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Stakeholder Selection in Cleantech Start-ups and Stakeholder Contribution to New venture's Outcome

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Management Summary

The cleantech industry has gained a lot of attention in recent years. This has made many entrepreneurs discover opportunities and start new businesses. However, cleantech is associated with high investments and a great deal of R&D costs. To overcome these obstacles entrepreneurs, in particular ecopreneurs, have to select the best partners to work with. The recent literature reveals weaknesses regarding how the partner selection process in startups is structured and why some stakeholders come on board. Therefore this study aims to investigate the impact of partnerships between stakeholders and entrepreneurs in their work towards creating innovative cleantech products. The research paper gives an answer to the research question: **How do cleantech startups select stakeholders and how do they contribute to the start ups?** To accomplish this goal an introduction of the importance of partner selection is given and a qualitative study with the CEOs of 6 start-ups across Europe has been conducted. Data has been evaluated and several steps taken for the selection of answers, which have been categorized into two groups, describing intrinsic and extrinsic motivational reasons for finding the best match. Moreover, a guideline on how to succeed in collaborative work with your partners will be presented at the end of the research. The outcome of the partner selection is estimated by the contribution of the stakeholders to the venture. This research provides insight over the most valuable resources which the startup can derive from their stakeholders. Factors like risk and time to the market influencing the success of the collaboration are also taken into account when evaluating the mutual fit. Implications for further research and advice for entrepreneurs are discussed. To entrepreneurial practice, the research presents that, startups need not only a good idea but a reliable partner to run a successful business in cleantech environment. It should be noted that financial factors are not the most important ones for a mutual fit.

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1. Introduction

This study aims to investigate the impact of partnerships between stakeholders and entrepreneurs on their work towards creating innovative products. In recent years the creation of startups involved in sustainable business and cleantech industry has exhibited a high increase. Their popularity is due to their strategic importance in every international context. As there are many hurdles creating a new venture it is vehement to investigate how startups are involved in partnerships and what their selection criteria are. This paper underlines the role of establishing partnerships as an important tool for entering new markets. Furthermore, the way stakeholders contribute to new ventures and what kind of resources they bring into the business is taken into account.

High market uncertainty and difficult access to new markets encourages start ups set up collaborations. Varis et al. (2005) comment that partner selection in entrepreneurial firms is still a research area, which has not yet been studied in depth. Shah and Swaminathan (2008) also support this statement and argue that selection of partners is critical for new ventures and that it has not been studied in startups yet. This paper will investigate the motives of entrepreneurs to collaborate and the contribution stakeholders bring in to start-ups. The study will tackle in depth the issues new businesses face with their stakeholders. The paper sheds some light on how stakeholders contribute to a firm's success, innovation and expanding its capabilities. The variety of companies on the European Market is very big due to social, economical and environmental conditions. In addition to that, there is a high potential of startups to engage in cleantech business opportunities. This is one of the main reasons, why I have chosen the European market as a main target group for my survey.

A start-up is born when an entrepreneur decides to launch his idea on the market. From this moment on he seeks for opportunities to spread the idea and attract customers. Every beginning is difficult and so also for entrepreneurs. In order to run a successful business in this highly uncertain and competitive industry sector a good collaboration with stakeholders is the key to many doors of opportunities. In the initial phase of their life story new ventures need an immense amount of support from outside in order to gain access to resources. There are a large number of studies identifying partner selection as a precondition for successful business. As different stakeholders contribute to value-added possibilities for the firm, one of the main tasks for CEOs is to establish relationships with them. Innovative product development and collaboration represents a big challenge for start ups in the green tech industry. Finding the right mixture of stakeholder and the right fit to the entrepreneurial idea and corporate values, is a difficult task start-ups nowadays face. Different stakeholder groups expect different outcomes from the start up according to their type of engagement. Some of them seek for more success as an outcome, whereas others strive for power and gaining from firms' resources (Wood, 1994). Chowdhury (1989) suggests complementary as one of the best factors contributing to effective business relationship. However, a specific set of factors has as yet not been investigated yet. This research paper will serve as an observation on how start-ups are dealing with different groups of stakeholders, is there a specific strategy behind who the partner they choose first is and what the reasons behind this are.

Other scholars also consider the great importance of stakeholders in the entrepreneur's life. In the effectuation model of Sarasvathy (2005) for instance every start up is a "network of stakeholders", who constantly change, amend and add to the innovation process. Stakeholders, therefore, are essential for the business, as they contribute with a great deal of resources to the venture The model presented by Sarasvathy is important for the entrepreneurial activity and it deals with stakeholder as part of the startup and will be taken into account in the next chapters. Furthermore, managers have to satisfy the needs and expectations with current stakeholders. Recent studies pin point the importance of integrating stakeholders in the business, as they are profitable for introducing innovative products on the market (Hall and Vredenburg, 2003; Hart and Sharma, 2004).

1.1. Research Goal

Partnerships continue to be fostered in a high tech economy in which co-operation delivers value to single-company competitors (Contractor and Lorange, 2002). Especially in case of startups and corporate new ventures with scarce resources, co-operation provides excellent chance for reaching new markets (Bell, 1995; Coviello and Munro, 1997). Despite the importance for the business strategy, the process of selecting the right partner is usually handled too lightly. Stinchcombe (1965) states that it is a huge challenge for companies to expand their business in accordance with the changing environment. Many companies begin co-operations with the first possible candidate. Often CEOs underestimate the great influence of the stakeholders and partners on the overall mix of available skills and resources, operating policies, procedures and finally both the short and long term viability of the partnership (Geringer, 1991). Next to that, the actual partner selection happens simply by chance or is just done by intuition. Varis et al. (2005) point out that obstacles can never be totally prevented,

but their effects can be minimized by careful evaluation and selection of the partner. This requires investing enough time and managerial resources in the partner evaluation process.
The goal of this research paper is to explore which the drivers and criteria of CEOs are to select stakeholders and what do entrepreneurs receive from the stakeholders in exchange. It focuses mainly on companies from the European cleantech industry.

1.2. Research Question

Little scientific research on alliance formation has focused on who firms ally with (Gulati, 1995). Partner selection is an eminent factor influencing the performance of alliances (Ariño & de la Torre, 1998; Ireland, Hitt, & Vaidyanath, 2002). Partnerships and strategic alliances can be sources of competitive advantage (Dyer & Singh, 1998) and may "shift the very basis of competition to a new level (Powell, 1987).

However, stakeholder selection, especially in the context of entrepreneurial ventures, is still lacking research evidence. Prior investigations show that to select the right partner is an important variable in startups, because it impacts the bundle of resources and skills which will be available in the new firm and the ability to create strategic goals (Geringer, 1991, p.42). In particular, partner selection and grounds why companies ally with a certain partner have received limited attention (Chung et al., 2000; Beekman and Robinson, 2004).

In the model of effectuation by Sarasvathy (2005) there are set of means, vital for the entrepreneurial idea creation and further process the entrepreneurial idea. These are "who I am, what I know, whom I know". The latter has the purpose to give understanding, who could be involved in the firms process and why. But are entrepreneurs able to change their goals and business processes under the influence of their stakeholder? Gulati (1995) explains that prior alliances create bonds that directly and indirectly influence the choice of partners. This requires questioning how much do entrepreneurs depend on their stakeholders? Under what circumstances are CEOs willing to take someone on board and why is a particular stakeholder chosen over another one? Following the argument of Hamel, Doz & Prahalad (1989) that when searching collaborators for technology-related projects, firms should seek partners whose strategic goals are similar, it is important to investigate, to what extent do entrepreneurs involve stakeholders in the ventures' organization and strategy. Stuart (1998) states that firms' cooperation is based on probability of future strategically or financially benefits. These benefits can be either resource or aspiration to achieve certain goals. The decision upon a partner involves a comparison of the potential partners. In order to be able to summarize all the possible questions about the role of the stakeholders in a cleantech start-up and the possible benefits following research question emerges based on many considerations:

How do cleantech startups select stakeholders and how do these stakeholders contribute to the start ups?

Finding a decent answer to this question will require investigations concerning the motivation of CEOs to search for stakeholder. Moreover, information will be observed how CEOs attract their stakeholder and how do they collaborate together during the initial phase of the partnership. Additionally, the study will track how the selection of stakeholder takes place and the motivation of the entrepreneur to pick a particular stakeholder. Furthermore, observation on which are the methods used by entrepreneurs in order to attract stakeholders will take place. In what way is the entrepreneurial decision making process affected by the stakeholder and are there boundaries of the influence are additional questions will be backing up the answers to the main research question. The researcher is also interested whether entrepreneurs are self-interested and focused only on their initial idea or do they accept advice from their stakeholders. Why and when are CEOs able to make changes and if the influence of stakeholders facilitates them overcome challenges? Moreover, what is the startup gain from the stakeholders and in what form (intrinsic or extrinsic benefit) it is delivered to the startup.

The partner selection process in startups could enhance firm's performance if companies apply a set of steps. This will be presented in the results' part of the study. The results of the research will show, moreover, in what way better partners shall be integrated into the business for achieving financial and environmental goals. This study should also reveal which are the most valuable tangible and intangible assets stakeholders bring into the venture. The outcome of the research shall be used as a toolbox for future collaborations in cleantech startups.

Wüstenhagen and Hockert (2010) state that sustainable entrepreneurship can be both product or process innovation. However, product oriented cleantech startups appear to have more interesting life cycle, i.e. electric vehicles or heating systems, and therefore the focus here will lie on product creating startups.

Sub Questions

To begin with, a theoretical framework will be delivered where partner selection and stakeholder theory are discussed. Based on the literature review the questionnaire for the survey will be prepared. As there is not a clear set of means as to why some stakeholders are joining a start up and why do the founders cooperate with a distinctive group of partners, the central research question can be decomposed into two subquestions:

1. **How do startups select from potential stakeholders who to join the business?**

2. **Which resources are contributed by the stakeholders to the startup?**

These sub questions will give an answer to how the stakeholders contribute to the startup, which kind of resources they are bringing in. Is it possible to categorize this resources into two various distinctive groups.

These two sub questions will facilitate forming a framework for startups how to select a good strategy when choosing the best stakeholders to work with and to make a valuable experience for the startups. All these will be discussed from the founders' perspective and the evaluation will be based on their experience. In the end of the paper, the so called "checklist" of different criteria will be presented to fill the gap in the existing literature.

1.3. Relevance of the study

The following research paper attempts to summarize the important factors for entrepreneurial firms in the cleantech industry when finding the right people to work with. As novel firms do not have a bright and established network it is important for these to create strategic connections with different people. As there is lack on indicators and guidelines for entrepreneurs how to select their partners, the paper will summarize the most important grounds for entrepreneurs to select stakeholders. The paper also uncovers the reasons and strategy for choosing a specific partner. Whereas previous studies were aiming on partner selection and alliance forming in big corporations and among big partners in this research the focus is on startups and their interaction with various stakeholders. Due to the limited amount of people working in a startup environment there is a very difficult to engage all the stakeholders. The paper also represents how startups cope with difficult situations and how they attempt to avoid risk situations. In addition to this, there are no qualitative studies on start ups and partner selection and there was a lack of observations on individual level.

The proposed conceptual model and the formed category groups in the study generate a good tool for startup managers for their next steps. As there is a lot of confusion how startups should act in stakeholder environment and what is right or wrong when it comes to vital decisions who is on board and with whom I should share my valuable information as shown in Sarasvathys model, the study depicts the most important steps for partner selection. The roles of the stakeholders as such and how are they embedded into the firm's strategy.

From a scientific point of view the research is extending the current stakeholder model by considering the environmental, financial and social goals of the founders. It is also creating a source of information how the matching process between stakeholders and founders work. It also adds to the so called "organizational fit" criteria in big alliances forming. However, in this case the study is oriented to the small startups.

This study should reveal which are the most valuable tangible and intangible assets stakeholders bring into the venture. The outcome of the research shall be used as a checklist for future collaborations in cleantech startups.

