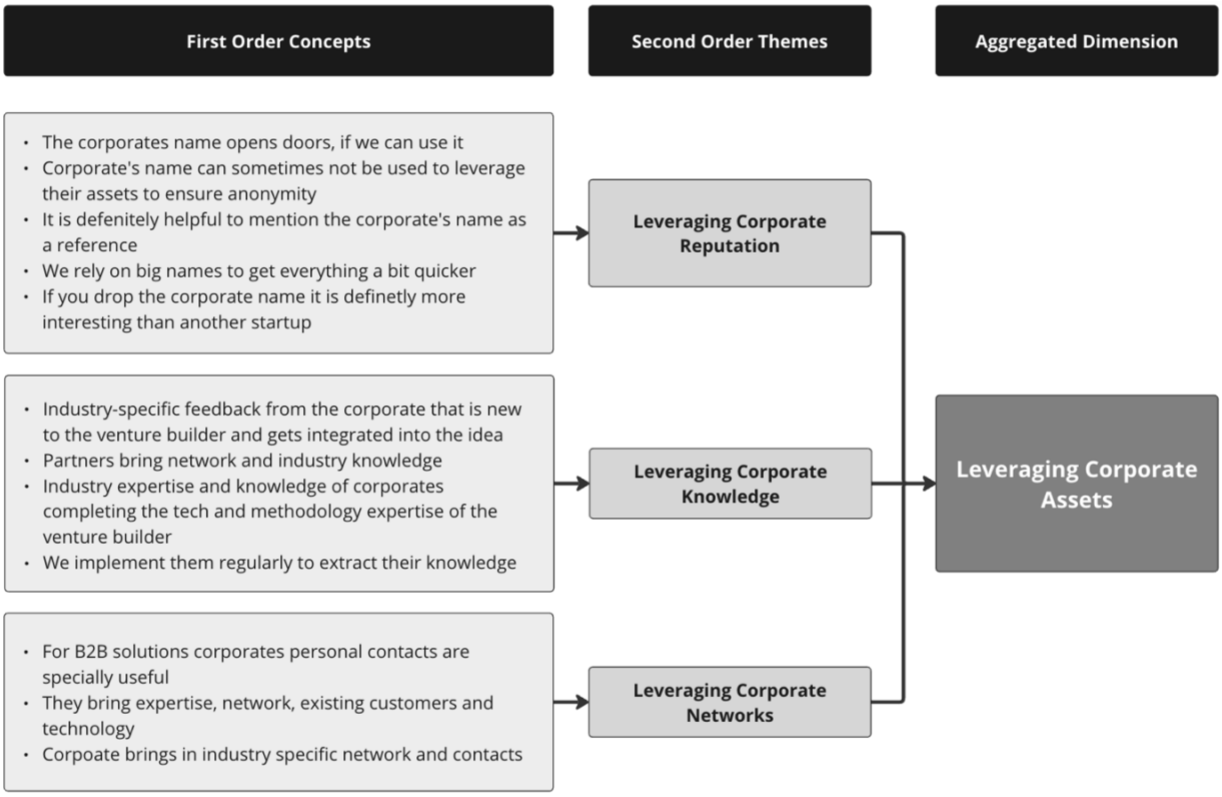

Figure 5: Data Structure for "Leveraging Corporate Assets"

Leveraging corporate assets has evolved as a dimension within data. This dimension is based on three identified second-order themes that are leveraging corporate reputation, knowledge, and networks.

4.1.1 Leveraging Corporate Reputation

Leveraging the corporate's reputation plays an important role in corporate venture building. The data shows that venture builders often use the corporate's brand to achieve their goals better: *"[…] it was very, very helpful to not use our name but the client's name to open doors* *and to go further and use their network as well. Very, very beneficial"* (I.9). The corporate's name opens doors as I.5 stated, *"[...] we would use the brand of our corporate and this was actually a big door opener in most cases"*.

Using the corporate's reputation instead of the venture builders company brand is a large benefit. Often the venture builder's brand is irrelevant because of the more relevant reputation of the corporate which is way more known in the market. I.7 stated: *"However, for partners that we don't work that often with, our reputation is not worth that much. I would say then typically what works very well because we work with very large companies. It makes sense to rely on their reputation, right"*. It opens doors and speeds up the process for the venture builder when trying to acquire new stakeholders for the venture realization: *"[...] we also rely on the big names just to get everything a little quicker than we would get it's usually"* (I.7).

As the data above shows, leveraging the corporates reputation can be beneficial for the venture builder, but they are not always able to unleash this asset in the process as I.1 stated*: "Often we're not allowed to talk about our partners. [...] So, therefore, it did not really help [...]"*, because in some cases, the corporate does not like to have the name connected with the new venture.

4.1.2 Leveraging Corporate Knowledge

When venture builders manage the opportunity development the findings show that corporates often bring in industry knowledge: *"[...] Which is I think, important because because they bring in also the industry perspective, the access to potential clients, they bring in so many things which we as the truck don't necessarily bring in because we are more like the, the yeah, the tech and methodology experts so to speak"* (I.2).

Venture builders are experts in the methodology and leverage the corporate's knowledge and access to industry experts, which creates huge value for them: *"[...] definitely a corporate asset that was super valuable, the industry expertise that we had from corporate and of course, the whole tech team or product development team on the company side because they have actually developed the product"* (I.4).

As I.3. stated it is also important to get industry-specific feedback to get directions: *"Feedback what they're getting is depending on contracts on the other stuff. Maybe, maybe they point us in one or the other direction. So that's quite helpful. They open up doors"*.

The feedback from the corporate helps venture builders to reevaluate ideas: *"But in general, in the reevaluation, we try to gain their expertise"* (I.10), and they depend on the expertise, which can be leveraged by the corporate: *"In my case, it's very specific because it's very that the tech side really comes from the from the client. So like the the modeling experts, the data scientists, like the internal knowledge is also the connections to potential customers"* (I.8).

4.1.3 Leveraging Corporate Networks

The data present that venture builders leverage corporate networks to gain access to expertise, technology, and existing customers. I.2 mentions that *"[...] it's quite an asset, because we we can the corporate brings in so many different things which can be beneficial and which can create an unfair advantage for the the new to be build venture as well. So they can actually with existing customer access with with patterns they have with existing technologies, they have capabilities and so on so forth"*.

Data reveals that the venture builders work systematically when setting up a new opportunity, for ways on how they can make use of their networks for example in approaching customers or making use of an existing patent via the corporate's network: "*So why should they do this? And there ideally you have something we're saying, well, you already have the same customers so you can approach the same customers. You have a patent on, you know, like this and this thing. You have warehouses we can leverage to get access on and so [...]"* (I.3).

