

# Chapter 3

## Shortening the Learning Curve of Media Start-Ups in Accelerators: Case of a Developing Country

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### **ABSTRACT**

*Business accelerators are playing a key role in facilitating the process of new venture creation. Start-ups generally look for the best accelerators to make their long journey short. Media start-ups also look for a supportive mechanism to fasten their start-up experience. In this process, one of the main issues is to shorten their learning curve which is possible by use of start-up accelerators. Therefore, this chapter deals with the idea that which factors are important in this regard. To do so, first, a brief review of the support mechanisms is presented, and it is discussed that how start-up accelerators shorten the learning curve of the start-ups. Then, five media start-ups which were created in accelerators are studied. All of the cases were established after 2014, since the accelerators started working from the same year. According to the findings, there are mainly six reasons for shortening of the learning curve by start-up accelerators, including: (1) Short creation period, (2) Seminars and courses, (3) Co-working space, (4) Divided teams, (5) Cohort peers, and (6) Mentorship.*

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## **INTRODUCTION**

Start-up accelerators are considered as the fourth generation of incubators (Carvalho & Galina, 2015). In the one hand, these entities attempt to shorten the learning curve of start-ups. On the other hand, among different types of start-ups, media start-ups could be considered as one of the main entities which could take advantage of such an acceleration process (Salamzadeh, 2015 a; Salamzadeh & Radovic Markovic, 2016). Nowadays, media start-ups are facing immense competition more than ever. These start-ups, like others, are finding exceptional ways of generating revenue from the very early stages of their establishment (Ferrier, 2013; Salamzadeh & Kirby, 2017). Moreover, they learn so fast, since these start-ups provide people with interactive platforms of communication (Girard & Stark, 2002). Then, learning is an integral part of these entities. It is evident that media start-ups are moving into a new era in which the active players can surpass media rapidly (Sakr, 2016).

In order to understand the different circumstances in which media start-ups are created and operating, one needs to look at the features of media in a specific country (Khajeheian & Tadayoni, 2016). Media entrepreneurship is an emerging field of study around the Globe, and more specifically in Iran, which is attracting the attention of different scholars and practitioners. Therefore, the idea of creating start-ups in this field is also an emerging domain (Ferrier, 2013; Khajeheian, 2013, 2017). Moreover, these start-ups have two choices, that is either to use support measures or not. Based on prior research, rate of failure is higher in not-supported start-ups, while those which used support mechanisms such as incubators, small business development centers (SBDCs), science and technology parks, and accelerators, had higher rates of success (Salamzadeh, 2015 b).

In fact, such support mechanisms facilitate the creation of these start-ups. Among these mechanisms, accelerators are created to shorten the learning curve of start-ups and to accelerate the process. In this chapter, the idea is to present a brief review of the literature on start-up accelerators, and then to investigate how these accelerators shorten the learning curve of media start-ups. To do so, after a theoretical review, five cases are analysed and discussed. Finally the chapter concludes with some remarks and implications for policy makers.

## **START-UP ACCELERATORS: HOW TO SHORTEN THE LEARNING CURVE?**

The existence of a learning curve for [established] organizations has been comprehensively investigated by several scholars. However, there was a problem stating that if start-up founders could learn fast enough during the start-up process

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to avoid any mistakes or even to fail (Cohen, 2013). Hopefully, this research area has emerged simultaneously by the advent and emergence of start-up accelerators (Davila et al., 2010; Stagars, 2015). As mentioned earlier, there are several support mechanisms which could be used to support media start-ups. Table 1 shows the characteristics of the main mechanisms. According to the table and based on the existing trend, accelerators are more interesting and are highly recommended to media start-ups. This is especially because of their features like short period of acceleration process, useful seminars, co-working space opportunities, and mentorship services. These issues are critical in accelerating the learning curve in start-ups.