2. Theoretical Framework

In the paper a specific type of entrepreneur is emphasized and in particular the study will deal with the so called *ecopreneur*. This is a person, who follows the practices of a green business (Schaper, 2002a), so that he transforms the industry in which he operates in a radical way and gives solutions to environmental problems (Isaak, 2002). Shaltegger and Wagner (2008) advise that the sustainable entrepreneur is the person behind “a start-up of a very innovative company supplying environmentally or socially beneficial products and services”. Masurel (2005) also states that there is a list of distinguishing reasons for engagement of SME’s in green innovations and one of those factors is the creation of opportunities and finding the right balance between planet, profit and people. Green entrepreneurs are also understood as sustainable entrepreneurs who attempt to create a mixture between sustainable development and entrepreneurship. A good definition for sustainable development is the premise that sustainability should meet the needs of the present generation without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987). As these issues become more and more popular nowadays, the central focus in this master thesis will be on this distinctive group of entrepreneurs and start ups.

As ecopreneurs face difficulties realizing their visions due to financing problems or other barriers on the way to success, finding the right partners is one of the keys to prosperity. Strategic partnerships and collaboration have become the corner stone for development of new businesses in order to increase competitive advantage (Cravens et al. 2000, Dacin & Hitt et al, 2000, de Man et al, 2001).

Synthesizing various theories from the point of view of stakeholder, partner selection and sustainable development the researcher will attempt to outline the most valuable information into creating a toolbox for cleantech startups.

2.1. Importance of green startups

There is a clear indication for the transformation of the society towards a greener economy and sustainable living. Ecopreneurs give the existing market another structure and are influencing the market dynamics. Furthermore, they change the conventional habits of the society, the production paths, services and offer environmental products (Schaltegger, 2002). Based on Schumpeter's (1934) theory these types of entrepreneurs are the ambassadors of the so called "creative destruction". In addition to that Zahra et al. (2009) explain that there is a huge research potential in the field of green entrepreneurship and that it is based on two research streams sustainable and social entrepreneurship. So, green start-ups influence many economic and social aspects in today's world. Furthermore, the political aspect is getting even more public and many of the start-ups emerge from favorable changes in legislation. There is a scene for "green growth" and encouraging sustainable entrepreneurship (Ki-Moon and Gore, 2009).

Sustainable Entrepreneurship is also defined as a "process including the actions and functions related to the recognition, creation and exploitation of market opportunities and the creation of organizations to pursue them, whereby the market opportunity and the design of the organization correspond to the concept of sustainable development" (Schönwandt, C., 2004).

Cleantech companies not only contribute to international entrepreneurship, but also to regional development. Such startups increase employment and tax advantages for the regions and countries they operate in. Many governments have on their agenda supporting a great number of cleantech ventures, as these contribute not only to technological and innovative development, but also to economic boom. Cleantech startups can be beneficial as they leverage the so called "goods" of sustainable development and minimize the "bads" (NISP, 2009):

Goods	Bads
Sales	CO2 emissions
Jobs	Use of virgin resources
Utilisation of assets	Industrial waste usage
Innovation	Pollution
Learning	Transport
Knowledge transfer	Risk

Table 1: The Goods and Bads of sustainable development

These companies attract a great deal of investments and this makes them even more attractive. Thus, two very important factors play a substantial role in the development of cleantech entrepreneurial ventures. These are scalability and time to the market. Without scalability start ups will not be able to achieve the critical mass and cannot satisfy the needs of the customers. Second, the timing issue is important whether or not the market is ready for a specific innovation. These features may influence to a great extent with whom start ups would like to collaborate and if the partnership facilitate timing to the market and scalability.

2.2. Partner Selection – to win and innovate you have to cooperate

Interactions with stakeholders have been so far observed, but there is still a gap in the literature about how stakeholders add value to start-ups, in particular clean tech startups. Additionally, there is a lack of information regarding the stakeholder selection and their contribution to the newly formed ventures. Innovation is beneficial in many occasions, but it also means "losses and hardships" for some of the stakeholders, as it could be destructive for them and is thus one of the most important issues of stakeholder theory (Dew, Sarasvathy 2007). The relationship between stakeholders and entrepreneurs is of great interest, as "different stakeholders have different and often conflicting expectations of collaboration" (Venkatraman 2007, p.4). There are many risks for the stakeholders, as entrepreneurs find companies without really knowing the profitability of the venture and the running costs. Entrepreneurial firms depend therefore on the mixture of the needs and interests of various stakeholders such as buyers, suppliers, investors, strategic partners, customers and employees. The unique task of every entrepreneur is to wisely combine and organize the interests of the stakeholder, so that a maximum satisfaction of all involved sides is created (Venkatraman, 2007). Stinchcombe (1965) states two different factors of which influence start-ups performance, the first one are start up's members and the second one, more interesting for this paper, is the surrounding environment. He moreover emphasizes on the lack of "stable exchange relationships with important external constituents". This leads to the thought that exploration of the interaction between CEOs and the potential partners is needed.

In the recent entrepreneurial literature many scholars have conducted research on the main reasons for start-ups' growth, survival and networking capabilities. The need for extension of the network of an entrepreneur emerges from the shift in the resources' needed and the challenges for gaining access to new resources (Hite & Hesterly, 2001). In a world full of uncertainty, financial crisis and natural disasters many entrepreneurs face difficulties in running their businesses. However, in times of uncertainty opportunities are still existent (Hitt et al. 2001). Looking at the entrepreneurial side Shane and Venkatraman (2000) emphasize on why, when and how entrepreneurs discover opportunities. Exploring and identifying opportunities appears in the external environment (Ireland & Kuratko, 2001). In his work Baron (2006) outlines three factors as eminent for opportunity recognition: active search for opportunities, alertness and prior knowledge. These are factors coming from the entrepreneur himself. In order to be consistent with the outside world he must undertake actions in accordance with the other actors in the surrounding world. The external environment of a firm consists of the stakeholders, competitors and other players. Barney and Alvarez (2007) emphasize the necessity of involving different actors in the firm's process and developing strong ties with them. According to Stakeholder theory, a firm is a "collection of groups and individuals with a stake in the firm" (Benson 2011, p.40). Resources play an important role in the successful life of entrepreneurs. Alvarez and Bausenitz (2001) therefore suggest two essential concepts in the entrepreneurial life: entrepreneurial recognition, which is the resource to recognize and seek opportunities and second the process of combining and organizing resources.

Witt (2004) explains that entrepreneurs are able to access valuable resources in a cheap way by exploiting their network contacts than by using market transactions. He, moreover, explains that some of the resources are even unavailable outside the network. The importance of networking and collaboration is once more underlined in the paper by stating that firm's growth is also positively affected by the networking capabilities. This is also one of the main reasons for choosing this topic as the center point of the research.

In the model of effectuation by Sarasvathy (2005) there is set of means, vital for the entrepreneurial idea creation and further process of the entrepreneurial idea. These are "who I am, what I know, whom I know". The latter has the purpose to give understanding, who could be involved in the firms process and how. In the following figure a structure of the framework is given. The presented research aims to observe all the three stages before the stakeholder commitment and gives answers if new goals and means are created.

Basically, leaning on this framework I will try to expand the knowledge about what comes after this cycle and how it could be evaluated.

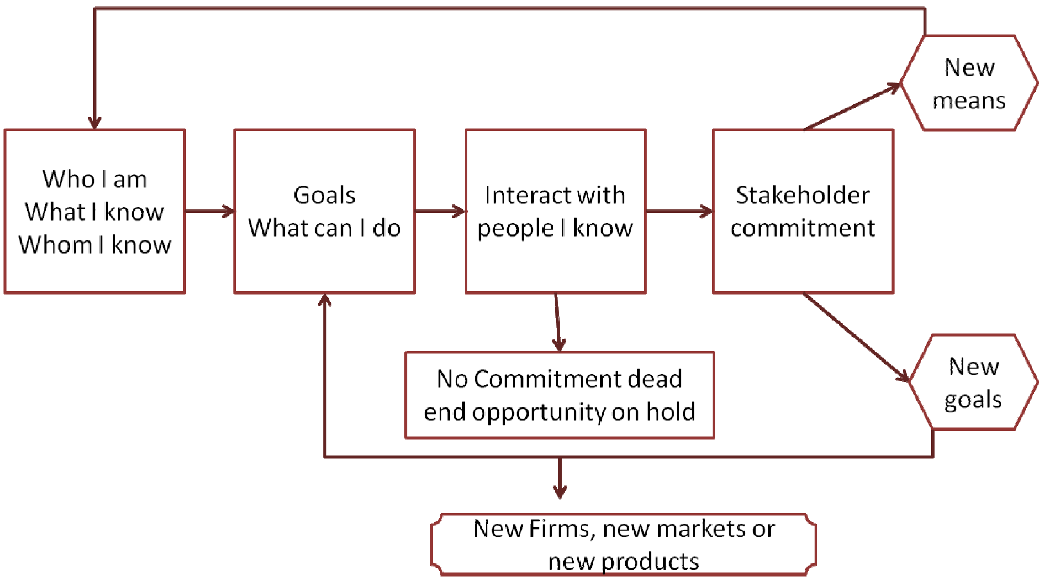

Table 2: Sarasvathy's effectuation scheme

The framework presented by Dew and Sarasvathy (2007) is also the basis of this investigation. The main idea is that every start –up is a "*network of stakeholders*", who constantly change, amend and add to the innovation process. The stakeholders, moreover, commit in a way that is highly uncertain and is also connected with "*effectual logic*", which means that one cannot predict the control stakeholders require over the company (Sarasvathy, 2001, 2006; Witbank et al. 2006).

Beckmann et al. (2004) pinpoint one important ground for partner selection, which is uncertainty. The researchers found out, that in a very uncertain environment companies tend to expand their connections to partners they haven't had in their network before. Hogg and Terry (2000, p.133) define uncertainty as the circumstance where firms cannot predict the future due to lack of knowledge. The importance for forming partnerships comes from the presumption to gain good access to information and to expand the horizon of the company. It is proven that new partners enhance the chance to gain novel and diverse information. Baum and Ingram (2003) underline that forming new partnerships is an alternative way to collect new, valuable information. Varis et al. (2005) furthermore explain that co-operation is a clever way to reach new markets and access resources. Working together enables overcoming challenges in the everyday business environment. Especially in a high technological environment small firms usually do not have enough capabilities to carry out big innovations and developments. Therefore numerous start-ups collaborate with external partners to achieve high results (Haagedoorn and Duysters, 2002). Mohr and Spekman (1994) moreover pinpoint that the power of partnerships and networks gives entrepreneurs access not only to products, but also to knowledge and complementary skills.

Due to their small size start ups do not possess such a big pool of knowledge and their ties to partners are restricted, as they do not have the opportunities to meet new partners.

Kale and Singh state that after choosing their future partner, firms have the task to estimate whether or not they will be able to work together. Collaborative work is beneficial for startups as they deliver "complementary skills or capabilities", which can facilitate a company to reach its strategic objectives (Geringer, 1991).

Ann Svendsen (1998) defines the term stakeholders as the "unique set of individuals or groups who affect or are affected by a corporation's activities". These can be investors, employees, customers, suppliers and communities. Relationships are important, as they are beneficial for the business success. Fostering strong ties with stakeholders brings advantages for both parties. As the entrepreneurial pool of stakeholders is not very big due to the firm size and the small scope of the business, actively searching for suitable partners is an important role of the manager. Additionally, start-ups differ in their resource capabilities and the way they build relationships with their stakeholders (Baum, 1996, Fichman and Levinthal,1991). Therefore, the following study attempts to compare how different start-ups in the cleantech industry manage their stakeholder relationships and what are the most common benefits. This paper focuses attention on how start-ups initiate a collaborative partnership and what are the outcomes in the end. Furthermore, the researcher will examine what kind of resources start-ups derive from their stakeholders.

The mindset of people towards renewable energy changed in the recent years. Businesses are developing new sustainable policies and investing in cleantech. Markets are also changing in this direction and people's needs turn towards more green products. All this is an important indication that there is tremendous potential for startups to be built in the green sector. This is one of the arguments, for why the focus of this master thesis is on startups in cleantech business. The financial support and impact has also changed through the years and many of the investments are poured into the green technology branch.