The access to networks is especially useful in B2B cases when it is about realizing a venture, as mentioned by I.3: "*So probably we have an advantage. So we get meetings better for like example, B2B sales or supplier meetings"*, and I.5*: "A big door opener, especially as I said, B2B where you're more reliant on personal contacts*". I.7 mentioned that in these cases it is usually especially complicated to get access and shows the advantage of leveraging those assets: "*The problem usually arises with very specific oftentimes B2B solutions, where we really need to understand who is the target group. [...] And we use the whole company's network as well"*.

Especially beneficial for the venture builders to make use of the networks is in the commercialization phase with distribution and marketing where "*They can just put one post business or new product and everybody in the world is going to know about it. So and of the brand as well as the distribution channels, the marketing channels are these tremendous, unfair advantages that can be leveraged"* (I.10). I.4 points out, that they *"Sometimes accelerate the commercialization process, because we can join forces with the corporate sales force, or even existing clients of the corporate [...]"*.

Contradicting the findings above, some single findings also indicate, that it still can be difficult to make use of those networks, since the corporate often requires a bureaucratic structure to leverage those networks properly: "*This is interesting because partner the partner often brings in a big network of other other people. However, since the partner is a corporate, there's lots of constraints to easily talk to those people. They might be interesting, and we would like to listen to them. However, we have to go through several sales departments and their management and then different structures"* (I.6).

4.2 Building Trust and Credibility

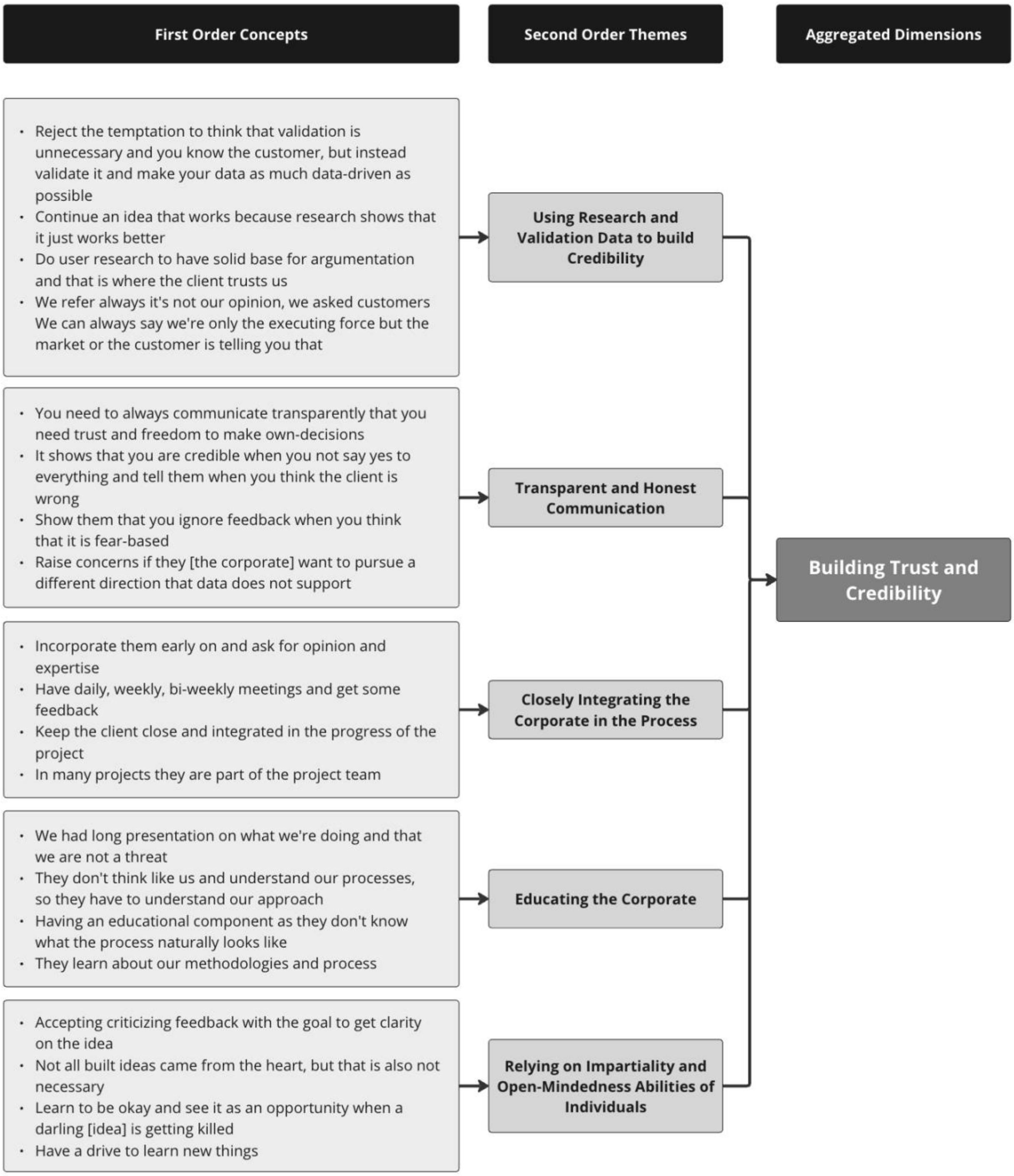

Figure 6: Data Structure for "Building Trust and Credibility"

Building trust and credibility has emerged as an aggregated dimension from five second-order themes. These are: Using research and validation data to build credibility, transparent and honest communication, closely integrating the corporate in the process, educating the corporate, and relying on the impartiality and open-mindedness abilities of individual employees. All these second-order themes collectively demonstrate methods that venture builders use to build trust and credibility in them as an organization, their process, and the results they deliver.

4.2.1 Using Research and Validation Data to Build Credibility

A highly occurring theme for building trust and credibility is to strongly base an opportunity's development on research and validation data. To do that, venture builders *"[...] do market interviews with like, either experts in this field or you have potential clients"* (I.8) when talking about finding a problem-solution fit. Although all interviewees underlined the importance of this data-driven approach in a venture builder, they repeatedly mention that they use *"[...] a combination of analysis and gut feeling"* (I.1) when making decisions about evaluating the potential of an idea. However, their personal gut feeling just takes over a supportive role rather than a leading role, or as I.10 formulated it, *"[...] it is less gut feeling and more data-driven, and yet, we try to make it as much as much data-driven is possible".*

I.10, for example, elaborates on the importance of sticking to a research and validation data-driven approach in the validation phase as he says that *"[...] it's always tempting to say yeah, I know that I know that I don't need to validate this or, yeah, I know people like this. No, you need to validate it and you need to figure out and make your data as much data-driven as possible.* He also adds the relevant aspect that *"[...] this is something you have enforced when reporting to someone",* referring to the importance of backing up arguments for why an opportunity has been developed a certain way with data when presenting it to the corporate to make get feedback and make decisions.