First, start-ups are selected competitively and therefore there will be a higher chance of success- to scale up or continue working, or even to fail faster (Nigam, 2014). In fact, having limited time to show your abilities and to learn more and more is a key to success (Ganamotse et al., 2017). Start-up accelerators prepare a fertile ground for founders of start-up companies to show their potentials (Raheem & Akhuemonkhan, 2014). Secondly, start-up accelerators normally offer interesting courses and hold different seminars for start-ups to learn what they need (Rogova, 2014). These courses include topics such as business planning, pitching, negotiating, and the like (Pauwels et al., 2016). Third, co-working space provides start-ups with several opportunities, such as to share both explicit and implicit knowledge. A combination of ideas presented by experts to start-ups and their own

*Table 1. Support mechanisms/entities for start-up creation*

Science Park	Angel Investor	SBDC	Hatchery	Accelerator	Incubator	
6 months-3yrs	Ongoing	Ongoing	3-6 months	3-6 months	1-5 yrs.	Duration
No	No	No	No	Yes	No	Cohorts
Rent; Non-profit	Investment	Investment	Non-profit	Investment; Non-profit	Rent; Non-profit	Business model
Non-competitive	Competitive, Ongoing	Competitive	Competitive, Cyclical	Competitive, Cyclical	Non-competitive	Selection frequency
Ad hoc	None	If required	Ad hoc, deliverables	Seminar	Ad hoc, hr/ legal	Education offered
On-site	Off-site	Usually off-site	On-site	Usually on-site	On-site	Venture location
Minimal-tactical	As needed- by investor	As needed	Intense- peer support	Intense- by self and others	Minimal-tactical	Mentorship
Early or late	Early	Early or late	Early	Early	Early or late	Venture stage

Source: Salamzadeh and Kawamorita (2017).

lived experiences that is all shared among the teams provides them with a unique experience (Bernardez et al., 2007; Kim, 2015). Also, divided teams are located in a same co-working space (Welch, 2012). Then, they try to compete and share what is interesting for both sides, and hide what they believe is their secrets. Some of these start-ups are cohort peers (Lall et al., 2013). In fact, learning process is accelerated by them. Finally, mentorship services are other issues to be considered as accelerating factors in shortening the learning curve of start-ups (Price, 2004).

In sum, start-up accelerators do not have to go through a typical process of trial and error but these entities could shorten the learning curve of start-ups (de Oliveira & Filipe, 2011). Then, start-up accelerators' key function is to assist start-up firms to solve their establishment and scale-up problems; this kind of support will indeed shorten the learning curve of the start-ups and, simultaneously, highly contributes to capabilities creation of start-ups (Ratinho, 2011; Esquivel, 2013). Without paying attention to accelerating the learning curve, these support mechanisms would be less interesting choices for start-ups to reach.

## **MEDIA START-UPS IN ACCELERATORS: CASES STUDY OF IRANIAN MEDIA START-UPS**

Media entrepreneurship is an emerging field of research which deals with entrepreneurial aspects of media firms, and more specifically, how media start-ups face entrepreneurial opportunities (Ferrier, 2013; Khajeheian & Tadayoni, 2016). In other words, it scrutinizes how those start-ups explore, evaluate, and exploit opportunities (Hoag, 2008). In a more comprehensive sense, media entrepreneurship is about applying entrepreneurial theories and practices in media firms. As Ibrus (2015) argues, this approach is becoming prevalent in different countries and even continents. For instance, he investigates the replacement of media policies with media entrepreneurship policies around Europe. However, the topic is not extensively studied in developing/emerging economies (e.g. see Fallah et al., 2012).

Therefore, it is critical and useful to conduct a case study research to know more about the evolution of media start-ups as well as acceleration of their learning curve. In fact, media entrepreneurship in Iran was rarely studied until the last few years. Khajeheian (2013) critically reviewed the concept in Iran and concluded that "*media entrepreneurship in Iranian market is a very potential market*". It did not take so long until the first couple of media start-ups appeared in the country and turned the page. The following tables show the details and main features of these start-up companies and their founders. As it is shown, all of these start-ups are created after

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year 2014. However, this is also because of the raise of accelerators from 2014 which started working closely with these teams (Salamzadeh & Kawamorita, 2017). As illustrated in Table 2, problem solving approach is followed by start-ups which is because of their attendance in business accelerators.