2.3. Stakeholder theory

Start-ups are highly influenced by their environment. Stakeholders surround the company and shape changes in its activities. As already mentioned newly established ventures lack a broad range of connections. Therefore, it is of great importance for them to search actively for partners. They have to engage not only in actions concerning their partner search, but also to look for a good partner selection. Partners must be reliable and experienced. That is why the partner selection process is very eminent for the study.

In 1984 Freemann presented a new conceptual model explaining that companies should address the interests of their stakeholders-individuals or groups who can influence or are influenced by the organization's activities. The "stakeholder model" suggests expanding the focus of managers and concentrating beyond the traditional group of stakeholders so that they capture and understand the values and needs of all the others stakeholders, who were observed as outside stakeholders to the firm. Firms have to take into account the interests and demands of all stakeholders when they take managerial decisions. As the quality of stakeholders is very important for a startup, a good selection process for stakeholders is required. Makadok (2001) pinpoints that partner selection works both to select the appropriate partners but also to dismiss the inappropriate.

Stakeholders are divided into strategic and moral groups according to Goodpastor (1991). Strategic stakeholders have the power to influence the profitability of an enterprise, and therefore their interests demand attention. On the other hand, moral stakeholders are those who have a close personal relationship with the managers. However, entrepreneurs have to consider both types when creating business strategies and so these two groups are not mutually exclusive. Companies aim to successfully manage the various interests of multiple stakeholders.

Freeman (1984) also emphasizes the importance of two approaches in the stakeholder theory. The first, so called strategic approach, deals with the ability of firms to manage stakeholder relations when they strive for value maximization. The second approach is the moral approach, where companies attempt to involve stakeholder in the firms' life for moral or ethical purposes. Studies have shown that good relationships with stakeholders are an effective source for success, growth and enlarging the firm's network. Additionally, fostering relationships leads to not only taking care of one single actor, but entrepreneurs must take into consideration that abilities in working closely with the whole network are required (Freemann & Evan, 1990, Galaskiewicz, 1996). These relationships are not one sided, but a mutual exchange of experience, ideas and connections.

In many books of management CEOs are advised how to apply strategies, in order to establish strong relationships with their stakeholders and how to control them. But is control the most important thing and does control contribute to a good mutual connection? To create a healthy collaboration to your stakeholders, it is a more powerful tool to foster business relation than control. Ann Svedsen explains that a collaborative approach to stakeholder management is more efficient, as it makes CEOs a part of the relationship and not only a separate observer.

Stakeholder relationships according to research expand firm's capabilities to create opportunities and competitive advantage. Opportunity recognition and creation are important part of start-ups. Following these two ways of thinking, one can conclude that stakeholder relationships are a vehement part of the entrepreneurial life. They help novel firms to overcome difficulties in their environment and control changes. In the following table the difference between stakeholder management and stakeholder collaboration is to be observed.

Stakeholder Management	Stakeholder Collaboration
fragmented	integrated
Focus on managing relationships	Focus on building relationships
Emphasis on buffering the organization	Emphasis on creating opportunities and mutual benefits
Linked to short-term business goals	Linked to long term business goals
Idiosyncratic implementation dependent on division interests and personal style of manager	Coherent approach driven by business goals, mission, values, and corporate strategies

Table 3: Ann Svedsen Stakeholder Management and Stakeholder Collaboration

From the table one can conclude that stakeholder collaboration dominates stakeholder management. This means that achieving long term goals and strong relationships with customers requires collaboration. A stronger relationship to customers, buyers or investors is directly linked to business success.

The innovation process is also understood as a network of various actors who contribute to shaping the innovation process and who are involved in the innovation process as well as influencing entrepreneurs on decisions (Garud & Karnøe 2003). Innovation is not only a process of transaction but also as a process of interactive learning with special emphasis on the generation of long-term relationships to build trust and facilitate the transmission of tacit knowledge. As trust and innovation are two important criteria for building relationship with stakeholders, these will be observed further in the results' part of the study.

According to Mitchell and Agle (1997) the stakeholder theory can be seen as a heuristic applied by many researchers investigating different issues regarding the firms' environment. However, this theory has not been applied to many start ups and how new born venture interact with the stakeholders.

In first place a better understanding concerning the two questions **who** are the stakeholders and **with what** do they contribute**?** Stakeholder relationships are those between the CEOs and the various groups of stakeholders within the venture. Altogether they form a network of stakeholders and a very important environment on which the start up strongly depends. Freemann (1984) states that the first question is based on the **normative theory of stakeholder identification** which should shed light why certain circles of people should be considered as stakeholders'. The second question is a part of the **descriptive stakeholder** theory, because it elaborates on the conditions what exactly stakeholders contribute. In this paper the signals and strategy to engage stakeholders into the company framework is also given. This will be explained more in depth in the results part. Furthermore, if they contribute with tangible or intangible assets are also discussed, such if they voluntarily take a part in the everyday business of the company, as well as the degree to which they depend on the company.

Especially when talking about stakeholder contribution a closer look in the type of role of the stakeholders is needed. According to Clarkson (1994) it could be voluntary or non voluntary. He explains**:** "Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk as a result of a firm's activities. But without the element of risk there is no stake" (p.5). As the cleantech business goes hand in hand with high risk of failure, stakeholders should be selected very carefully. This means that stakeholders have to help start-ups in risky situations. Making entrepreneurs aware of risky situations is also beneficial for start-ups and will be observed if this is a part of the contribution stakeholders make to the firm.

In the early 80s much of the stakeholder theory has emerged and has been discussed and developed in depth. In his work Jones (1980) defined corporate social responsibility as "the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership" (p. 59-60). He then argued the following questions stakeholder theory still seeks to answer: "What are these groups? How many of these groups must be served? Which of their interests are most important? How can their interests be balanced? How much corporate money should be allotted to serve these interests?" (p.60)

Stakeholder approach is very often applied in business studies in order to explore the outcomes of the stakeholder influence on the actions of the managers. Alkhafaji (1989), for instance, describes stakeholders as "groups to whom the corporation is responsible" (p.36). Thompson, Wartick, and Smith (1991) state that stakeholders are as groups "in relationship with an organization" (p. 209). Mitchell and Agle (1997) believe that stakeholder theory serves as a key to more effective management and to a more useful, comprehensive theory of the firm in society.

An eminent aspect of a clever stakeholder management is the understanding the direction of impact of every stakeholder. For the different type of action and direction there are different stakeholder roles. In different situations there a various types of stakeholders who come into play. Also in start ups the stakeholders are expected to be more committed to the business than the ones in big corporations. Two important factors need to be mentioned here – cooperation and collaboration. These two terms have been used to rank all stakeholders into two different groups:

“We hypothesise that a firm ought to interact with other communities that it affects or is affected by, seeking to understand their perspectives, listen to their preferences, and evaluate the impacts on them. Such interaction is best characterised as…**cooperation**…. it ought to be in closer community with those upon whom it relies for support – employees, suppliers and customers. Such interaction requires deeper commitment than that necessary for the first set of communities. It requires a more active pursuit… – sharing interest, actions, and values. The firm’s interaction with these groups must be…**collaboration** (Dunham et al. 2006, p. 38 cited in Stieb2009)” .

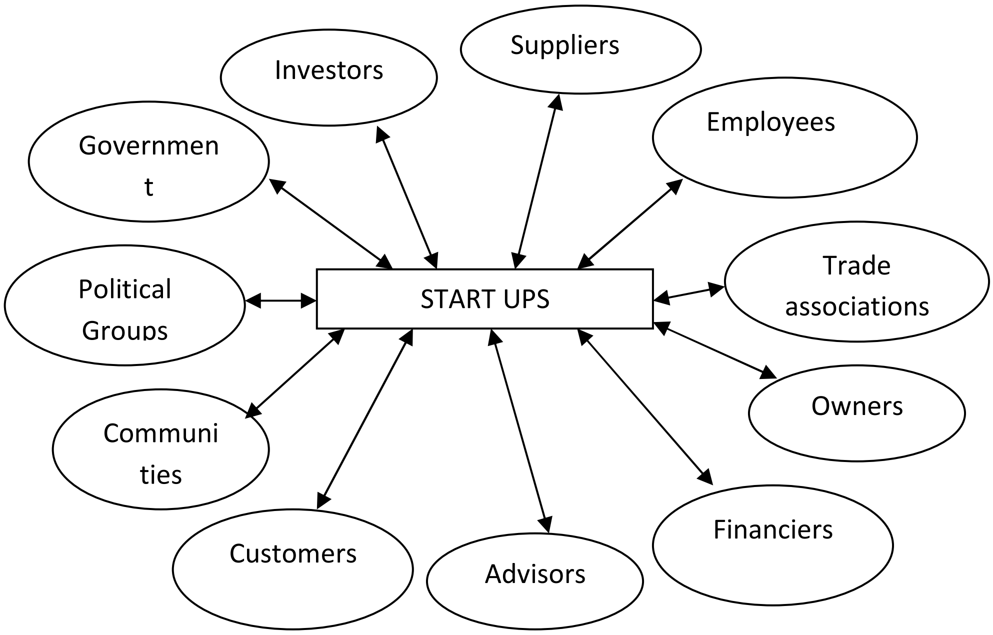

Table 4: Stakeholders in startups

Firms and SMEs possess not only primary stakeholders, who take care of the success of the firm, but also secondary stakeholders, who are not directly engaged in transaction with the venture and are also not ranked as high as the primary stakeholders. In addition to that they are not eminent for the survival of the company. In order to provide a better overview of the potential stakeholders the researcher leans on several stakeholder researcher as it summarizes all the stakeholders from both the studies of large enterprises (Donaldson and Preston, 1995) and SME (Hill & Wright 2001;Robbins et al. 1997).

As the literature on stakeholder theory is very broad a summary of the essential theories is given:

Stakeholder definition	Source
Freeman and Reed (1983, p. 91)	Wide definition: 'can affect the achievement of an organisation's objectives or who is affected by the achievement of an organisation's objectives' Narrow definition: 'on which the organisation is dependant for its continued survival'
Freeman (1984, p. 46)	'can affect or is affected by the achievement of the organisation's objectives'
Evan and Freeman (1988, p. 79)	'benefit from or are harmed by, and whose rights are violated or respected by, corporate actions'

Hill and Jones (1992, p. 133)	'Constituents who have a legitimate claim on the firm established through the existence of an exchange relationship' who supply 'the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements).'
Carroll (1993, p. 60)	'Asserts to have one or more of the kinds of stakes in business' – may be affected or affect......
Freeman (1994, p. 15)	Participants in 'the human process of joint value creation
Wicks, Gilbert and Freeman (1994, p. 483)	'interact with and give meaning and definition to the corporation
Clarkson (1995, p. 106)	'bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm' or 'are placed at risk as a result of a firm's activities'
Donaldson and Preston (1995, p. 85)	'Persons or groups with legitimate interests in procedural and /or substantive aspects of corporate activities.'
Mitchell et al. (1997)	Stakeholder salience is determined by possession of two or more attributes: power, legitimacy and urgency.
Freeman (2002)	'...redistribution of benefits....redistribution of important decision-making power to all stakeholders'

Table 5: Stakeholder theory overview

The theoretical framework provides a long list of different theories elaborating on stakeholder theory in general and stakeholder selection within startups. Stakeholders play an important role to overcoming different challenges in the startup environment. In addition, stakeholders are the core of solving problems and supporting innovative activities. As summarized in the end the stakeholders bring in many benefits, which is very general and have not been described in detail so far.

The study will present a set of criteria, which help CEOs select the most appropriate stakeholder for the business. It enhances the theory and includes discussion which potential stakeholder candidate is the best match. As discussed in the theory part the screening for suitable partners is a very demanding process, however, there were no indicators for partners. The present study will observe grounds for companies to collaborate and involve in strategic partnerships, which open doors to many benefits. The second part of the research is focusing on the different types of the already mentioned stakeholder contribution or benefits. The researcher attempts to explore data found on stakeholder commitment and stakeholder selection further and refines the theory so far. The following graph summarizes the most important elements of the research and the expected findings.