I.3 builds up on that common logic of trying to purely use data as an argumentation base when taking decisions together with the corporate about the continuation of an opportunity:
"Typically, we are referring always it's not our opinion. You know, we took you right here and told or asked customers. [...] But it's in the end we can always say we're only the executing force but the market or the customer is telling you that".

Inevitably, findings conclude that presenting research and validation data-driven results enhances the corporate's trust, as manifested by I.4 when she said that *"[...] you have to do* *user research and when you have that, you have a strong and solid base for argumentation. And that's usually where the clients trust us".*

4.2.2 Transparent and Honest Communication

The data revealed the importance of building trust in the way venture builders communicate with the corporate, building upon and complementing the data-driven approach as highlighted by I.5: *"And it is, of course, also a factor is trust. So, they need to believe beyond the data in that the people and the process that the people are executing it well, that what they're telling me is really the truth that they found. And the data is just one thing, but they want to follow our recommendation".*

Elaborating on that, venture builders directly communicate their need for trust that enables a certain degree of freedom in their own decision-making, as clearly mentioned by I.9: *"[...] to really be agile you need the liberty and the freedom to first of all, make your own decisions and the trust also that whatever you do is correct. You need to always communicate that very transparently".*

Going further, venture builders enrich the corporate's trust in their capabilities by opposing corporate feedback in the communicative form of either ignoring it, as I.1 describes it, *"[...] fear-based feedback, I would call it now. So that you would feed if you would get feedback from the client where you can realize okay, he's stuck in the old mindset. And that's what we got brought in for, so therefore, we ignore it"* or transparently and honestly communicate to the corporate why they disagree: *"But in general, I actually think this for our clients, it's improved the relationship because it shows that you're credible. It shows that you're not saying yes to everything, but that it proves that, when you're, when you really think that the client is wrong, you will tell them and that actually enhances the trust"* (I.1).

This approach is especially relevant when the venture builder tries to convince the corporate to get their consensus, *"[...] at the end of the day, they have the last voice"* (I.3) although they seem to make an irrational decision: *"So if they make a decision, but of course we would try to argue not going forward. Because the data pointing to a different direction, so [...]"* (I.5).

4.2.3 Closely Integrating the Corporate in the Process

One of the approaches commonly used amongst venture builders is to manage a close integration of the corporate in the process which means to *"[...] make sure to integrate the client into the progress of the project a lot and keep them close and in the loop, that is key"*, as I.4 said when being asked about how to reach quicker consensus in the after validating ideas. In addition to that, it was commonly agreed that closely collaborating includes starting at the beginning and not at a later stage of the process, as it is about *"[...] to incorporate them early on, ask for their opinion, ask for their expertise"* (I.1).

Although all interviewees align regarding the importance of a close integration, the level of involvement of the corporate throughout the process varies as I.1 exemplarily states: *"[...] we would have always with all our clients, daily update meeting, weekly update meetings, showing them hey, these are currently our ideas, and get some feedback"*. Within those close collaborations, updating the corporate and receiving feedback from them while testing ideas is found to be the most common close collaboration mode. However, in some cases having mutual workshops is also part of the collaboration as pointed out by I.7: *"Well, with the corporate team, we do typically almost daily check-ins, even working sessions, so we're very close with them"*.

In rather exceptional cases within the findings, it is also stated that *"[...] it's many times a really close collaboration. So in many projects, they're even like part of the team part of the project team"* (I.2), where the collaboration goes to the point where the corporate is operationally involved into the process. I.6 puts it as:

"Sometimes it's to their surprise, but we demand a high commitment from their side as well. From at least one person operating full time. It's better to have two, three, people spending lots of time because we don't see them as clients. We see them as partners. So, they bring those people into the operating team".

4.2.4 Educating the Corporate

Educating the corporate about the venture builder has especially emerged as a method used by venture builders in situations where certain corporate internal departments are unwilling to cooperate fully with the venture builder due to a perceived conflict of interest. I.1 delineated one example mentioning that *"[...] talking with us for an hour would be taken from the time* *budget, so they would not be willing to talk to us"*, which is why they *"[…] would try to do relationship building in the company and explaining what we're doing and showing them, hey, we're not a threat. We want to work with you. […] we had long presentations explaining what we're doing and why we're not a threat to them and why we're not in competition […]"*.

Elaborating on the perceived competitive aspect, it often occurred that corporate internal departments did not trust the venture builder and were questioning why they would have to work with the venture builder: *"And there was already sustainability initiative in the company, and then those people would feel like: Why are you now working on this? Is the company trusting us?"* (I.1). Venture builders educate them about the venture builder's way of working, or as I.7 puts it when discussing disagreeing opinions with the corporate about one idea, *"I mean, we educate them a lot. […] the same way we learn about the industry, they learn about our methodologies and processes"*.

4.2.5 Relying on Impartiality and Open-Mindedness of Individuals

It has been discovered that distinctive impartiality and open-mindedness of the individual employees within the venture builder are important abilities that support the development of an opportunity by avoiding the significant influence of subjective opinions on it. Hence, being an important factor in obtaining the trust and credibility of the corporate in the venture builder organization as a systematically working entity. Venture builders rely on their employees' abilities to keep a professional distance between personal opinions on the ideas they build and the development of the ideas themselves. I.1 mentioned that he was *"[…] sometimes a little bit sensitive to feedback but generally, that was fine. Because my goal was to get as much clarity on this idea as possible"* when getting feedback on the idea after validating it, and I.9 goes even further in distancing her personal opinion for completely from an idea by saying: *"[…] I don't think that all the ideas that I've built have been ideas that came from my heart, and I don't think that that is necessary. Nonetheless, every idea that I built has been an idea that I've pitched as good as I always could"*.

Generally, the findings demonstrate that the venture builder employees try to do their job as well as they can for the purpose of developing the idea, just as I.7 portrays it when discussing the issue of getting other stakeholders on board for the realization of an opportunity: *"In the end, we are entrepreneurs, so we just need to get it done"*.