As mentioned earlier, some of the main roles of accelerators help media start-ups shorten their learning curve. These roles are discussed as follows:

#### **Short Creation Period**

Although, some scholars believe that the limited duration of start-up accelerator programs increases the influence of programs, this is not always the case. Since start-ups should strive to succeed in a short period and get ready for the final pitch, the rivalry and competitiveness makes these companies live (Kohler, 2016). Even if they fail, they will notice shortly, and could make a U turn in their business life (Garcia, 2017). As mentioned by founders of media start-ups (case #1, case #3), accelerators helped them analyse their tractions in a very short period, and their success is more probable. As the founder of case #1 argued, this short period made everything quick, even revision of the business plan was so fast and to the point.

*Table 2. Characteristic traits and basic profiles of the start-ups*

<b>Characteristics of the Start-Up</b>	<b>Case #1</b>	<b>Case #2</b>	<b>Case #3</b>	<b>Case #4</b>	<b>Case #5</b>
Year of establishment	2014	2015	2015	2016	2016
Main activity/ domain	Live mobile broadcasting	Branding via media	Sports broadcasting	Motion graphics	Podcasting and audio books
Legal form	Private Joint Stock	ltd	ltd	ltd	ltd
No. of partners	5	3	4	+10	+10
No. employees	15	9	6	8	6
No. of competitors	+10	+5	+10	+50	+20
Financial sustainability*	95%	70%	30%	20%	20%
Female/male ratio**	20%	33.3%	16.6%	25%	16.6%

Source: Self-elaborated.

\* Estimated base on the degree to which their business plans were accomplished (reaching the break-even point);

\*\* Employees

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Table 3. Characteristic traits and basic profiles of the start-ups' founding teams

Characteristics of the Founding Teams	Case #1	Case #2	Case #3	Case #4	Case #5
No. of founders	5	3	3	3	4
Age of founders (average)	29	26	24	25	23
Intention/identity	To handle private broadcasting needs	To help small firms make their brands	To create a sports broadcasting platform	To handle multimedia needs of the start-ups	Promote the podcasting culture
Founders' background	Engineering	IT	Software Engineering	Art	IT
Founders' educational level	BSc., MSc.	BSc.	BSc., MSc.	BSc.	BSc.
Female/male ratio*	20%	11.1%	0	0	0

Source: Self-elaborated.

\* Founders

## Seminars and Courses

Generally speaking, almost any educational program would directly or indirectly shorten the learning curve of the firms. This is more important while dealing with start-ups (Kim & Wagman, 2014). Courses such as business planning, pitching and negotiating are among the most important ones for start-ups which are normally rendered in start-up accelerators (Pauwels et al., 2016). All of the cases experienced the change in their organizations and believed that organizational learning was improved quickly in their teams.

## Co-Working Space

Originally, the need for an affordable office space has led to the advent of co-working spaces. Accepting the failures along the way and accelerating the learning curve is inevitable in a co-working space, since there are many positive points in such environments (Fuzi, 2015; Kojo & Nenonen, 2016). As the founder of case #3 mentioned, working in such an environment is a completely different experience for him and his team. They used to get in touch with others while working on their idea.

## **Divided Teams**

As stated earlier, divided teams are located in a same co-working space (Welch, 2012). Then, they try to compete and share what is interesting for both sides, and hide what they believe is their secrets. Divided teams work on different minimum viable products (MVPs), however their market is to a great extent common. Then, by retargeting the customers of the other teams, each team will be able to reach larger market segments (Weiblen & Chesbrough, 2015). However, the teams will be independent and work on a single idea. For instance, case #1 and case #3 used to stay in a shared co-working space and acknowledged that they have learnt a lot from each other.

## **Cohort Peers**

Learning process is accelerated by cohort peers, since their insights and approaches are close to each other and common values could be shared easily among these peers. They teach and learn new things through sharing their experiences and monitoring each other's activities (MacNeil & Schoonmaker, 2017). All of the cases argued that they learnt a lot from the other teams in accelerators.