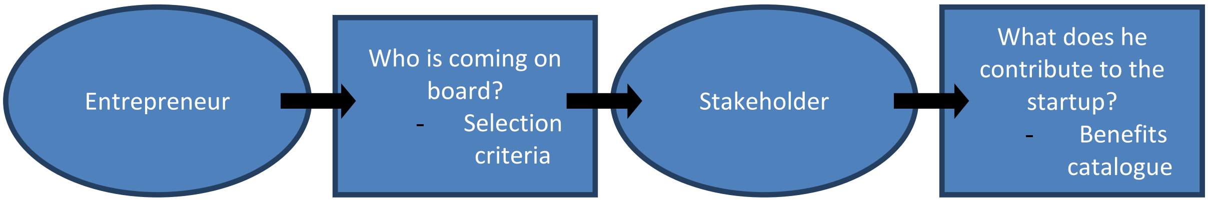

Table 6: Conceptual Framework

The following chapter gives explanations how the research has been carried out and what are the outcomes of the study.

3. Method

In this section an overview over the chosen research method has been given. A qualitative study approach has been chosen. The reason for this was that qualitative research is applicable for descriptions and explorations. Qualitative research is described as a scientific and creative task (Corbin and Strauss, 2008). Conducting a qualitative study enabled the researcher to explore the scientific foundation of the stakeholder approach on startups in the cleantech industry. It also facilitates the way we derive theory from the research, it is not about testing hypothesis, but exploring the real world and coming up with solutions and propositions. As identifying various factors which shape the entire reality picture is facilitated, the qualitative research approach is a very useful tool (Saunders, 2009). Furthermore, the research includes stories from past experiences of the interviewees and this lead to theory building than to theory testing. The paper aims to explore a phenomenon in the way it is. The information, which was extracted and evaluated from the interviews, was interpreted in a subjective way. Therefore, an interpretative study approach was more suitable for this case than a positive approach.

3.1. Methodology Approach

Qualitative research has an emphasis on processes and meanings that are hard to measure in terms of quantity or frequency but likely to gain insights, discovery, and finally interpret such a phenomenon by answering its „whys“ and „hows“ (Denzin & Lincoln, 1994). It is important to pinpoint that the author has conducted a pilot study with a London based company, expanding its business internationally. This step was very helpful for improving the interview skills of the researcher and to observe the reaction of the counterparty in the study. Furthermore, the pilot study helped for improving the final interview protocol.

The in depth-interview method was a good tool for conveying the research, as it delivers very detailed information about the interviewees. This approach enabled the researcher to ask additional questions and also let the participants speak freely. They were able to share their experience and add additional information. The flexibility of the interview style makes it possible to bring up new questions during the interview following what the interviewee says. It, moreover, allows the researcher to get a further inside in the topic without getting lost in non relevant aspects due to time pressure which normally occurs in research interviews.

Another advantage of this method was the possibility of asking further questions or if there was some misunderstanding the respondents had the opportunity to immediately ask. Furthermore, to possibility to learn everything in the topic from the interview partners was an additional driving force. The interviews took place face–to-face as advised by Kvale and Berg (2004). The interviews started with a short introduction about the research and the interview itself, in order to make the interviewees feel comfortable. The interview partners have been asked for permission to record the interviews, in order to increase credibility and avoid data loss (Shofield, 2002). The interviewer also presented to the participants that he knows a lot of facts about the company history and their operations. Furthermore, the researcher outlined, who the main stakeholders were and focused on these in particular when, asking the questions. Although, the researcher was capable of conducting the interviews in the native language of the participants, each interview was held in English, so that the data can be accessed without any difficulties by everyone.

3.2. Sampling

The researcher has used qualitative non-probability sampling. In the course of the purposive sampling process, startups which fulfill the previously defined characteristics were selected and approached personally using face to face meetings, emails, or social media. Through this approach the sample is not representative but gives detailed insights into the thoughts, feelings and outcomes of the interviewed persons.

The present research paper aims to investigate the relationship between stakeholder and cleantech startups. Focusing on entrepreneurial firms, the participating companies should not exceed a size of 100 employees to still be classifiable as a start-up. Moreover, they should not exceed an age of 5 years. As suggested by Eisenhardt (1989) focusing on firms in the cleantech industry having the similar features and conditions of the industry will ensure comparability across the different interviews and minimize extraneous variation. The appropriate choice of the companies will help to shed light into companies in the growing renewable energy startup scene. Moreover, the contribution of the stakeholders to developing a high tech product is very important because of the complexity of the product and the difficult access to the market. This makes it necessary for the companies to search for reliable stakeholders.

The initial plan for the interviews was to include 20 companies in the interviews. Interview requests have been sent out to more than 30 start ups. However, the response rate was really low. In the end only eleven companies showed willingness to participate in the survey. From the eleven only 6 companies participated in the survey. After the first three the researcher could see a pattern in the answers, which I could use for the research.

Each of the following six full-size interviews has been conducted with CEO or a manager. Summarizing all the criteria the companies included in the study fulfill the following criteria:

- Startup offering a product in the cleantech sector
- Has been founded between 2007-2012
- Has at least 2 business partners
- Operates in Western Europe
- Has not more than 100 employees

In order to receive extensive information about the start up strategy towards stakeholder selection process, the researcher led the interviews with the CEOs. The CEOs are most vehement for the stakeholder research as they are the “face” of the company and they are the ones, who take the decision who will come on board. The final sample of the companies participating in the research can be viewed in the following table:

Interview	Name	Business	Founders	Foundation	Interview Partner
1	BC Power	Biomass	2	2011	CEO
2	Sunfire	Hydro	2	2010	CEO
3	Topell Energy	Biomass	2	2009	CEO
4	Solease	Solar leasing	2	2011	CEO
5	Anonymous	Solar chargers	2	2011	CEO
6	Plugsurfing	Electric Chargers	2	2011	CEO

Table 7: Interview partners overview

The observed companies have been selected through several personal meetings and interest in the product the firms are offering. A great number of the interviewees have been awarded for winners in the competition for startups from cleantech industry for 2011 and 2012 by the European Institute of Technology. This makes them from entrepreneurial and technological perspective very attractive for the conducted research.

3.3. Data Collection

The research context for this study was the European cleantech industry. Most precisely, during the data collection I concentrated on newly formed ventures, which wanted to push innovative green technology in the renewable energy sector. I particularly focused on it due to the strong bond of the founders with various stakeholders. My attendance at "EcoSummit 2012" and "Cleantech Forum" gave me the opportunity to get insight into the cleantech startup world and also to establish first contacts to entrepreneurs. Both conferences have a strong database of startups, which I could address. Furthermore, I participated in the Climate KIC "TheJourney" program, which enhanced the pool of entrepreneurs suitable for the study.

The primary data collection method includes telephone interviews with a semi-structured questionnaire among six different start-ups across Europe. The questionnaire contained 15 questions, which were equally directed to the stakeholder selection and stakeholder contribution side of the current study. The method of the research has been already discussed with the participant and an introduction about the topic of investigation has been submitted. It is important to mention, that the companies are product oriented start-ups, because this type of firms need a high initial investment and thus, their interest in selecting the right partners and dealing with stakeholder is of a high importance for their future life cycle. Some of the entrepreneurs wanted to remain anonymous as they were about to launch a very innovative product to the market and it was confidential who were they collaborating with.

The first half of the questions relates to the first half of the research question: "How do Cleantech companies select their stakeholders?" and the second half of the questionnaire serves the second part of the research question "How do stakeholders contribute to the startup?" During the sessions with the entrepreneurs the author asked direct and indirect questions and managed to collect variety of answers suitable for the main research topic. Here is an example of questions asked during the interview, which can also be found in the interview protocol in the appendix:

> **Do you actively search for stakeholders to join your business?**
> **How did you make the selection of your partners?**

These two questions relate to the stakeholder selection, whereas these are oriented on finding answers to the second research question:

> **How do the stakeholders help you developing your business?**
> **What type of resources do your stakeholders bring in to your company?**
> **In what way do your shareholders contribute to your business and how do they influence your decisions?**

In order to make a better selection of the startups participating in the study, the researcher has used various sources of information. Some of the interviewees have been approached personally during EcoSummit or Cleantech Forum conferences, where they were able to share insider information about their startups and their stakeholders. Additionally, the author looked for articles in the media and used the information on the companies' websites. The researcher could begin directly with the interview questions, as the background information was already provided. This also helped the interviewer to focus on the questions providing answers to the main research question.

The interviews lasted approximately 30 minutes and were based on the answers of the CEOs. The interviews were led according to the principles for guiding an interview by Berg (2004). They were all recorded and subsequently transcribed. Simultaneously I took notes while conducting the interviews and as proposed by Babbie (2007, p.102) a cross- sectional study is appropriate to be implied in this research. It suits well because it observes cross section or phenomenon at one point in time. The interview questions are open-ended, in order participants to be able to share their thoughts and experience. The researcher aims to interpret which criteria are applied by the entrepreneurs for selecting their stakeholders. Furthermore, it is vehement to explore to what extent and with which tools the stakeholders contribute to the new firm.

During the coding procedure I implemented the idea suggested by Corbin and Strauss (2008). The initial step was the transcription of the interviews. As soon as data was available I started processing the coding. In the mean time I was also made notes which ideas would be useful to incorporate in the thesis. For the collected data I used open, axial coding and finally selective coding to form the answers from the interviewees. For this purpose the researcher applied the Atlas software. In accordance with the interviews I built groups of statements, which contribute to my research. In the third phase, I evaluated the answers and come up with a theory and answer to the research question

The next step was to group certain phenomena and statements which appeared to be similar and label them. This was the open coding. Afterwards the researcher proceeded with axial coding, where various categories were recognized and formed together.

3.4. Data Analysis

Throughout the entire process of coding the data, the researcher managed to reach originality (new categories and insights developed), resonance (degree to which categories fully capture the data) and usefulness (applicability in everyday settings) (Corbin & Strauss, 2008). For the research paper the author managed to create originality as she came up with new elements supporting a better selection of business partners. Furthermore, the usefulness of the data will support novel startups to create more beneficial and interesting partnership in the future. This broad list of ideas would help CEOs to develop a pattern when searching for partners and use it in the future. It can be used as a guideline when embracing new partners into the company.

A certain amount of visuals and graphs has been applied so that it will be clearer for the reader how the author came up with the summarized results. The data was analyzed in two steps in accordance with the research question. In the first section the researcher will make a short introduction on **how** do startups make the selection process of stakeholders work succesfully. The second section will give a profound overview **what** benefits startups gain from their stakeholders and how this facilitate them working on risk mitigation and innovation. The partner selection part and the stakeholder contribution part of the survey has been divided in two additional criteria groups, which summarize in a more extended way the partner selection motives and the contribution from the partners.

4. Results

The results of this study create the evidence that partner selection is a very important variable affecting future start-up operations. The selected partner can influence the set of skills and resources, internal procedures, long- and short term strategy. Due to these factors it is very essential for CEOs to understand the process and to prioritize using a checklist for future partner selection. The chapter also gives an overview on the second part of the research question and explores the benefits, which are contributed from the selected partner towards the startup.

4.1. Stakeholder selection

In this chapter the answer of the first part of the research question will be presented and namely "How do the startups select their stakeholders?"

Summarizing the answers it was interesting to see that the answers differed from company to company. Two of the startups had for instance a big cooperation behind them, which also helped them to initiate the business. One of the companies pointed a business angel as the first stakeholder. Two companies had a financial partner in the beginning and other two had their IT development team on board, which by the time was outsourced.

When analyzing the interviews the importance of this research was underlined. One of the entrepreneurs stated:

> *Actually, we could not select till now, as we are very new to the market. But we are trying to use more power in the future and be more selective in our choice. For example the last partner we had caused us a lot of trouble and we do not want this happen again in the future. But we thought it would be good to start from somewhere.*

This made clear from practical point of view that there is a need for a selection process disregarding the stage of development of the startup. The sooner the selection process commences the more beneficial for the startup. The example above underlines also that lacking partner selection of the beginning is aligned with many problems negative for the future success of the business. The entrepreneur did not realize how important it is to have a selection criteria catalogue for the future partner. Such experience costs a lot of time and it slows the processes within the firm.

Before investigating the factors of selecting the partner they want to collaborate with, the researcher first asked the entrepreneurs how they create a pool of stakeholders they want to work with. This is so called pre-selection phase. As some of the startups wanted to be noticed by a specific stakeholder, they first had to get to know them or attract them to their business.