This open-minded attitude toward negative decisions and criticizing opinions is illustrated when I.9 talked about one of her ideas getting abandoned, *"I mean, I think killing your darlings is never easy, right? [...] I think you just need to learn to be okay with it and to also see it as an opportunity that when darling is being killed, then there has been most likely a reason for it. [...] And still, the decision has been taken, well then, I mean, just hop onto the new train and there's a new kind of opportunity that is opening up for you"*. Also, I.5 states the tolerance and acceptance one personally must have regarding the opposing decision to just continue with the next opportunity after one gets abandoned: *"It is annoying because we believe this is where they should go. But we accept that it is the decision of our partner and there's still opportunities that are worth pursuing"*.

Ultimately, this further reflects in I.4's statement in the problem research phase that *"[...] all the venture architects have a lot of curiosity and drive to learn new things, so we can actually dive into a niche topic [...]"*. This exemplarily highlights the importance of individuals' high personal motivation for an opportunity's development, representing the venture builder as a trustworthy and credible organization when they *"[...] become wannabe experts [...]"* (I.4).

4.3 Finding Strategic Fit between Venture Opportunities and Corporate Strategy

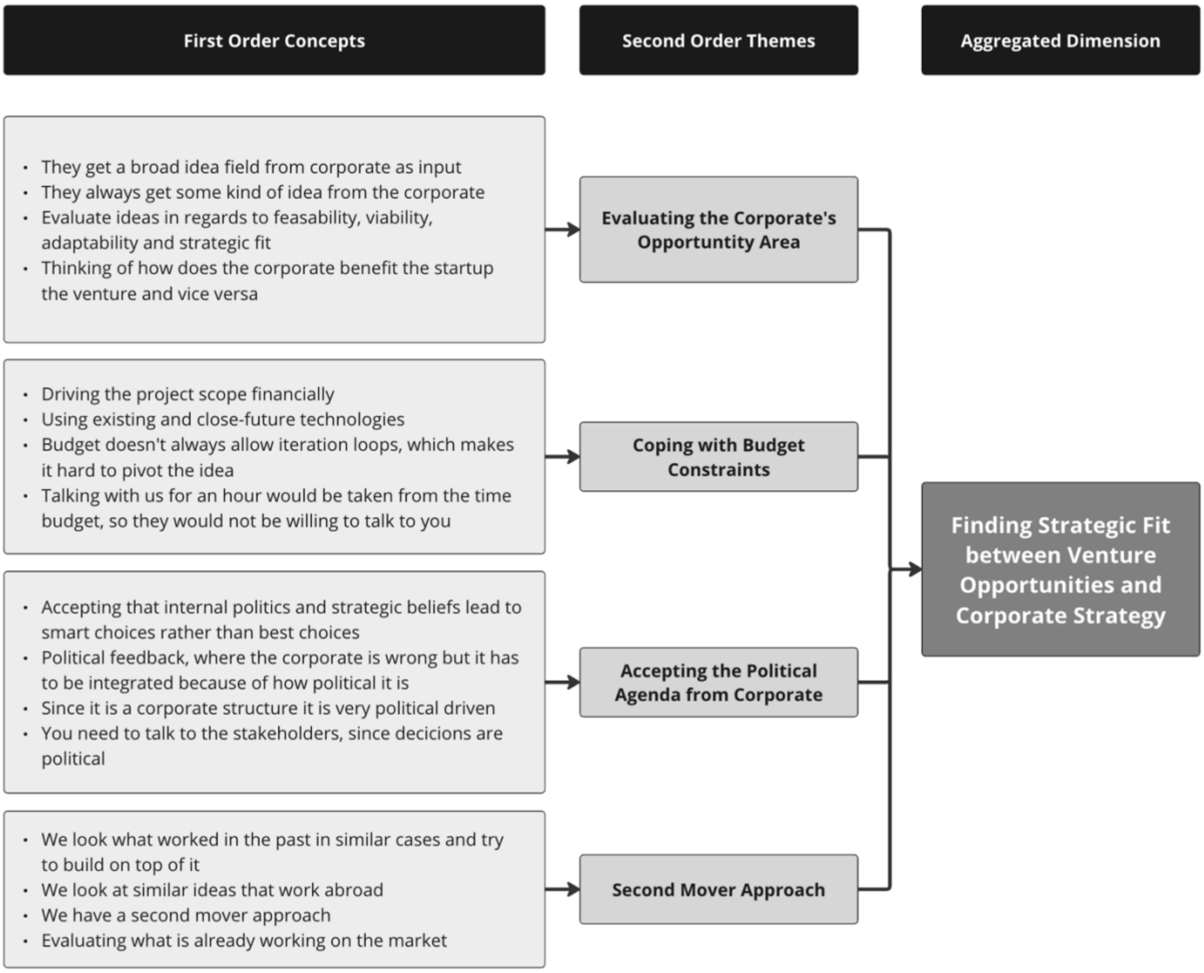

Figure 7: Data Structure for "Finding Strategic Fit between Venture Opportunities and Corporate Strategy"

One of the main challenges and benefits of venture builders managing the process with the corporate's influence in finding the strategic fit between venture opportunities and corporate strategy. To do so venture builders evaluate the corporate's opportunity area with the corporate's input and must balance the project scope with the budget constraints, which can sometimes be contradictory to having a linear budget and an iterative, explorative process. Venture builders approach the process with risk mitigation in mind, which can result in a second mover approach, and they must accept the political agenda and sometimes abandon opportunities or integrate feedback where they do not share the corporate's opinion.

4.3.1 Evaluating the Corporate's Opportunity Area

The scope of the corporate's opportunity idea can vary a lot. Corporates approach venture builders with a specific idea, an opportunity area, an existing venture with issues, or a technology they would like to transfer to their industry.

As I.2 states about an early project stage: *"[…] it's like it's never normally never the case that a company has not done something. So normally they always say oh, yeah, we've done that already. And then you have a closer look and then you see okay, well actually no you have not"*. So, the corporate's opportunity scope often suggests a solution without a clear customer need or problem. *"So there was already the idea of what the solution could look like but without clear customer problem yet"* (I.5).

The venture builders don't take the corporate's input for given but rather abstract the idea and search for a problem solution or market fit. I.6 supports the abstraction: *"So so it's usually they come with a concrete idea which will be then little bit abstracted",* and even I.10 mentions even if *"[…] we don't have to come up with a with an idea but we anyways check for the product problem solution fit and product market fit"*.

