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Start-ups and mentors in health tech accelerating: Cohesion or confusion?

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Abstract

Accelerators offer a new model to support start-up companies. Compared to the better known incubator model, accelerators are more intensive, based on mentoring, and include a pitching or demo-day event as their culmination point. This case study investigates mentors’ and start-ups’ experiences of a pilot accelerator program and pays attention to the critical aspects of these participants’ sensemaking. In the program, six start-up teams worked together with their mentors, took part in educational on-site events and had the opportunity to participate in a pitching competition. The data for the case consists of 25 interviews, feedback material from the on-site events and project documents. The findings illustrate how, through on-going sensemaking, confusion about the program in the beginning was turned into cohesion, according to which an incubation model served as a point of comparison for evaluation and also seemed more preferred than an acceleration model among the participants.

Keywords: Accelerator, start-up, mentor, experience, evaluation, critical sensemaking, health tech
Introduction

During what is – let’s be honest – the sh*ttiest weather season of the year, Slush brings together the leading actors of the global tech scene to Helsinki for something very special. Described by many as “Burning Man meets TED”, the event has grown in just a few short years to 20,000 attendees. In 2017, over 2,600 start-ups, 1,600 investors, and 600 journalists from over 130 countries gathered to Slush to drive business, and to experience the phenomenal atmosphere. (www.slush.org.)

During the past decades, few things in business life have been as celebrated as start-ups, especially those that utilize new technologies in their business. The geographical context of this case study, Finland, is the home of the rapidly grown start-up event Slush, which sets the scene for the can-do start-up culture in the country (Katila, Laine, & Parkkari, 2017). Hence, there is strong belief that start-ups, especially in high tech fields, are central for the Finnish economy, both nationally and locally, and that they should be supported by existing and new means (Wallin, Still, & Henttonen, 2016).

Accelerators are among the most recent vehicles to assist start-ups in developing their business (Cohen & Hochberg, 2014). Some researchers define accelerators as ‘a new generation incubator model’ (e.g. Pauwels, Clarysse, Wright, & van Hove, 2016, p. 14). Others suggest, however, that accelerators clearly differ from incubators because of their fixed length and intensity (about three months), emphasis on cohorts rather than individual start-ups (e.g. health tech), nature of mentoring and educational services provided, and the culmination of the program in a public pitch event or demo day (e.g. Cohen, 2013; Cohen & Hochberg, 2014; Hochberg, 2016).

Prior research on accelerators has focused on their characteristics, operation and success (e.g. Hoffman & Radojevich-Kelley, 2012; Pauwels et al., 2016). While start-ups and mentors are key actors in accelerators, it is surprising that hardly any research has been conducted on their
experiences. This paper uses material and ideas drawn from a case study of one start-up accelerator program to analyse the critical sensemaking of the mentors and start-ups that participated in the program in spring 2018.

While accelerators are becoming increasingly popular, start-up entrepreneurs and teams may have participated in several programs during their start-up career. Entering a new accelerator program might be a novel event for the participants, but some of them might also be familiar with this type of organized start-up support. While there is no fixed format or best practice for accelerator programs, there is at least some novelty for every participant when they enter a new program. This novelty triggers sensemaking, i.e. the need to understand the new situation.

The objective of this paper is to analyse how mentors and start-ups make sense of and understand what is happening in the accelerator program that they participate in. The paper pays particular attention to the critical aspects of sensemaking, i.e. how formative context, rules and power shape sensemaking. The paper proceeds to outline the theoretical approach of the case study, its methodology and empirical results.

**Theoretical approach: Critical Sensemaking**

When start-up entrepreneurs and teams come across novel events and situations, such as when participating in a new accelerator program, they first try to understand this retrospectively through their experiences of other similar events (Weick, 1993). Their need to understand is based on individual and collective identity (Weick, 1995), which is reflected in the questions of ‘who am I and who are we’ and ‘what should I as an individual and we as a team do in this situation’.

