



## SCALE: A Growth Toolkit for Mature Market Start-Ups

### How a new programme increased start-ups' chance of success.

While entrepreneurs are seldom short of good ideas, the majority of new ventures fail to make the transition from start-up to growth.

Given the significant role entrepreneurs play in promoting **innovation** and competitiveness, finding ways to help new ventures scale up is important for both business founders and policy-makers. Scaling up is particularly necessary in mature market economies where opportunity-based entrepreneurship is an important driver of long-term economic growth.

While there are plenty of practitioner toolkits and programmes which purport to help entrepreneurs move from start-up to scale-up, there has been little systematic evidence from mature markets to show if these tools make a positive difference.

In fact, most research to date has examined programmes that teach basic finance and marketing concepts in developing economies.

Recently, I was involved in the design and launch of SCALE 1[1], a unique training programme designed to help entrepreneurs improve their competencies in business model innovation, creating effective networks, and structuring strong venture teams.

SCALE 1 is remarkable, not only in its focus on mature markets, but because it explicitly field tests

the efficacy of its training using a randomised control trial (RCT) with 181 Singapore-based start-up founders.

The programme set out to identify whether:

- Entrepreneurs who participate in training about innovation, teams and networks will experience greater venture growth
- Whether some entrepreneurs benefit more from training than others.

### Ambition and absorbing knowledge

The training included two one-day classroom sessions held a month apart. Also, individualised business coaching was offered to help entrepreneurs address their venture-specific issues and challenges.

Results showed that the programme participants were indeed more successful at scaling up their ventures – achieving higher sales and employee growth – than a control group.

The more ambitious participants (those with greater growth goals) enjoyed greater benefit. As did entrepreneurs with higher levels of education and/or more work experience. The likely explanation for this is founders with greater human capital were better able to absorb the new

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knowledge whilst founders with greater growth goals found the new knowledge directly relevant to their venture's needs.

Digging deeper, we found that the beneficial effect of human capital was driven largely by founders who had higher education in STEM (science, technology, engineering or maths) disciplines or prior work experience in technology and technical skills related to their venture.

### How the RCT worked

The trial was limited to ventures that met the following criteria:

- Incorporated in Singapore in 2017
- In an early growth phase
- Founders who espoused an intention to grow beyond mere self-employment.

Of the 181 entrepreneurs who met these benchmarks and were available to attend, we randomly assigned 103 to the treatment programme and 78 to the control group (who were offered training after the data collection was complete).

The first day of the programme involved teaching participants how to describe their start-up using a business model canvas and how to identify areas of concern. They were provided with tools to help them diagnose and improve the social capital of their personal network and analyse their venture team's structure and dynamics.

Participants then went back to work to apply these tools to their specific venture. Upon their return for the second day of training, they reported about how they had used the tools to address weaknesses in their business models, improve their social networks, and structure venture teams.

After the training, participants were offered access to mentors – experts in the field of innovation and incubation – to discuss issues relating to their business models.

An online questionnaire completed by participants two months after training was designed to ascertain how much of the imparted knowledge had been absorbed. Final outcomes, measured in sales and employment, were taken from a final survey conducted eight months after the training. This was compared with a baseline survey taken prior to the programme.

The study measured self-reported sales in a 5-point scale where 1 indicated sales between 0-\$99,999 and 5 for sales above \$2 million. These were tested against a number of variables including years of work experience before the start-up and the

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participants' education levels.

Growth goals were measured by asking participants at the start of the study to report their expected sales 12 months in the future.

### Building on the SCALE project's success

As well as performing better than the control group, programme participants demonstrated a greater understanding of how to use business model templates and the tools designed to strengthen (and benefit from) social networks and venture teams.

In short, while the study had some limitations (including sample size and composition), there is ample evidence to show that this training programme had a significant positive impact on start-up founders' thinking and behaviour, and their ability to manage the major challenges new ventures face as they transition from start-up to growth.

Based on the success of the SCALE 1 pilot programme, and recognising that helping start-ups to scale-up is an important source of long-term economic growth, the Singapore Ministry of Education has provided Singapore Management University's Reddi Kotha with funds to run SCALE 2, a similar programme with additional components aimed at increasing participants' capabilities and motivation. Singaporean entrepreneurs who would like to participate can join [here](#).

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[1] Co-developed with Reddi Kotha, Associate Professor of Strategic Management and Academic Director of Masters in Science of Innovation at Singapore Management University (SMU), Yimin Lin, SMU Post-Doctoral Researcher, and Anne-Valerie Corboz, Managing Director for Duke Corporate Education in Singapore.

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