I.3 gives an interesting insight in relation to strategic fit to their core business: "*So the point of strategic fit is that we do not have to convince them to move into another market. It will be saying, hey, this is why it fits into your strategy if you're going there, because they already have that".* While evaluating those ideas I.4 states: *"[…] when it's about ideas […] we also do prioritization workshop with a client, where we look at, I don't know, let's say so usually two dimensions. One is strategic fit, because strategic fit is always important"*.

4.3.2 Coping with Budget Constraints

The iterative venture builder process often collides with funding issues that limit its continuation, as I.6 says: *"[…] the big problem really arises when they we come to the point where our research proposes a pivot. What do I mean by that? […] They they have struggle with, like getting buy in from their stakeholders once again on the corporate side. And the probably the even bigger problem is the budget they allocated budget to run through a pretty much linear process. By by definition of that project setup, it is very hard to do pivots",* in the context of a later project phase.

The interviews revealed that the whole opportunity development process is very iterative and hypothesis-driven. By the nature of this start-up-like working approach, it is difficult to predict the number of loops needed. When working with corporates there are challenges *"[...] that typical startup ventures then don't need to do is, we really start planning the first part of the realization and we start to understand the financials in those corporates are always financially driven"* (I.7).

Corporates have very straight and linear planning and therefore *"[...] everything that lies too far ahead when it comes to market introduction, it's typically not a topic for corporate venture building. So, everything that is away three, four, five, maybe 10 or 20 years ahead from being a viable technology is not interesting typically in our setting"* (I.7). The empirical data suggests that venture builders usually apply existing technologies rather than building the opportunity on a technology that is too far in the future.

So, the nature of the corporate's linear budget planning can create constraints for some projects. Venture builders suggest *"[...] it's better to work on C-level than on level of innovation manager"* (I.1) and try to manage those issues, by working with C-levels directly.

It may create tensions to work with the departments only, because of opposing interests: *"[...] the departments typically have their own plans, their own agenda, their own thing they have their independent KPIs [...] we discussed with the C-level and told them guys you need to include that in the KPIs, otherwise, you know this you know there is clash of incentives and afterwards it was fine"* (I.3). This is sometimes also causing the delay of approved budgets, which is why one interviewee stated, that *"[...] that's also one reason why my company now only sells on C-level"* (I.1).

4.3.3 Accepting the Political Agenda from the Corporate

The data demonstrates that corporates sometimes have internal agendas, that influence the development process. The terms political agenda and political feedback occurred several times. I.1 demonstrates that there are cases with *"[...] political feedback, where you know the client is wrong, but it's so political that you have to take it"*.

One reason for this is that *“[…] they have internal politics as well, you know, so we are […] they have some departments maybe that are working on those topics, and then you're clear boundaries for them as well. So to avoid this, you know, they're not pursuing the best opportunities, but rather the ones that they seem helped them personally the most, and the company of course, together, but yeah, I mean, at this point, I must say it is, it is it is okay”* (I.5).

The data also expressed that: *“Honestly, the largest factor is internal politics”* (I.7), and sometimes the venture builder needs to accept, that they cannot influence these factors always: *“So after all, we are a consulting from first place, right? So we do project work. So projects come and go you don't get touched as much anymore. You understand. The custom customer department has lots of politics in his organization”* (I.6).

4.3.4 Second Mover Approach

One strategy of managing risks in the co-creation between venture builders and corporates is for venture builders to explicitly use a second mover approach. I.7 states, *“[...] we should never be first movers. That's something that large corporates typically don't do easily because that's connected to a lot of risks. And we really believe for our setting in a second mover advantage”.*

Looking at an opportunity in an early project phase, that already works in another market and adjusting that on the corporate’s need is a reoccurring theme in the data which is supported by I.9: *“And then we also had the company or an idea that was rather similar that already worked in another country. So we could also look into the learnings they've made and also make that idea even stronger”.* And I.6 claims, that is specified within their venture builder’s strategy *“Oftentimes also, market developments from overseas. We ourselves we have some explicit second mover approach where we oftentimes look at what has worked in the past for a very similar case and what we could adapt from that for our case. And try to build on […]”.*

5 Analysis & Discussion

This chapter discusses the empirical findings in relation to academic literature to answer the research question: ***"How do venture builders manage the process of developing venture opportunities in collaboration with corporates?"****. Thus, the role of each of the three identified dimensions in the findings, in the opportunity development process is discussed and supported by further literature.*

5.1 Leveraging Corporate Assets in the Opportunity Development Process

When venture builders manage the process of developing venture opportunities in collaboration with corporates they try to leverage corporate reputation, knowledge, and networks. This happens during all stages of Wood and McKinley's (2010) framework. If venture builders are allowed to use the corporate's reputation they make use of it, which delivers them significant advantages: *"[...] we would use the brand of our corporate and this was actually a big door opener in most cases"* (I.5). Venture builders can widen the reach, the richness of their network, which leads to a higher receptivity with the corporates name to get more and easier access, what is in line with the mechanisms of effectiveness illustrated by Gulati, Lavie, and Madhavan (2011). This is exploited by the venture builders for example to get access to experts in the conceptualization, users for testing in the objectification, or external stakeholders in the enactment phase.

Bringing industry knowledge in with the help of the corporate network is related to Appleyard (1996), who describes that knowledge transfer happens in interorganizational collaborations across the companies' borders. Since venture builders see themselves more as methodology experts it is important for them to leverage the partner's industry-specific knowledge: *"Which is I think, important because because they bring in also the industry perspective, the access to potential clients, they bring in so many things which we as the truck don't necessarily bring in because we are more like the, the yeah, the tech and methodology experts so to speak"* (I.2). Establishing a knowledge-sharing routine is essential for venture builders in order to get access to it. Corporates often try to protect their knowledge, which would negatively influence the collaboration (Keller et al., 2013), but since they collaborate closely they have a better position to leverage that knowledge than external actors which is in their core of navigating throughout the opportunity conceptualization and objectification phase: *"But in general, in the* *reevaluation, we try to gain their expertise"* (I.10). Venture builders use of the corporate's expertise can be interpreted as a starting point or feedback but then try to abstract the venture idea by reevaluating it and translating it back in a context to make it tangible for the recipient (Snihur, Reiche & Quintane, 2017).