Identity is central in sensemaking because individuals and teams establish, maintain and reframe their identity by acting on new events and observing the consequences of their own action (Helms Mills, 2003, p. 55; Weick, 1995, p. 18; 20). When actions and responses by others reflect
each sensemaker’s identity, there is little need to engage in more active sensemaking and reframing of identity. However, any disconnection between the three elements intensifies the need to make sense of the new situation and reframe identity.

The seven properties of sensemaking (identity construction, retrospection, ongoing, extracted cues, enactment, social, and plausibility over accuracy) described by Weick (1995) refer to a democratic process, which gives little attention to contextual elements and power relations that influence sensemaking (Helms Mills, 2003; Helms Mills & Weatherbee, 2006). To address this problem, Mills and Helms Mills (2004) introduced the Critical Sensemaking heuristic that expands sensemaking analysis to include formative context (Unger, 1987), organizational rules (Mills, 1988; Mills & Murgatroyd, 1991) and power (Helms Mills, Thurlow, & Mills, 2010).

The role of formative context is to maintain the social construction of the situation, which enables sensemakers to act routinely without active attempts to understand every detail of what is happening around them. Organizational rules define expected roles and provide options for socially acceptable action. However, both formative context and organizational rules also limit action and agency, thus having both structural and discursive power to guide the sensemaking process (Helms Mills & Weatherbee, 2006; Thurlow & Helms Mills, 2015).

**Methods**

The data for the intensive case study (Eriksson & Kovalainen 2010; 2016, p. 134) included 25 semi-structured interviews with start-up entrepreneurs and their mentors as well as video recordings, feedback forms and field notes from on-site educational days and a pitching event held at the end of the program. The first round of interviews concerned start-ups’ and mentors’ expectations for the program and the second round of interviews, held after the pitching event, focused on their experiences and evaluation of the program.
The interviews were recorded (audio or video) and transcribed, except for two interviews of which notes were used because of failed recording. The project documentary and informal discussions with entrepreneurs and mentors were used as secondary data and background information for the analysis. Qualitative content analysis of interview data was performed with Atlas.ti software in which the CSM framework was used as a sensitizing heuristics. The findings of this analysis served as a basis for constructing the case narrative.

The case: A new accelerator program for start-ups

A new accelerator program for health tech start-ups was piloted in Spring 2018. The purpose was to test a mentoring-based three- to four-month program in which each start-up was matched with one or two mentors. The pilot program was designed around four on-site educational days for all start-ups and mentors and ten face-to-face meetings between each start-up and their mentor. The culmination of the program was a pitching competition to which all start-ups could apply and the best ones would be selected. The purpose of the pilot was to get feedback from start-ups and mentors and develop an accelerator model that would fit into the local requirements.

The pilot program (hereafter the Program) was organized in collaboration by two universities, one health tech consulting company and their stakeholders. Six out of twelve start-up applicants were selected based on the quality of their business plan, credibility of the start-up team and potential to attract investors and grow the business. The start-ups selected to the Program ranged from unregistered teams to less than two-year-old companies. Despite their young age, five out of six start-ups selected had prior experience of accelerator programs. Most of the start-ups either had a research-based business idea or they had other connections to universities.

The experiences and feedback from mentors
Seven experts with prior experience as entrepreneurs and business advisors were asked to work in the Program pro bono, i.e. without any financial compensation. These experts, called ‘mentors’ in the pilot Program, were asked to follow their routine practices of interaction with start-ups that they would advise. Five of the start-ups selected to the Program were matched with one mentor and one start-up got two mentors. A couple of mentors expressed their preferences for start-ups that they wanted to support. According to the marketing material, mentors and start-ups were supposed to have ten meetings during the Program. The organizers gave little guidelines for the meetings other than the mentors could follow their routine practices of this type of work.