## **Mentorship**

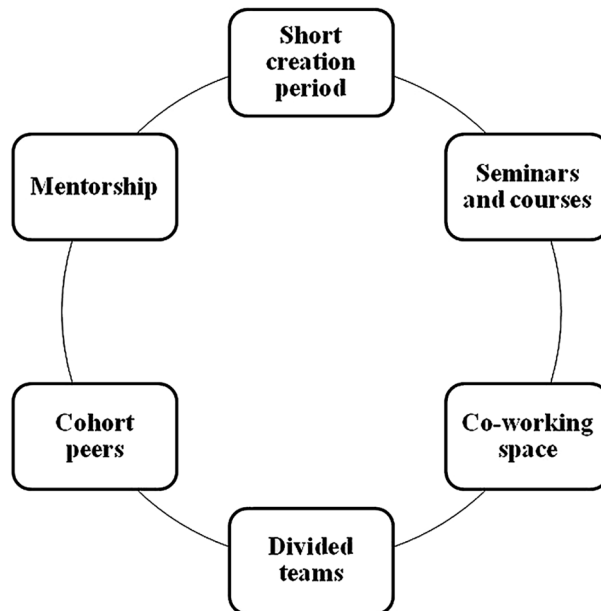
Mentors work with start-up founders throughout the duration of the acceleration period, give advice, and provide precious feedback based on their own experience as founders, business owners or entrepreneurs. In fact, the accelerators select mentors based on their level of expertise as well as their degree of success in a similar business (Radojevich-Kelley & Hoffman, 2012; Juárez, 2013). Mentors played a significant role in the success of all the cases, as mentioned by them.

Figure 1 shows the six reasons for acceleration of the learning curve by start-up accelerators.

## **CONCLUSION**

Support measures or mechanisms are required to facilitate the process of start-up/new venture creation, especially for media start-ups. Since media entrepreneurship has become an emerging field, some new windows of opportunity are opened to study

*Figure 1. Reasons for shortening the learning curve by start-up accelerators*



these entities in more detail (Battistella, 2017). Among the existing mechanisms, accelerators are created specifically to shorten the learning curve of start-ups and to accelerate the process of new venture creation (Wang, 2016). Therefore, in the present chapter, a brief review of the literature on start-up accelerators as well as other mechanisms are studied, and then the reasons behind how these accelerators shorten the learning curve of media start-ups are scrutinized. In order to do so, after a theoretical review, five media start-ups are analysed. The cases were selected among the media start-ups created in start-up accelerators of the Iran. According to the findings, there are mainly six reasons for shortening of the learning curve by start-up accelerators, including: (i) Short creation period, (ii) Seminars and courses, (iii) Co-working space, (iv) Divided teams, (v) Cohort peers, and (vi) Mentorship.

It is highly recommended to start-up accelerators to consider these six elements in order to shorten the learning curve of media start-ups. Media start-ups are mostly viral and their reputation might be highlighted in a very short period, since at the center of such start-ups there is content (Heydebrand & Miron, 2002; Mueller, 2012). As it is recommended and accepted by experts, “content is the king”; Then, it is inevitable that media start-ups are shaped based on such a strong basis and policy makers should notice this important issue in the policy makings (Dziadkiewicz, 2015). Start-up accelerators shorten the period media start-ups need to learn; then policy makers might support such mechanisms instead of science parks and traditional



incubators which are not so successful in this domain, especially in Iran. Moreover, co-working spaces are required to synergize the learning process through which start-ups help each other. Moreover, providing a fertile ground for media start-ups will be so helpful.

Future researchers might investigate the effect of the six elements on acceleration of the learning curve in media start-ups and measure their impact. However, to do this, a broader sample size is needed. In this chapter, limited access to a large number of media start-ups in Iran is considered as a limitation. Moreover, the mediating effects must be considered along with the contextual factors. Finally, presenting a typology of media start-ups and categorizing the findings would lead to interesting findings regarding this phenomenon.

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