In the opportunity development process, the venture builders' abilities, representing the entrepreneurial entity, to leverage networks play a decisive role in the continuation or abandonment, especially in the objectification and enactment phase but can also occur during the conceptualization phase (Tocher, Oswald & Hall, 2015; Wood & McKinley, 2010). I.2 highlights the role of making use of the networks: *"[...] it's quite an asset [...] the corporate brings in so many different things which can be beneficial and which can create an unfair advantage for the the new to be build venture as well. So they can actually with existing customer access with with patterns they have with existing technologies, they have capabilities and so on so forth"*. The literature describes the role of external actors, which can be accessed from the venture builder by leveraging the corporates network more efficiently, in the opportunity objectification process as extremely relevant since it influences if opportunity confidence can be created among other stakeholders (Dimov, 2010). This creates higher engagement of others to create a shared future vision (Shackle, 1979) and probability to proceed further to the opportunity enactment stage (Wood & McKinley, 2010).

Venture builders state that social competencies are especially in B2B cases important for them: *"A big door opener, especially as I said, B2B where you're more reliant on personal contacts*" (I.5). This can be concluded to having a better chance to get access to their networks, which is a significant factor in order to objectify opportunities since they are running into open doors and have an easier path to creating social bonds and ties with external actors to gain trust, legitimacy (Shepherd & Zacharakis, 2001; Smith & Lohrke, 2008).

In exploiting business opportunities leveraging the corporate's networks can be highly beneficial as I.3 emphasizes: *"[…] you already have the same customers so you can approach the same customers. You have a patent on, you know, like this and this thing. You have warehouses we can leverage to get access on and so […]"*. The constructivist logic shows that it is extremely relevant for entrepreneurs to reach out and make use of external networks in order to establish and solidify and ultimately enact the opportunity with external stakeholders (Sarasvathy et al., 2003; Wood & McKinley, 2010).

Due to the possibility to leverage the corporate's network this process can be accelerated in venture builders compared to individual entrepreneurs: *"Sometimes accelerate the commercialization process, because we can join forces with the corporate sales force, or even existing clients of the corporate […]"* (I.4). Attracting those external resources like technology, capital, sales channels, and market access is necessary to enact the venture (Alvarez & Barney, 2007; Mitchell, Mitchell & Smith, 2008).

5.2 Building Trust and Credibility in the Opportunity Development Process

Building trust and credibility in the venture builder and its abilities and work results has been identified as a key approach for venture builders to manage the process with a specific focus on the existence of corporate involvement. Relating to literature, Child (2001), Das and Teng, (1998), Pitsis, Kornberger, and Clegg (2004), as well as Vangen and Huxham (2003) commonly confirm this finding by saying that building trust and credibility in an interorganizational collaboration, which in this paper describes the collaboration between a venture builder and a corporate client or partner, is crucial for its ongoing survival. It appears that findings relating to building trust and credibility are primarily found when interviewees were talking about testing and validating ideas with customers, experts, and others, and presenting those results to the corporate to make decisions and find consensus. Thus, the authors argue that building trust and credibility is most important in the objectification process (Wood & McKinley, 2010), which is, therefore, the context that this dimension is further discussed in.

This objectification process requires the consensus of peers on the viability of an opportunity idea (Wood & McKinley, 2010), where the authors argue that, in relation to Creed and Miles (1996), the corporate that the opportunity idea is being developed with, as a peer, expects evidence about the trustworthiness and credibility of the presented idea. In this regard, findings emphasize that venture builders strongly rely on their systematic research and validation data-driven approach to test and validate ideas, and then present collected relevant data to the corporate, without letting personal opinions and gut feelings compromise it too much: *"And not because we just have a gut feeling but we have a very systematic approach to it. We validated it with customers, we validated it with experts, we had market research […] we tried to make quantitative always"* (I.10).

In connection to Connelly et al. (2018), this could be interpreted as a method through which venture builders focus on building competence-based trust, rather than integrity-based trust. By taking themselves out of the role of the sensemaking process-guiding entrepreneurial entity and letting the data speak directly to the corporate peer, it may be argued, with Snihur, Reiche, and Quintane's (2017) logic, that venture builders hereby reduce incongruity between the opportunity idea and corporate expectation: *"[...] in the end we can always say we're only the executing force but the market or the customer is telling you that"* (I.3). With the data deriving from customers, experts, and general market research, venture builders strategically evaluate the opportunity idea with knowledgeable peers before presenting it to the corporate, which supports academic arguments regarding the importance of knowledge peer consensus in the objectification stage (Haynie, Shepherd & McMullen, 2009; Wood & McKinley, 2010). Venture builders parallelly rely on the impartiality and open-mindedness of their employees, which partly aligns with Tocher, Oswald, and Hall (2015) and Baron and Markman (2000, 2003) in the sense that these higher levels of social perception and adaptability positively influence the objectification process. But also their found ability to neutrally revise or abandon ideas and detach personal psychological ownership from the developed opportunities (Grimes, 2017) to sustain the corporates engagement. However, social abilities in terms of persuasion skills and abilities to gain trust, legitimacy, and confidence (Shepherd & Zacharakis, 2001; Smith & Lohrke, 2008) are of rather low importance due to the data-driven trust-and-credibility-building focus.

While objectifying an opportunity idea, venture builders closely integrate the corporate into their daily and weekly work. These high involvement levels could enhance the corporate's engagement throughout the process while building trust (Hardy, Phillips & Lawrence, 2003; Leifer & Mills, 1996; Madhok, 1995), especially competence-based trust as the corporate gets an insight into the technical skills and expertise of the venture builder (Connelly et al., 2018). Within that, the enabled constant communication exchange helps to prevent conflict situations that are based on information asymmetry between the venture builder and corporate (Cho, Ryoo & Kim, 2017; Hart & Saunders, 1997). Related to that, transparent and honest communication about disagreeing opinions on corporate feedback when the venture builder thinks that it is unjustified, can be interpreted as a crucial mechanism by Larson (1992) to build trust, especially integrity-based trust that shows that they do not say yes to everything just to please the corporate (Connelly et al., 2018). While I.1 exemplarily states that fear-based feedback gets ignored sometimes, Snihur, Reiche, and Quintane (2017) discuss that ignoring feedback leads to disengagement and disinterest in the corporate. However, by complementing this with honest communication about reasoning the ignoring of feedback, it could be interpreted that venture builders balance out potential disengagement when not translating all feedback into the opportunity idea (Snihur, Reiche & Quintane, 2017). Additionally, venture builders proactively educate the corporate, specifically skeptical corporate departments, about the venture builder's methodology by *"[...] explaining what we're doing and showing them, hey, we're not a threat. We want to work with you"* (I.1), which can be construed as a method through which not only competence-based trust but also integrity-based trust about motives and character of the venture builder is built (Connelly et al., 2018).

