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Entrepreneurship Research Conference

Learning the Secret Handshakes of the Startup World

Ash Ganzoury, University of Colorado Boulder, USA

The job of an entrepreneur is to learn. You need to learn to choose between strategic options, which customers to target, what customers want, what investors are looking for, which technology to double-down on, your personal and team preferences, ...etc. This education can come from customer discovery interviews, books, experimentation, courses or situated-learning through community, among other venues. Accelerators and the startup world can be considered as communities of practice. Like how physicians get socialized into the professional world through medical schools and residency, entrepreneurs need the same. The startup world does not operate the same way as the corporate world, and unlearning is an important part of learning. As an early-stage entrepreneur, you need to learn the secret handshakes of this industry which has its own shared language, expectations, working hours and particular people.

Startup accelerators such as Y Combinator and Techstars are considered organizational-learning programs which create cohorts of startups and alumni founders, and concentrations of mentors and investors. Whereas, pivots are associated with the concept of validated-learning, which was popularized by the Lean Startup methodology that defines pivots as "structured course corrections designed to test a new fundamental hypothesis about the product, strategy, and engine of growth" (Ries, 2011, p.149). YouTube pivoted from being a dating website to the most popular video sharing platform in the world. Nokia pivoted from being a paper mill to the global mobile phone market leader. But first, you have to learn that you need to pivot, then pivot for good reasons (the why) and have the tools to pivot (the how).

The above definition of pivot does not take into consideration the entrepreneur and their personal "why". An interviewee told me that they pivoted from education-tech to finance-tech due to their career preferences "*we were building a whole education part..., and quickly, with the [accelerator] team realized that you can't be building an ed-tech on a fin-tech... What do you guys want to do?... It's more what you want to wake up and be doing in 5 years... I would rather be managing investments in the future rather than education... And so, we're not building out education anymore.*" Another team explained that their pivot from business-to-business to business-to-consumer was because they received praises that helped raise their self-efficacy "*we now had the confidence to actually take this step... 4 months ago there would be no way... So, because of [accelerator], we now have the confidence, that oh yeah, we could totally make this work*". For sustainable success, both the needs of the business and the founder/s should be considered.

Meanwhile, another founder explained that their ideal customer profile was small-to-medium size clients, but they were asked to target large enterprise instead "*we did the brainstorming on this... with the whole team, and it didn't come up as a corporate... we're not ready... we will fail before we can deliver. We will run out of money.*" This indicated that the decision to pivot did not initiate from inside the startup nor from their customer, but the professionals nudged them to pivot towards investor preferences and brought the funding that enabled the startup to adapt. In another instance, the peer community was the source of empowerment and an antidote to the loneliness that comes with leadership positions "*we have these moments when we can share our highs and lows, and not just as entrepreneurs, but also as a person... I've found out that many founders in my batch, are experiencing similarities with me.*"

Entrepreneurs should demonstrate coachability, which is difficult when they receive conflicting advice from different well-meaning smart mentors (i.e., mentor whiplash). Here, the alumni or more experienced entrepreneurs become invaluable in instilling trust, identity confirmation and direction to less experienced entrepreneurs. A founder explained their perseverance and improbability to pivot as “*we are bringing packaging, one of the most polluting items in the world, towards sustainability. And I'm sure that we're going towards the right... I wouldn't change our business model for an outside investor.*” If you are creating a product or service that is new to the market or new to the world, then the power behind your decision might be more important than the decision itself. *In a nutshell, entrepreneurship favors the socially fortunate. So, join or build community and get fortunate!*

CONTACT: Ash GANZOURY; ash.ganzoury@colorado.edu; University of Colorado Boulder; 995 Regent Drive, Boulder, CO 80309, USA.