Observing all the results of the study and evaluating the answers from the interview protocols the pre-selection criteria could be summarized in the following table, which provides a good start for making future assumptions. The table shows the frequency of answers in the interviews to the question: " How did you make the selection of your partner?". This was also backed up with an additional question: "How do you attract stakeholders?".

Criteria for Selecting a stakeholder	Frequency in the answers
active search	4
network effects	3
representation	3
personal interest	2
technology	2
uniqueness	2
clear strategy	1
best value	1
customer orientation	1
easy access	1
information	1
know how	1
media	1
minimize risk	1
self marketing	1
specific strategy	1
Total	**26**

Table 8: Criteria for selecting stakeholders

All of the above mentioned criteria form the base for creating a typology for stakeholder selection further in the study. During the interviews the CEOs shared their experience with how do they attempt to select the stakeholders or how have they done it already based on their experience. In the table above their answers are summarized and one of the criteria dominates over the others, which is active search. This indicates that companies create the opportunity to get noticed and look for the best stakeholder to fit into the business. This is also confirmation of Baron's theory (2006) where he argues that active search is one of the factors for recognizing opportunities.

There are two other factors or pre-selection strategies used by the startups: network effects and representation. The network effect is looking for stakeholders using their already established network of people they know. This was indicated as a strong pre- selection tool, as startups do not have a big exposure to many people due to their small size.

The representation criterion is attracting stakeholders during conferences or different fairs, startup competitions where they can establish a direct contact and be noticed. Furthermore, for the CEOs was important that their stakeholders are present and public at big events, as this was a way to make the pool of candidates bigger. The representation criterion was also mentioned in connection with being introduced to new people and having good reputation.

Personal interest was a factor which was mentioned in two different interviews. Stakeholders have been selected by the companies as the CEO of the startups had a very broad personal interest in collaborating with the company by several reasons. Furthermore, the interviewees knew that they are offering a unique product and technology.

As one of the companies said:

> *…Because they want to build a product and we can supply a specific component for their technology.*
>
> Or
>
> *…we offer them the best technology.*

Technology was also a factor which explains that the stakeholder could have complementary component, which could make the existing technology of the startup better or the technology of the startup could add to the existing technology of the stakeholder.

Clear and specific strategy are two of the above mentioned criteria and indicate that stakeholders were selected because they had a very clear goal, vision and strategy how they want to cooperate and what they want to achieve by starting a business with the startup.

Moreover, the strategy was very specific how they will work in the future with this particular startup.

Offering the best value on the market was linked to a stakeholder, which was just offering a very good deal and it was beneficial for the future of the business. This is along with *good customer orientation* and *easy access* a good approach to select stakeholders, as the customer orientation secures good sales and enables profit margins, whereas easy access gave security and reliability in the work of their stakeholders.

Other methods of attracting the right partner were: *information* and *know how*. Information relates to specific information, which can be provided from the stakeholder. The entrepreneur explained that any information they get is valuable and can help them improve. Know how was linked with learning curve and experience. Entrepreneurs would like to have stakeholders on board, who have a very good know how, like financial or technological background, so that they can help the business grow.

*Risk minimization through the offered produc*t was mentioned as an important criterion, as the startup would like to avoid future risks, as the technology they are offering is of a very high value.

One of the CEOs stated that they selected their partner by using *self marketing* and newest *media.* The startups managed to reach out to new stakeholders just by using their webpage or mouth to mouth propaganda.

These initial observations on stakeholder selection process among the six firms are taking place through various stages. Up till now there has not been a specific checklist that could assist CEOs for collaborative approaches with partners. Stakeholder selection is a very essential step in the collaborative process between startups and the new partners; therefore a special attention should be given to this part of the process. In this step the companies get to know each other and exchange valuable information, *why* exactly they have chosen the partner and *what* are the reasons behind it. After choosing a pool of potential candidates for joining the business, the researcher was interested in why exactly a specific stakeholder has been selected.

In one of the interviews the entrepreneur stated that they oriented themselves on the extrinsic criteria without paying attention on factors like trust or mutual fit, which had very negative consequences for the business. The interviewee shared that a checklist with criteria for a successful partnership would have been useful prior to their collaboration.

Furthermore, the entrepreneurs shared that the element of trust is really important for the bond between entrepreneurs and their partners:

> *Yes, definitely. For example one of our shareholders tried to steal our idea and reproduce it, we trusted him, but apparently we should not and this affects your business. Trust and mutual understanding is therefore very important.*

It turns out that the first step to successful collaboration is the building of trust between the partners. The majority of the entrepreneurs pointed out that trust is also a vital factor for mutual understanding and successful business. Some of the entrepreneurs even expressed immediately that:

> *Most important criteria are trust, vision and knowledge in our field.*

Secondly the entrepreneurs searched for partners mainly for advice. Moreover, the quality of the partners plays an important role in the selection process. The answers of the interviewees could confirm that *quality goes over price*.

Another aspect of the selection criteria was the engagement of the partner in the process not only for one time, but for a distinctive amount of time. One of the entrepreneurs underlined the importance of it and pointed out:

We look for a supplier who can be there during the whole life cycle of the product, which is 30 years and he can provide the best value for the money. So quality for money is our key driver.

This indicates that entrepreneurs search for a long term relationship with their stakeholders. It also shows that they strive for their vision and long term strategy.

Furthermore, as the theory of partner selection in big corporations suggest, the best fit between the two partners is vehement for the future relationship and the enterprises success. An example for this was drawn from one of the companies and stated:

…we've got to realize that certain supplier do not fit with our business and it does not mean that they are not good companies. Furthermore, he added: it just means that they have a different strategy that does not match very well. This leads to the idea that the stakeholder collaboration not only to create connections with partners but to foster these in the long term.

An interesting finding from the interviews was that:

In the case of small companies I think there is one additional thing –speed!

This is indicated as timing in the criteria group. The entrepreneur stated that for them it was important not to waste time when doing the selection process, because the time to the market was very important to them. He, furthermore, stated that:

We of course take care of the value but speed is an important thing if you are a small company and you try to accomplish what you want to do.

Here the researcher can see and essential point for the selection process. However, this factor was not mentioned by other entrepreneurs. Although it was not observed among the others interviewees this finding is essential for entrepreneurs, as they have to operate in a fast paced environment and cope with strong competitors.

In order to be able to work together in the future, CEOs look for partners who share the same vision and could agree on future plans to develop the business in the right way. A strong emphasize was made on the complementary resources between the stakeholder and the startups. This would increase satisfaction in the working relationship and create a better working environment.

After having selected a pool of candidates according to the factors showed in table 7, the answers of the exact selection process have been summarized in the following table. From the overall evaluation of the conducted interviews the stakeholder selection process can be divided in the following two criteria groups as shown in the picture below:

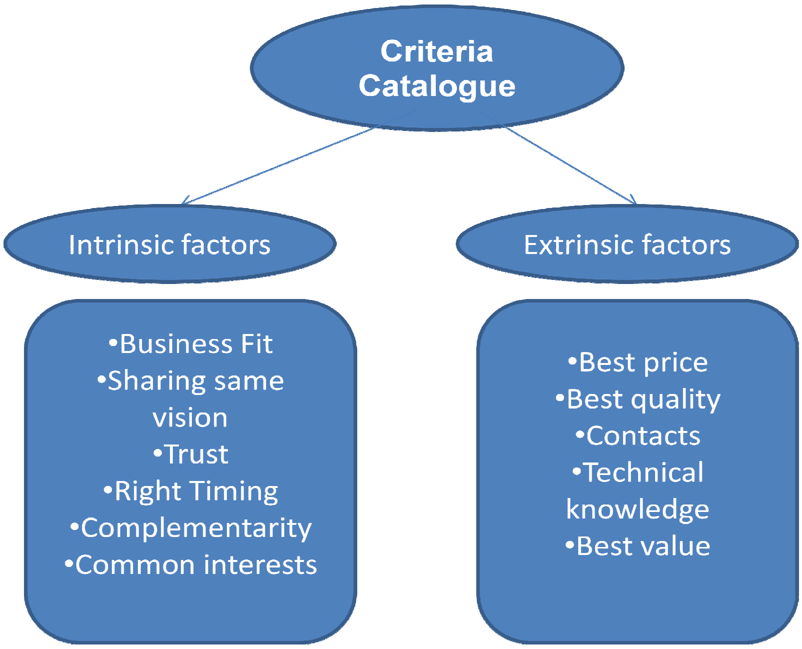

Table 9: Pre-Selection criteria catalogue

The first criteria group is connected with mutual understanding factors and intrinsic motivation, whereas the second factor group is more extrinsically oriented. The latter is important for the financial and sales success of the firm. The first criteria group comes from the entrepreneurs' motivation to sustain the relationship with the stakeholder. The second selection factors' group is vital for start-ups as it gives financial security of the business and brings prosperity. These factors not only strengthen the relationship between the start-up and stakeholders, but also broaden the horizon of the firm. Furthermore, networking capabilities are enhanced through the mutual sharing of interests and ideas. Using these factors as a starting point for collaboration and partner selection CEOs could be able to strengthen their competitive position on the market. A very important remark was made by one of the entrepreneurs as he summarized the view of all participants by stating that both criteria groups are only possible when they are applied hand in hand. Through all the interviews the two group factors were complementary.

The criteria supporting the extrinsic point of the stakeholder is based on best quality- price relationship. The higher quality you get for the price the better. Startups select their partners also on the criteria what contacts can they derive from the relationship and how can they expand their already existing network. Entrepreneurs clearly see network growth as one of the most valuable determinants of entering a partnership.

This paper focuses on cleantech startups where technology risk is tremendously high. Many of the interviewees look also for stakeholders who can give them technology know how and help them expand their knowledge base in the field where they work, i.e. e-mobility, biomass or turbines development.

After the selection phase entrepreneurs have to keep their stakeholder engaged into the business. There are several ways to keep the stakeholders informed. From the interview data good ways to stay in touch with your stakeholders is to keep them informed on regularly bases, to have a direct personal contact most of the time and tell them how the business is developing. One of the startups stated that they granted power in the decision making process, so that the stakeholders feel more engaged into the business.

In a small growing company all stakeholders are important and one can benefit from them only if they are considered as gearing wheels of cars. The one is not working without the other. Therefore valuable information should be distributed to all stakeholders and interaction between them should be facilitated. Furthermore, discussion with the stakeholders about the newest market trends, development of company's products is also a way of engagement.

As startups are "ambassadors" for technology innovation they have to ensure clear statements to their stakeholders by representing themselves at conferences and important events. This part also gives an answer to one of Sarasvathy's questions in her effectuation model: "whom I know".

4.2. Stakeholder contribution

The stakeholder contribution is eminent for the start ups as it serves as an orientation flag, which valuable elements will be added to the start up. The contributor becomes a source of information, ideas or monetary resources. Having a closer look on the outcomes from the collaboration between entrepreneurs and stakeholders two main criteria groups can be observed. The contribution from the cooperation with stakeholders was coded as "benefit" in this research project. This leads to the answer of the second research question: "How do these contribute to the startup?"

Knowledge and advice are pointed out by entrepreneurs as factors, which help them to develop their business model and adapt to surrounding changing environment. One of the entrepreneurs shared that:

They sometimes help us defining interesting target groups…also ideas how to look at different industries.

Market access and financial back-up on the other hand secure the business and give opportunity for financial growth. Market access and network growth were mentioned by all the participants in the survey as the most valuable resource from partner collaboration. Altogether the factors create substantial part of the success of the entrepreneurial business.

Companies receive advice from their shareholders also for their business model and the further business development. Many of the entrepreneurs shared in the interviews that their business model had to change over time after considering the point of view of their shareholders. They also stated that it is a natural way of shaping the business when the initial business model adapts over time according to the market and consumer preferences…

the business model that you had in mind is maybe not the most attractive or most useful or most affordable or most interesting business case.

This is a strong indicator for the possible adaptation abilities of entrepreneurs when they talk with their stakeholders. It means that talking to different types of people and stakeholder groups facilitates decision making process and it has a strong emphasis on development of the initial business idea. Furthermore, stakeholders also contribute essentially to design thinking process and to implementation of ideas. Next to that this contribution is seen by entrepreneurs as a valuable IP. Furthermore, one of the interviewees stated:

We would add value to each other.