In their work, the mentors had learned that issues of team building, financial knowledge, company narratives, business models and business growth were common problems for young companies. When the Program began, they realized however that the start-ups in the Program were in their very early phases and therefore not ready for discussions around these matters yet. In this way, the start-ups in the Program only somewhat met the mentors’ expectations.

The mentors had also assumed that the start-ups would actively identify their specific needs for advice, which they did not. This caused some confusion among the mentors concerning what should and should not be done in the face-to-face meetings with the start-ups. The Program provided little guidelines for mentoring other than following their own practices and having ten meetings with the start-ups. During the Program, the mentors met with their start-ups three to five times. Additional contact was held by email and phone.

The Program lasted for less than four months and the mentors found the schedule very tight. One of the mentors summarized their common feeling that ‘four months is enough for developing a good pitch, but not for developing good business’.

The experiences and feedback from start-ups
The Program had been rapidly organized and many start-ups had been asked by the organizers to send in their application. The start-ups selected for the Program were informed about their acceptance just one week before the first on-site event. Although young, many of the start-ups had prior experiences of participating in other accelerator programs. Despite this, they had difficulties in expressing other expectations towards this Program besides ‘getting all kinds of information about that [business] side’.

The start-ups appreciated the close-by geographical location of the Program. Some of them had participated in accelerator programs in other cities and had found the geographical distance between them and the accelerator difficult. For one of the more experienced start-ups, this was the first time they received support as a team. One of their team members described this as a ‘giant step for me mentally’, expressing the feeling of becoming more committed to the team.

Only a few of the start-ups expressed their preferences concerning the mentor, his experience and areas of expertise. During the Program, the start-ups noticed that there was lack of knowledge about what they could ask for from their mentors, especially concerning the number of working hours and face-to-face meetings with them (e.g. when and where meetings could be held).

In the on-site events, a lot of time was used for learning to pitch the business idea to investors because applying for a pitching competition was the culmination point of the Program. The start-ups agreed with the mentors that the pitch was an important means to attract investors when the business idea was clear. However, the start-ups would have wished less emphasis on pitching in the face-to-face meetings with their mentors, ‘The mentor was more interested in pitching, but we… had more issues with the financial statements’.

The start-ups criticized that the on-site events offered little new to them, partly because of the strong emphasis on pitching. The question posed by one of the start-up entrepreneurs reflects this, ‘…is pitching so important? The focus should be shifted to the right things.’ The pitching
emphasis of the on-site events sometimes continued in face-to-face meetings and the start-ups felt that they would have needed more time to focus on ‘more important business issues’.

Some of the start-ups wished there had been a thematic structure to the Program. They were pleased however that no pre-defined structure had guided their cooperation with the mentors. The open structure and tailored content of the meetings with the mentors had offered them well targeted and wide business knowledge. One of the start-up entrepreneurs noted that the flexibility and freedom had enabled him ‘to shape his business thinking’. The most valuable content for the start-ups in the on-site days were presentations held by more mature healthtech entrepreneurs, who shared experiences that they could identify with.

Start-up business operations, other events that the start-ups participated in and the main jobs of the entrepreneurs, kept the start-ups busy during the Program. Almost every start-up entrepreneur had a full-time job and performed start-up work in the evenings and weekends. Some of them experienced difficulties in having meetings with the mentors and participating in the on-site events. The main criticism provided by the start-ups at the end of the Program was its limited time frame and tight schedule.

**Developing a sense of acceleration: Confusion and cohesion**

The willingness of the start-up entrepreneurs to participate in one more start-up support program reflected their collective identity as ‘start-ups’. In other words, applying and taking part in these types of programs and events is what successful start-ups are supposed to do in order to develop their business. This willingness is part of the game in the Finnish context, the home of the world’s largest start-up event, Slush.

Because of the pro bono spirit of the Program, the start-ups hesitated to ask for their mentors’ help in all matters of importance to them. The start-ups did not want to cause extra trouble
for their mentors who did not get any compensation for their work in the Program. Also some of the mentors had difficulties with the pro bono requirement of the Program. While pro bono behaviour has become popular among successful start-up entrepreneurs globally, it is exceptional in Finland because of the strong tradition of government provided support for start-ups and other companies (Autio & Rannikko, 2016).