5.3 Finding Strategic Fit between Venture Opportunities and Corporate Strategy in the Opportunity Development Process

Finding a strategic fit by shaping opportunities around the corporate strategy has emerged as one of the key approaches for venture builders in managing the venture opportunity development process with a corporate. Several research disciplines around strategic management highlight the importance of this topic and focus on matching and aligning opportunities and challenges around the organization strategy (Venkatraman & Camillus, 1984; Thompson, 1967; Lawrence & Lorsch 1967; Donaldson, 1995; Zajac, Kraatz & Bresser 2000; ed. Andrews, 1971).

Finding a strategic fit between venture opportunities and corporate strategy is especially relevant in the opportunity conceptualization and objectification phase of Wood and McKinley's (2010) process. Other than in Wood and McKinley's (2010) framework, where the opportunity idea emerges from the entrepreneurs themselves often venture builders get existing input from the corporates, they then start with what could be considered in literature the objectification process: *"So so it's usually they come with a concrete idea which will be then little bit abstracted"* (I.6). Abstracting the input to align the opportunity to strategy can lead to stepping back to the opportunity conceptualization phase.

When venture builders manage the opportunity development process with corporates, they often face budget constraints: *"[...] everything that lies too far ahead when it comes to market introduction, it's typically not a topic for corporate venture building. So, everything that is* *away three, four, five, maybe 10 or 20 years ahead from being a viable technology is not interesting typically in our setting"* (I.7). By that nature they are forced to adapt the opportunity idea to their resources and cope the strategy around them, which can lead to being forced to focus on the historical strengths of the corporate. Literature suggests that this is not only a challenge but can also be a beneficial inertia (Zajac, Kraatz & Bresser, 2000). Organizations can withstand environmental threats by understanding their borders and protecting their unique resource advantages which can lead to a competitive advantage (Miles & Cameron, 1982).

Organizations' survival and performance against environmental factors can be protected using resources that they own and an understanding of their borders instead of adapting (Miles & Cameron, 1982). I.3 supports that in his statement *"[...] strategic fit is that we do not have to convince them to move into another market [...] this is why it fits into your strategy if you're going there, because they already have that".*

On the other side, the opportunity development process of venture builders collaborating with corporates is very iterative. Other than in Wood and McKinley's (2010) model they do not always follow a linear order of opportunity idea conceptualization, objectification, and enactment. Venture Builders make shifts within the process more often and this creates problems with the corporate's linear budget constraints. So it can even lead to not being able to shift at all, even if it would be necessary from the venture builder's perspective.

Social competencies are important for the venture architect in order to enhance the probability of continuing from the opportunity ideation to the objectification phase (Tocher, Oswald & Hall, 2015). Accepting feedback from the corporate can be required, even if they know it is not the best choice, rather they have to accept it because of how political the corporate is internally, which can detach the venture architects from the idea, but is required to maintain the external actor's engagement Snihur, Reiche & Quintane, 2017): *"[...] some people who are really like that feels for them, like they, they invest so much time and energy on it, but others, they see it just like as a consultant job [...]"* (I.2).

Venture builders mitigate risks for corporates in developing opportunities for them. Some interviewees specifically mentioned that they inherited that into the venture builder's strategy: *"Oftentimes also, market developments from overseas. We ourselves we have some explicit second mover approach [...]"* (I.6). In literature this collaboration of resources is described as a strategy to enhance capabilities, get a competitive advantage, and manage risks (Lavie, 2006; Nohria & Garcia-Pont, 1991; Powell, Koput & Smith-Doerr, 1996; Rothaermel, 2001). Mittermeier, Hund, and Beimborn (2022) classify this working mode, with a relatively adjacent level of newness in their ventures as a corporate-centric venture builder, where the innovation is market-driven and thereby more risk-averse.

6 Conclusion & Implications

This chapter concludes the key contributions of this study to academia by summarizing key findings that answer the research question, suggests practical implications for venture builders and corporates, and gives recommendations for future academic research on this topic.

6.1 Conclusion

Due to the newness of the venture builder phenomenon, scholars have barely researched this topic which leads to it being a highly unexplored research area. Especially, with venture builders potentially evolving as new players in the corporate venturing ecosystem to build new ventures in collaboration and how this corporate involvement influences them. Consequently, the research purpose of this study is to understand how venture builders manage the process of developing venture opportunities in collaboration with corporates. This study's contribution to academic literature is threefold. It identified three key practices amongst venture builders that they apply to manage the process of developing opportunities, considering the involvement of a corporate in it as: (1) Leveraging Corporate Assets, (2) Building Trust and Credibility, and (3) Finding Strategic Fit between Venture Opportunities and Corporate Strategy. Each practice is present throughout the whole opportunity development process, however, the role in each process stage varies. Moreover, their significance is higher in some stages than in others and they are not exclusively assignable to one stage.

Firstly, venture builders manage the process by leveraging corporate assets. Venture builders view the involvement of the corporate as a chance to make use of the corporate's reputation, network, and knowledge that would not be there without them. Thus, these accessible means enable venture builders to develop venture opportunities more quickly and have them also tested and potentially validated much more thoroughly.

Secondly, managing the process of developing venture opportunities in collaboration with corporates, is automatically connected to managing the relationship with the corporate, as the relationship is part of the process. Specifically, venture builders manage the process by building trust and credibility. It has been discovered that collaborating with corporates comes along with the corporate's need to trust the venture builder and see the credibility of results they deliver in the form of a venture opportunity. Venture builders apply a highly systematic, data-driven approach and minimize the influence of personal opinions when researching, validating, presenting, and discussing ideas with the corporate to prove competence and credibility. Further, they closely integrate the corporate, communicate transparently and honestly, and educate the corporate to establish trust in the relationship, which venture builders perceive as a crucial moderating tool to sustain a beneficial collaboration throughout the process.

Thirdly, venture builders are constantly focusing on finding a strategic fit between venture opportunities and corporate strategy. Hence, a venture builder's opportunity development process becomes significantly shaped and argumentatively limited due to the boundaries that are set up by the corporate strategy. On the other side, the practice of finding a strategic fit can also mitigate the risks of failing ventures and introduce venture builders to new industries to learn about, due to an adaptation to the corporate's interest area to start an opportunity in and their risk-averse approach. Venture builders mostly try to understand the requirement for the strategic fit while conceptualizing the idea and early in the objectification of it.