In this sense the startup and the stakeholder create a mutual exchange of benefits. The benefit does not go only in one direction, but it as a continuous flow. He backed up the statement with:

…so if they are successful, we are successful too.

Stakeholders are a great source for new ideas, information, knowledge and advice, as it comes from the answers of the interviewees. Startups shared that over time they learned a lot from the people they have been working with and they are aware what to do in different situations. This expands their learning curve. The more different the partners and the situations, the more the startups learn from that.

Risk mitigation was an additional benefit, which is outlined in the interviews. As many of the entrepreneurs start negotiations with partners in order to lower risk and to discover new opportunities. For some of the entrepreneurs the partners are there to *show them potential* *risks.* Furthermore, partners help entrepreneurs in avoiding risks by offering *further resources or advice how to do things.* To conclude, stakeholders share valuable information with startups, in order to make them aware of potential losses and risks.

Stakeholders contribute to also to product optimization, as they deliver valuable feedback on the products. For entrepreneurs this applies in many domains, as they shape their products in a way customers like it more. Working closely with stakeholders facilitates a greater and better revenue stream.

Stakeholders are also a valuable contributor to start ups in acting as a mediator between the start up and other big companies. So additionally to contacts and networking abilities the stakeholders help "*spread the word*" about a company. Through a clever stakeholder engagement start ups can expand their network. Start ups really need some sort of publicity as nobody has heard about them as one of the interviewees said and nobody cares who you are and what is happening with you. Stakeholders could be used as a good reference in order to establish access to new customers or new stakeholders. It is a good way to reach out potential investors or customers when people talk about you.

Looking at the answers of the CEOs the benefits entrepreneurs gain in a stakeholder relationship can be summarized in two criteria groups. The first group catalogue is connected with intrinsic for the startup benefits like ideas, knowledge etc., and the second group is more oriented to extrinsic and more tangible factors such as funds and financial backup, revenue stream, product optimization and technology development. The latter can be seen as a value added from selling the product.

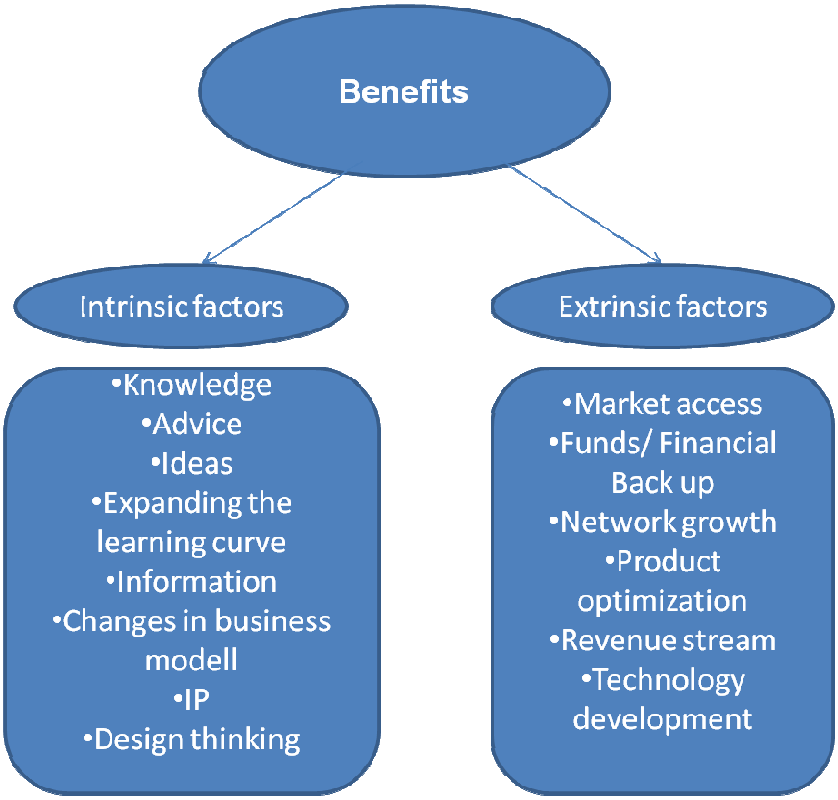

Table 10: Benefits from collaboration with stakeholders

The list of benefits encouraging entrepreneurs to make the right selection of stakeholders is really long and diverse among different companies. However, some generalization can be drown and some of the examples can be applied by other new ventures.

5. Conclusion and Discussion

The research paper aimed to clarify how startups made a selection of the key stakeholder in the company and how do the stakeholder contribute to the startup. The answer of the central research question was given. The key elements by the selection process in cleantech startups were clearly identified and classified in two groups. These factors can be from an extrinsic or intrinsic nature and they influence the CEOs and the business as such differently. At this stage of the research it must be point out that these findings were made only on the basis of cleantech startups, which operate in a slightly different working environment than other start ups.

The study revealed that the intrinsic factors could be seen as the first step of the selection process, whereas the extrinsic as the second one. Both of the groups, however, present a very good filter mechanism for the right choice of stakeholder. Furthermore, these factors affect the selection in a different ways and they have a different impact power. The study showed that when some of the factors are missing there are negative consequences for the relationship between the stakeholder and the startup.

The two sub questions in the beginning of the study also could be analyzed easily by the answers of the entrepreneurs. The results have shown that there is a high probability that the startup is more successful if there is a clear selection process of stakeholders, combined with pre-selection and choosing from a pool of candidates. The different ways how this could be achieved was presented in the previous part. Moreover, in the beginning of the study there were two objectives mentioned. First of all it was investigated which are the selection criteria for a successful business collaboration on the level of cleantech startups. Secondly, entrepreneurs stated that they value much more advice and other non-financial support than funds.

Overall entrepreneurs should apply the following checklists when going into negotiations with stakeholders and if they should welcome a new partner on board or not. There have been divided into intrinsic and extrinsic factors. The selection toolboxes help ecopreneurs choose the right stakeholder. Furthermore, with a proper stakeholder engagement there is a list of benefits for the company and for its future success.

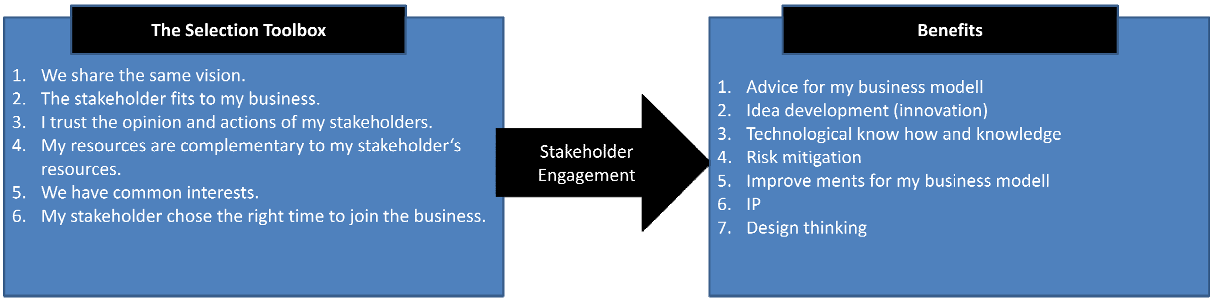

Table 11: The selection toolbox (intrinsic factors)

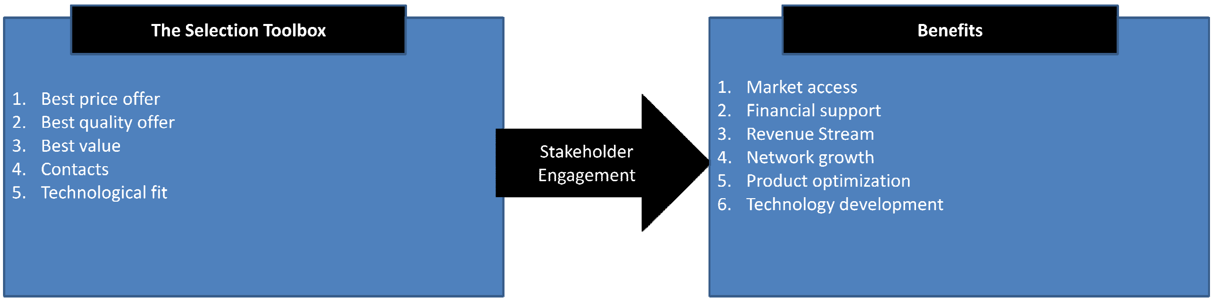

Table 12: The selection toolbox (extrinsic factors)

5.1. Theoretical Implications

The ongoing need for resources makes entrepreneurs discover their outer environment and engage in various partnerships (Hite & Histerley, 2001; Ireland & Kuratko, 2001, Stinchcombe, 1965). As outlined by Baron (2006) one of the factors for recognizing opportunities is active search. In the study an emphasis on the active search for stakeholders has been carried out and showed various ways how entrepreneurs "search" for their stakeholders. Witt (2004) explains that exploring the network it is cheaper for entrepreneurs to get access to valuable resources. This research showed, that partners do not only provide resources, but they help companies get market access or even access to new networks of stakeholders.

Throughout the research the author provided evidence for different types of stakeholder engagement, which adds to the theory of Barney and Alvarez (2007), who state that there is a need for involving different actors in the startup.

The results of this study suggest many implications for CEOs of newly founded start-ups. For companies adopting a stakeholder strategy orientation is beneficial for their success and positive outcome. The selection toolbox answers the questions in the Sarasvathys research (2005) who is coming on board and why. This is also in connection with Friedmann's theory how do startups identify their stakeholders (1984). Furthermore, it adds on the theory of Geringer (1991) and gives a clear set of "complementary skill and capabilities", which are important for startups to select their partners. One of these factors, for instance, was mentioned by some of the entrepreneurs and it is to find in the selection toolbox as "we share the same interest". As the theory did not a suggest a exact list of factors influencing partner selection process, the study aimed to create a checklist, which entrepreneurs can apply when undergoing partnerships.

Referring to uncertainty and risk management theories (Beckmann et al., 2004; Hogg and Terry, 2000) it was necessary to observe how stakeholders can contribute to risk mitigation, which is essential in the entrepreneurial world. There were answers from the study providing evidence that advice and investigating potential risks are factors, which clearly help entrepreneurs in critical situations. Clarkson (1994) also emphasized that stakeholders should bear risk in the business they are involved in.

The literature review presented many theories, which deal with importance of stakeholders and stakeholder engagement, but none of these have provided concrete answer why exactly specific stakeholder have been selected by the CEOs. Therefore, the research listed the most valuable criteria in a criteria catalogue. Some of the criteria for partner selection mentioned in the theory part like knowledge (Mohr and Spekman, 1994) or market access (Varis, 2005) have been confirmed by the study results.

Following the framework by Dew and Sarasvathy (2007) the research presented the ways stakeholder commit to the startup and in addition to that the research categorizes the way of “commitment”, in the study shown as “the benefits” for in two separate categories.

Leaning on Mitchell and Agle (1997) the final stakeholder selection toolbox could be used as a heuristic applied by entrepreneurs in different business cases. This approach has not been applied to startups before and therefore it enhances the research conducted so far.

5.2. Practical Implications

This approach is effective and efficient and brings competitive advantage for the business. As the cleantech industry is very competitive and the market entry barriers are too high a wise selection of the stakeholders is not advisable but necessary.

The best practices show that despite of the small size of the company there is a strategy which the founders always apply when they approach a stakeholder. Furthermore, screening the stakeholder as such in the pre-selection stage helps start-ups finding the best fit. Screening also gives them chance to prepare what kind of challenges are they facing and which group of investors they are dealing with. This strategy is also good for avoiding future conflicts or misunderstandings while doing business. Involving important stakeholders in the life of the venture and the actions the startups undertake contributes to mutual trust and provides a great deal of additional resources. Also the risk of failure or breaking the relationship between stakeholders and CEOs is minimized or even not existent. The study shows that mutual fit is the strategy which is applied by every of the interviewed startups. The research also indicates that stakeholders like to be involved what is happening in the business, but they are not giving directions; they could only have an advisory or consultancy function. The more independently the company works the more satisfied is the stakeholder.