The guidelines of the program and the hesitation of the start-ups to ask for help gave the mentors an opportunity to stay in the same roles they had in their other jobs. This meant that the mentors were not forced out of their comfort zones to figure out what mentoring in the context of a healthtech accelerator could be about. The mentors based their assumptions about start-ups’ needs on their previous experiences, but only a few of them had worked with accelerators and healthtech start-ups before. It seemed that some of the mentors were not familiar with the specifics of accelerators in comparison to incubators, for instance.

Therefore, some of the mentors acted more like business advisors than mentors. They had business backgrounds or solid experience in advising start-ups, but less experience of mentoring as a key activity in accelerators. Lacking the ‘accelerator-mentor’ identity, it was difficult for them to tell what their routine practice with start-ups was or pre-plan what to concentrate on when ‘mentoring’ these start-ups. One of the mentors summarized their problem by saying the Program was ‘a side project’, the real objectives of which were left unclear.

Both mentors and start-ups had difficulties in describing their expectations and needs in the beginning of the Program, but were better able to express their views towards the end of the Program. This finding supports Weick’s (1988) idea of acting first and then making sense of it. The on-site educational events, meetings of mentors and start-ups and the activities performed by each start-up gave with their mentors provided an opportunity for on-going sensemaking during the Program. Through their on-going and socially constructed sensemaking (Weick, 2001), mentors and start-ups were able to turn their confusion to cohesion concerning their understanding of
accelerating. The cohesion among mentors and start-ups was based on their experience of the lack of time of which too much was used on pitching.

**Discussion**

The case study presented in this paper focused on the critical sensemaking of mentors and start-ups who participated in a health tech accelerator program that was piloted for the first time. Critical sensemaking heuristics enabled this study to focus on the socially constructed and gradually emerging understanding concerning the Program and the collaboration between mentors and start-ups.

Because the purpose was to gather information and experiences of how to design an accelerating model that would fit the local circumstances, the pilot Program followed the definition of accelerators introduced in the literature, the main point of which is to differentiate accelerators from incubators (Cohen, 2013; Cohen & Hochberg, 2014; Hochberg, 2016). Accordingly, an accelerator can be defined as a ‘A fixed-term, cohort-based program, including mentorship and educational components, that culminates in a public pitch event or demo-day.’ (Cohen & Hochberg, 2014, p. 4).

Concerning critical sensemaking, the main finding of the case study was that, despite the prior experiences of mentors and start-ups with various forms of start-up support, the longer term incubation model served as an implicit point of reference for both of them, especially in their feedback at the end of the Program. In the beginning, the nature of the Program and the lacking information of the accelerator model that was followed by the organizers caused confusion for both the mentors and the start-ups. The confusion also triggered their individual and collective sensemaking that continued throughout the Program.
At the end of the Programme, the sensemaking of the mentors and the start-ups had developed some cohesion concerning their understanding of the Program. Both agreed on two of the key characteristics of the accelerator Program that they suggested could be changed: the limited time frame of the Program and the main emphasis on pitching. Thus, despite a good number of positive elements and outcomes of the Program, especially for the start-ups, many mentors and start-ups had the experience that a longer and less intensive program with less emphasis on pitching might have served them better.

Conclusion

The conclusion that can be drawn from the case study is that piloting of a new type of start-up support program is challenging for many reasons that have been elaborated in this paper. From a critical sensemaking perspective, the case study has illustrated, how the formative context (start-ups are appreciated and get support, and incubation is a well-established model for this) and existing rules (mentors should be paid for their services) guided both start-ups and mentor’s sensemaking. Furthermore, context and rules influenced identity formation (the start-up identity is based on and maintained via participation in support programs) or lack of it (entrepreneur and business advisor identities do not necessarily turn into mentor identity).

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