6.2 Practical Implications

Considering that this paper research a process that concerns both, venture builder and corporate, the practical implications are twofold. On the one hand, the authors encourage venture builders that primarily do not collaborate with corporates to develop ventures, to reevaluate potential advantages they would gain when having access to corporate assets that may generate long-term success in the entrepreneurial ecosystem. Given that building trust and credibility is an essential part of the process, venture builders may utilize these practices specifically to overcome potential challenges deriving from boundaries set by the corporate strategy. Building trust and credibility with a stronger focus on gaining more authority in the process, could enable them to convince the corporate more easily to adapt their strategic goals to their recommendations.

Ultimately, this could also help the corporate to accelerate more quickly and into the startup ecosystem. Therefore, the authors argue that corporates participating in this kind of collaboration with venture builders should try to set as few strategic boundaries for the venture builder as possible, closely collaborate, and learn about the venture builder, to ensure a process that is as unhindered as possible. Emphasizing the importance of leveraging corporate assets for the purpose of a well-developed venture opportunity, corporates should grant venture builders as much access to their assets as possible to unleash this unfair advantage.

6.3 Future Research Recommendations

Besides the found alignments in the venture builders' management practices, it was found that there are also different practices such as the level of involvement of the corporate in the process varying between weekly updates or operational level. Moreover, some venture builders mention the corporate as partners and some as clients. Future research may examine how different levels of corporate involvement in the process and different venture builder perceptions of the corporate's role affect the opportunity development process. In this context, future research may take organizational differences of venture builders more strongly into consideration, to make clearer distinctions between approaches on how to manage the process, instead of finding generalizable similarities.

Connected to that, the authors identified a mismatch between the self-labeling of venture builders that collaborate with corporate and how academic literature labels them. In this regard, future research may investigate the reasons for this issue and propose a label and clear definition for those kinds of venture builders but also create a clarified typology of venture builders, potentially building up on Mittermeier, Hund, and Beimborn's (2022) taxonomy.

Lastly, this study is based on ten interviews, with the interviewees representing practices from four different German venture builders. The authors recommend further validating this paper's findings by conducting research on a larger and geographically more diverse sample size that allows further generalization.

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8 Appendices

8.1 Appendix A – Interview Guide

Part A

1 Consent Agreement

The consent agreement will be sent by the authors to the interviewee via e-mail to be signed. The consent for this form is necessary to make sure, that you understand how your data will be processed by the authors.

2 Personal Data

Demographic data and work-related background information

1. Could you please tell us about your previous academic experience?
2. Could you please tell us about your professional career experience?
3. Could you please tell us your age?

Role and responsibilities in the company

1. Could you please give us a brief introduction to the venture builder?
2. Could you please give us some insights into your role and the responsibilities within the company?
3. Could you give us a brief overview of what kind of projects you have done in the past?

3 Conceptual Understanding of the Opportunity Development Process

The authors introduce their perception of the opportunity development process to give the interviewee a broad understanding of the starting point and ending point of the process.

1. *The interviewees are told to map out the opportunity development process of their venture builder in Miro.*
2. *The interviewees are asked to briefly describe how the process looked like, who was involved, and what idea it was about.*

Part B

4 Interview

The interviewees were asked the following questions by the authors to understand the opportunity development process of venture builders in collaboration with corporates better. The authors advised the interviewees to talk about a project, where the interviewees were engaged in an opportunity development process with a corporate, but also to take anecdotes from other projects if the questions can be answered better.

<u>Opportunity Idea Conceptualization</u>

- Could you tell us how the opportunity idea was initiated?
    - Which role did your prior knowledge play in order to recognize the opportunity you developed?
- Did you take the company's input as given and plan the execution until the end or did you have a goal in mind and try to find the way to get there?
- How did you contribute as a venture builder in the initial phase?
- What kind of input and influence did the corporate have on the idea?
- How did you handle the corporate input?
    - Can you elaborate on how you felt while handling the input and if any tensions arise between you and the corporate, what is important to handle it well?
- How did you evaluate the idea internally?

<u>Opportunity Objectification Process</u>

- Could you elaborate on the refinement process of this initial idea?
- What feedback did you get?
- How do you decide to what extent and what feedback to integrate into the idea?
    - How did you deal with the corporate's feedback regarding change suggestions to the idea?
- How and how often do you communicate the idea to the corporate?
- Which role did your social peers/connections play in the process?
- How did you create consensus about the idea?
    - What did you do to validate this idea?

    - What role did your personal connections play in comparison to the social connections in the venture builder in order the approve the idea?
    - How long does it usually take to create consensus and what does it depend on to create a quicker consensus?

<u>Opportunity Enactment Process</u>

- What role did your reputation play in obtaining additional stakeholders that are necessary to realize the opportunity?
- What did the corporate contribute to realizing the opportunity?
- What was the role of external influence to convince the corporate?
- What actions did you start to convince your stakeholders?
- How did you communicate to the corporate client that you are able to realize that vision?
- How did the experience of prior failed projects in a venture builder or startup help you in the realization of the opportunity?

<u>Extra Questions</u>

- Did any disagreement occur between you, as a venture builder, and the corporate?
    - If yes, what happened and how did you deal with it? What did you do to solve it?
    - If no, what did you think you did to sustain the engagement?

8.2 Appendix B – Interview Consent Form

Research Purpose: Thesis at Lund University
Research Project Title: "How venture builders manage the process of developing venture opportunities in collaboration with corporates"
Researchers: Ralf Hafner & Mohammad Amin Sabzevari

Thank you for agreeing to be interviewed as part of the above research project. This consent form is necessary for us to ensure that you understand the purpose of your involvement and that you agree to the conditions of your participation. Would you, therefore, read the accompanying **information sheet** and then sign this form to certify that you approve the following:

- The interview will be recorded, and a transcript will be produced
- The transcript of the interview will be analyzed by the researchers
- Access to the interview transcript will be limited to the researchers and academic colleagues in the university context
- Any summary interview content, or direct quotations from the interview, that are made available through academic publications or other academic outlets will be anonymized so that you cannot be identified, and care will be taken to ensure that other information in the interview that could identify yourself is not revealed
- Words or sentences might be quoted directly
- The actual recording will be used in the context of the thesis only

By signing this form I agree that:

- I am voluntarily taking part in this project. I understand that I don't have to take part, and I can stop the interview at any time;
- The transcribed interview or extracts from it may be used as described above;
- I don't expect to receive any benefit or payment for my participation;
- I have been able to ask any questions I might have, and I understand that I am free to contact the researcher with any questions I may have in the future.

Name of the interviewee:

Signature: **Date:**