5.3. Limitations and Future Research

Despite the research contributes to theory and practice there are some limitations mainly arising from the chosen study approach. First, a relatively small sample of 6 startups has been selected. The participants in the interviews were only startups and the counterparty in the partnership was not investigated. Due to the qualitative research approach concrete assessment of stakeholder selection and the level of contribution from stakeholders' side could not be derived. One of the drawbacks of the in depth interviews method is the lack of generalization due to the small sample size (Boyce, Naele, 2006). In some of the interviews the researcher asked spontaneous questions, this can lead to difficulties in quantifying and analyzing the results.

In this particular study the research has been oriented on the cleantech startup sector and it does not reflect an optimal selection from other industries. In the interviews only CEOs have been included and the point of view of the CFO or COO has not been taken into account.

The qualitative face-to-face interviews are good approach and were justified in section 3, however, the interview partner could not answer some of the questions or could not be willing to share information. In addition, the opinion and values of the participants are very subjective. Time constraints during the interviews were another issue and under other circumstances some of the interviewees would probably have shared more information.

The collected and estimated data has delivered valuable information on how startup companies in the renewable energy sector select their partner, but still there are several questions which require answers. Further research can focus on how entrepreneurs should nurture existing partnerships and should deliver information on topics like the influence of country and culture on the adoption of different selection criteria. As the study is only made among male CEOs it will be a good opportunity to discover why there are less female involved in cleantech startups. There is a room for diversity study in these types of companies.

The scope of the influence of stakeholder on the daily business of startups is enormous. There is a possibility to investigate how the stakeholder influence on the startup affects its future over time and in what way is the collaboration beneficial for the start up. For this reason a longitudinal study will be applicable. Furthermore, partner selection has not been studied empirically and a quantitave research on success rates of startups with their stakeholders will be very useful. In the conducted research the focus was on the ecopreneurs, but there are more other fields of entrepreneurship where different stakeholders play a huge role. A comparison between different types of new ventures and the similarities in the cooperation could be drawn, i.e. social entrepreneurs or IT start ups.

Many of the startups have different background. However, cultural differences and different way of working did not affect the selection criteria. For further research it will be interesting to observe what the firm internal perception of the presented factors is.

Interesting field of research will be the lack of female CEOs and female players in the cleantech industry. None of the participants in the interviews was a woman and only one of the companies has a female employee. Future research can elaborate on the role of women in green startups dealing with renewable energy and their integration into the business.

From a viewpoint of resources and stakeholder support an extensive research could be conducted in the field of alternative ways of financing like crowdfunding. An interesting research could be to observe the company from the viewpoint of the different stakeholders and to measure and evaluate the company from a stakeholder perspective. This can be easily done within a case study research method.

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Appendix

Interview questions

1. Could you please tell me who the first stakeholders were who joined your business?
2. At what stage of your business have the other stakeholders joined your venture?
3. Did you have a specific strategy to attract your stakeholders?
4. Do you actively search for stakeholders to join your business?
5. How did you make the selection of your partners?
6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?
7. How do you engage stakeholders in your business and to what extent do they have control on your business?
8. How do the stakeholders help you developing your business?
9. What type of resources do your stakeholders bring in to your company?
10. In what way do your shareholders contribute to your business and how do they influence your decisions?
11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?
12. Do your stakeholders support you to foster innovation and develop new ideas?
13. Do your stakeholders help you mitigate risk?
14. How do your stakeholders help you solve problems or give you advice how to run the business?
15. Do you agree on many decisions?

Interview Coding

Interviewpartne	Quote	Code in open coding	Code in axial coding (concepts)	Code in selective coding (categories
BC Power	the first stakeholder was a chinese company and this is how we started the business	chinise company	Partner specification	Partner specification
BC Power	the first partner was a businessman in the development stage	development stage	development stage	time of joining the business
BC Power	our first client came to us	partner interest by chance	personal interest	attracting stakeholder
BC Power	we attracted them with our know how	know how	know how	attracting stakeholder
BC Power	and uniqueness of the product	uniqueness	uniqueness	attracting stakeholder
BC Power	we want to expand the business and actively search for new partners	active search	active search	attracting stakeholder
BC Power	we want to spread our network	network expansion	network growth	benefits
BC Power	we try to use our contacts	established partners	network effects	attracting stakeholder
BC Power	we could not select until now	unable to select	difficulties in selection process	selection process
BC Power	trust and mutual understanding is very important	importance of trust	trust	selection process
BC Power	we try to inform them	sharing information	information	engagement of stakeholders
BC Power	we offer them the best technology	offering great product	technology	engagement of stakeholders
BC Power	we gave them power	power to take part in the business	power	engagement of stakeholders
BC Power	it is in the starting phase so you can make such mistakes	learning from mistakes	learning curve	benefits
BC Power	we revealed too much information to our clients	sharing information and company secrets	information overflow	benefits
BC Power	we receive financial resoirce	cash inflow	money	resources (financial)
BC Power	we receive technical know how from our technical supplier	technical knowhow	technical knowledge	benefits
BC Power	they influence our decision as they have lot of power	power to make changes	control	decision making influence
BC Power	they were telling us what to do	power to make changes	control	decision making influence
BC Power	We had difficulties, but we try through meetings and other ways to solve it	difficulties with partner	mutual meetings	problem solving
BC Power	Not really, they are more interested in their own development than to us	no interest in other development	no support in business development	innovation
BC Power	Not really	no support	risk mitigation	risk mitigation
BC Power	sometimes they require from us things that we do not want. But as we are connected to them, we have to agree in the end.	different opinions	partner dependence	partner dependence

Anonymous	A private business angel and our architectural business partner	financial and IT partner	Partner specification	Partner specification
Anonymous	Another private business angel and further business partners joined just after the launch of our prototype	business partner during prototype phase	prototype	time other partners of joini business
Anonymous	He joined during the initial stage when we started to form the idea / vision.	idea, vision creation	idea creation stage	time of joining the busines
Anonymous	It is based on personal contacts	established partners	network effects	attracting stakeholder
Anonymous	and visionary but focused presentations of our goals and usp	Future goals and USP	uniqueness	attracting stakeholder
Anonymous	Most important criteria are trust, vision and knowledge in our field	trust	trust	selection process
Anonymous	Most important criteria are trust, vision and knowledge in our field	vision	vision	selection process
Anonymous	Most important criteria are trust, vision and knowledge in our field	technical knowledge	technical knowledge	selection process
Anonymous	Possible different views of stakeholders always can affect a business	different opinions	partner dependence	partner dependence
Anonymous	The manner and scale depends on their influence on strategy and operations.	stakeholder influence on strategy	partner dependence	partner dependence
Anonymous	We actively participate from their knowledge in our field of business and their contacts	technical and business know how	know how	benefits
Anonymous	We actively participate from their knowledge in our field of business and their contacts	using their contacts	network growth	benefits
Anonymous	The control is limited to counseling and advice.	counseling and advice	limited dependence	partner dependence
Anonymous	Financial back-up, knowledge, advice (playing devil's advocate), contacts	knowledge, advice, contacts	knowledge, advice, contacts	benefits
Anonymous	Knowledge, contacts and funds.	Knowledge, contacts and funds.	Knowledge, contacts and funds.	financial resources
Anonymous	The influence on the operational side is mostly driven by the specific knowledge of our business partners	operational side	limited influence	decision making influence
Anonymous	With financial partners we have a strategic review from time to time	ocasional review on strategy	strategic review	engagement of stakeholde
Anonymous	The influence is more likely like a mentoring program challenging us to generate new and better ideas.	mentoring programme and idea generation	limited influence	decision making influence
Anonymous	They do by our reviews and their role as devil's advocate	by reviews	by reviews	innovation
Anonymous	Furthermore our architectural partner brings in latest design innovations to challenge our product development and engineering.	innovative design and engineering	enhancing product development	innovation
Anonymous	Happens during the reviews by challenging us on new opportunities	during reviews	through challenges and reviews	problem solving
Anonymous	They mitigate risk by their advice and by offering further resources for risk mitigation	mitigation through advice and further resources	risk mitigation	risk mitigation
Anonymous	showing us risks	emphazises on risk situations	risk factors awereness	risk mitigation

Sunfire	A business angel is our stakeholder. We do not have a shareholder from supplier side or a customer side.	business angel	Partner specification
Sunfire	in the very beginning	development stage	development stage
Sunfire	No, it happened more or less by accident	partner interest by chance	personal interest
Sunfire	We got some contacts	established partners	network effects
Sunfire	looked at the people who are complementary to	complementarity	complementary factors
Sunfire	Because they want to build a product and we can supply a specific component for their technology.	specific component for their technology	technology
Sunfire	Yes, continuously, we are always looking for customers.	active search	active search
Sunfire	We go to special fairs,	conference visit	representation
Sunfire	we have our website	internet presence	representation
Sunfire	We search for companies, who are interested in our product	partner interest by chance	personal interest
Sunfire	We try to look on which stakeholder we depend more and we apply our strategy accordingly	stakeholder influence on strategy	partner dependence
Sunfire	People who own the company are business angels	business and financial control	control
Sunfire	lot of stakeholders who believe in our future product and they are willing also to invest time and extra money	invest extra for a future product	financial back-up
Sunfire	It's mainly advice	advice	advice
Sunfire	Yes of course, this is the advice they give us	emphasizes on risk situations	risk factors awereness
Sunfire	we talk once a month via phone	mutual conversation	

Plugsurfing	The first stakeholders who joined is our development team	development team	Partner specification
Plugsurfing	They joined us in a very early stage	development stage	development stage
Plugsurfing	we contacted them one by one	contacting partner	active search
Plugsurfing	actual corporation on the website	website	media
Plugsurfing	so we can show them the infrastructure	infrastructure	technology know how
Plugsurfing	They invested in infrastructure of charging points	infrastructure of charging points	specific strategy
Plugsurfing	All kinds of specific information is very valuable	specific information	information
Plugsurfing	we prioritize between different partners	importance of partners	valuable
Plugsurfing	We prefer the ones who are technological as they have more knowledge in the infrastructure.	technical knowledge	technical knowledge
Plugsurfing	If they don't share the information their competitor will have a better information displayed.	share the information	information
Plugsurfing	In our case we always discuss and we come up with a mutual agreement	mutual agreement	discussion and mutual convers
Plugsurfing	They are important for the enlarging the network and for experience	enlarging the network and experience	network growth
Plugsurfing	we have one rule, we always stay independent.	stay independent	independence
Plugsurfing	We want to offer a service for everyone	service for everyone	customer orientation
Plugsurfing	We want to have feedback from everybody	feedback from everybody	feedback
Plugsurfing	We always discuss our products with our investors, but also concepts, market trends, processes etc	discuss our products with our investors, but also concepts, market trends, processes	discussions about markets
Plugsurfing	meeting people and talking to people is really beneficial	meeting and talking to people	face to face meeting
Plugsurfing	the best way to learn	way to learn	learning curve
Plugsurfing	Their knowledge, experience, contacts	experience, contacts	experience
Plugsurfing	They do help us shaping ideas and do smaller steps	shaping ideas	idea creation
Plugsurfing	They sometimes help us defining interesting target groups	defining interesting target groups	target groups
Plugsurfing	Also ideas how to look at different industries	look at different industries	industry knowledge
Plugsurfing	We have discussion mostly with our users, we have to deal with their wishes	deal with their wishes	mutual meetings

Plugsurfing	There so many ideas, every user is so different.	so many ideas	idea generation
Plugsurfing	if a user is not satisfied, we try to solve it	we try to solve it	satisfaction
Plugsurfing	We give also personal attention.	personal attention	personal attention
Plugsurfing	They tell us about opportunities	opportunites	opportunities
Plugsurfing	Yes, in form of knowledge	mitigation through advice and further resources	risk factors awereness
Plugsurfing	But in the end, the goal is to make a decision and find a way which satisfies both parties	decision to satisfy both parties	satisfaction

Solease	Typically the supplier we are talking to are module manufacturers, solar installers.		Partner specification	Partner specificati
Solease	Banks and insurance companies are also stakeholders. I think those are the most important stakeholders we have		Partner specification	Partner specificati
Solease	So we actually work together with companies, which do have the market access.	market access	market access	benefits
Solease	Because a lot of barriers are removed in our concept	barriers are removed	easy access	attracting stakehol
Solease	for a project we look which partner is the most interested in the business.	most interest	personal interest	selection process
Solease	if we can find a common interest with our stakeholders that strategy is the best	find a common interest	common interest	selection process
Solease	Yes we do, we constantly search for stakeholders.	search for stakeholders	active search	attracting stakehol
Solease	we select them on the basis total cost of ownership	total cost of ownership	cost factor	selection process
Solease	It has to be a balance between the quality of that supplier and the money they charge.	quality- money balance	quality	selection process
Solease	We look for a supplier who can be there during the whole life cycle of the produc	the whole life cycle	long term relationship	selection process
Solease	we've got to realize that certain supplier do not fit with our business	do not fit with our business	business fit	selection process
Solease	They might be very successful, but it clashes with our values.	clashes with values	value clash	selection process
Solease	Sometimes it does not work because they main idea is to promote their product and not ours.	promotion of other product,	different interest	selection process
Solease	want to offer the best possible value for our clients	best value offer	best value	attracting stakehol
Solease	It is not conflicting interests but is supplementary.	supplementary	complementary factors	selection process
Solease	I would say knowledge more than anything	knowledge	knowhow	benefits
Solease	so if they are successful, we are successful too	mutual success	value chain reaction	benefits
Solease	but it always has to fit our vision	fit our vision	vision fit	benefits
Solease	we would add value to each other	add value to each other	add value	benefits
Solease	You have to have a very strong vision	very strong vision	vision fit	problem solving
Solease	It worked well till now, because we did the selection very early	very early selection	timing	selection process

Interview Transcription

BC Power

1. Could you please tell me who the first stakeholders were who joined your business?

The first shareholders who joined our business were a Chinese company. This was 3 years ago where we signed a contract and this is how we started our business.

2. At what stage of your business have the other stakeholders joined your venture?

Well, we are still growing. The first one who joined our business was a businessman, who was interested in our product. It was in a development stage of our business.

3. Did you have a specific strategy to attract your stakeholders?

Our first client came to us. So we attracted them with our know-how we wanted to bring to the market. But yeah we want to use in the future our brand and uniqueness of the product we offer.

4. Do you actively search for stakeholders to join your business?

We want to expand our business and we are searching for new shareholders to join our business. We try to promote the business at different fairs so that people know about us. We try to use all of our contacts and to spread our network.

5. How did you make the selection of your partners?

Actually, we could not select till now, as we are very new to the market. But we are trying to use more power in the future and be more selective in our choice. For example the last partner we had caused us a lot of trouble and we do not want this happen again in the future. But we thought it would be good to start from somewhere.

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?

Yes, definitely. For example one of our shareholders tried to steal our idea and reproduce it, we trusted him, but apparently we should not and this affects your business. Trust and mutual understanding is therefore very important.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?

So, how do we engage them? We try to inform them about how things are developing and to offer them the newest technologies. We gave them a lot of power, but maybe this will change in the future. We had bad experience in the past, when we revealed too much information to our clients.

8. How do the shareholders help you developing your business?

Well, the experience was not that good, but it still helped us to understand many things. It is in the starting phase, so you can make such mistakes and also you know what not to do in the next time.

9. What type of resources do your stakeholders bring in to your company?

From our client we receive financial resource, whereas from our technical supplier we receive technical knowhow.

10. In what way do your shareholders contribute to your business and how do they influence your decisions?

They influence our decision in a way, because they have a lot of power, we cannot do so much in the beginning. They were telling us what to do.

11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?

We had difficulties, but we try through meetings and other ways to solve it.

12. Do your stakeholders support you to foster innovation and develop new ideas?

Not really, they are more interested in their own development than to us.

13. Do your stakeholders help you mitigate risk?

No, not really.

14. How do your stakeholders help you solve problems or give you advice how to run the business?

No

15. Do you agree on many decisions?

It is difficult, sometimes they require from us things that we do not want. But as we are connected to them, we have to agree in the end.

Anonymous

1. Could you please tell me who were the first stakeholders who joined your business?
A private business angel and our architectural business partner. He joined during the initial stage when we started to form the idea / vision.

2. At what stage of your business have the other stakeholders joined your venture?
Another private business angel and further business partners joined just after the launch of our prototype.

3. Did you have a specific strategy to attract your stakeholders?
It is based on personal contacts and visionary but focused presentations of our goals and usp.

4. Do you actively search for stakeholders to join your business?
No.

5. How did you make the selection of your partners?
Most important criteria are trust, vision and knowledge in our field.

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?
Possible different views of stakeholders always can affect a business. The manner and scale depends on their influence on strategy and operations.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?
We actively participate from their knowledge in our field of business and their contacts. The control is limited to counseling and advice.

8. How do the shareholders help you developing your business?
Financial back-up, knowledge, advice (playing devil's advocate), contacts.

9. What type of resources do your stakeholders bring in to your company?
Knowledge, contacts and funds.

10. In what way do your shareholders contribute to your business and how do they influence your decisions?
The influence on the operational side is mostly driven by the specific knowledge of our business partners. With financial partners we have a strategic review from time to time. The influence is more likely like a mentoring program challenging us to generate new and better ideas.

11.Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?
Not so far.

12.Do your stakeholders support you to foster innovation and develop new ideas?
They do by our reviews and their role as devil's advocate. Furthermore our architectural partner brings in latest design innovations to challenge our product development and engineering.

13.Do your stakeholders help you mitigate risk?

They mitigate risk by their advice and by offering further resources for risk mitigation. Furthermore business partners work on a commission basis.

14. How do your stakeholders help you solve problems or give you advice how to run the business?
Happens during the reviews by challenging us on new opportunities and showing us risks.

15. Do you agree on many decisions?
Mostly.

Plugsurfing

1. Could you please tell me who the first stakeholders were who joined your business?

The first stakeholders who joined is our development team, because we outsourced our development. They joined us in a very early stage and from then two groups of stakeholder became really important to us. First of all our users, who signed up to use plugsurfing for the purpose of finding a charging point and the second group will be the provider of charging solutions. These will be car chargers manufacturers, charger providers. The providers are from a wide variety of organizations, they could be an energy company or just a commercial organization like IKEA.

2. At what stage of your business have the other stakeholders joined your venture?

It was actually n ongoing process. In the beginning the strategy was to show all the charging points in Europe. The charging points are coming from different providers, so we contacted them one by one and actual corporation on the website so we can show them the infrastructure so our users can find and use the charging point. Still more are coming up, so it is an ongoing process until we have them all. (Laughing)

3. Did you have a specific strategy to attract your stakeholders?

Yeah, I think we have. It is actually very simple. They invested in infrastructure of charging points. So customers want to find extra information about charging points. Things like who can use, how they can use it. All kinds of specific information is very valuable for the charging point provider. There is the information on the web, on the internet, because it will bring them more users. They also can find the data on our webpage.

4. Do you actively search for stakeholders to join your business?

It is ongoing process. We had a seed investor. We have the commitment of one investor. But is ongoing process..

5. How did you make the selection of your partners?

It really depends on the partner. They are quite many already. So far we hadn't experience things we would not like, but this is why we are young company. On the other hand, at this stage we cannot satisfy all partners at the same time. So we prioritize between different partners. We have smaller ones and bigger ones. We have some from different fields. We prefer the ones who are technological as they have more knowledge in the infrastructure. This would also attract more users

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?

It is a difficult questions. In a negative way, maybe no. I have an example. Sometimes a charger provider does not want to go all the way in displaying some data. We, of course, are users, we are always dealing with the interest of the users to show certain data and then you can have a charge point provider who says, okay, we can help you showing the data or we are not interested in the moment. But it doesn't affect us so much. It is more or less is their choice. If they don't share the information their competitor will have a better information displayed.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?

From B2B point of view it is a bit different. Yes of course, they might be some issues. In our case we always discuss and we come up with a mutual agreement. So far we hadn't had any problems there. They are important for the enlarging the network and for experience. I do not have to mention the money. So far, it has been very fruitful. From the users point of view: Yeah, we have one rule, we always stay independent. We do not do exclusive deals. We want to offer a service for everyone; every charge point provider can be on our webpage. We would never choose a bigger one that would exclude another one. It hasn't been the case so far.

8. How do the shareholders help you developing your business?

Yes, we accept all kind of advice. We want to have feedback from everybody. We always discuss our products with our investors, but also concepts, market trends, processes etc. We also think that go out and meeting people and talking to people is really beneficial. This is the best way to learn.

9. What type of resources do your stakeholders bring in to your company?

Their knowledge, experience, contacts. I consider this very valuable. Their feedback as mentioned before.

10. In what way do your shareholders contribute to your business and how do they influence your decisions?

I wouldn't say they influence our decision. Our concept is very clear, our goals are very clear. They do help us shaping ideas and do smaller steps. They sometimes help us defining interesting target groups. Also ideas how to look at different industries.

11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?

We have different opinions sometimes. We didn't have someone so far who dropped of. We have discussion mostly with our users, we have to deal with their wishes. How do system should work, how much information they should get, how do they acquire this information. There so many ideas, every user is so different. If so many users give ideas and if a user is not satisfied, we try to solve it. We give also personal attention.

12. Do your stakeholders support you to foster innovation and develop new ideas?

Yes, definitely!

13. Do your stakeholders help you mitigate risk?

I would say they give us incentive to do more risk. They tell us about opportunities and opportunities mean more risk.

For example when you engage with a big company, you learn how to work on a product, collaborate on the product. Your second thing is how to expand public relation and public relation. Sometimes there are differences, but you try to avoid this. Some could be reluctant to going public, so you have to deal with this.

14. How do your stakeholders help you solve problems or give you advice how to run the business?

Yes, in form of knowledge.

15. Do you agree on many decisions?

Yeah of course, there are always different opinions. But in the end, the goal is to make a decision and find a way which satisfies both parties. In the end there is always mutual understanding needed.

Solease

1. Could you please tell me who the first stakeholders were who joined your business?

We've started the company about a year ago. We worked half a year conceptually and half a year commercially. We still own 100% the company, so we are our informal investor. We were in a lucky position. It means we are still 100% shareholder of the company. If we talk about stakeholders, basically the whole value chain of the solar industry is our stakeholder. Typically the supplier we are talking to are module manufacturers, solar installers. Banks and insurance companies are also stakeholders. I think those are the most important stakeholders we have. Next to that other stakeholder we have …we do not have market access. We are not a consumer brand. So we actually work together with companies, which do have the market access. The ones we typically we will explore will be for example utility energy companies or housing corporations or sometimes companies you would not think first, for example do-it-yourself companies. But all of them have a market access in one way or another. Our market is private people, small and medium size enterprises and the local government. Our product is suitable for small scale projects in the Netherlands and it is suitable for electricity and the solar business case is more interesting.

Stichting Zonig Wagenningen is an association. We work with them on the SME part. Because the concept we have is quite novel, which is a solar leasing product. Risk free solar energy product. We work together with them, because the city council of Wagennigen wants to promote solar towards SME, but they have found a lot of uncertainty in the market, they are using us for selling this sort of a product. Because a lot of barriers are removed in our concept. The big investment, the whole exploitation risk is with us etc. etc. So we work together with those kinds of stakeholders and associations as well. We work together with various partners who for different reasons want to promote solar energy in the Netherlands.

2. At what stage of your business have the other stakeholders joined your venture?

Well we first started with a project for a local government and then a project, where we had to work together with stakeholders in each of those categories, so a module manufacturer, solar installer, charging company. So, the first project we worked on this is where we start to look for these stakeholder. For example the banks that would finance it were about 7 banks. So is not that we for financing reasons we would work only with one part, but for a project we look which partner is the most interested in the business.

3. Did you have a specific strategy to attract your stakeholders?

Well it is different per stakeholder. For the stakeholders with market access we are looking for elements, why it is interesting for them to promote solar energy, so for example the city council which has seen CO2 reduction targets, they like our initiative. For them it is easier to reach those CO2 reduction targets. So if we can find a common interest with our stakeholders that strategy is the best.

If we talk to a solar installer and we have for example potential business where we know what to do, obviously this is from a great interest for them, because this is an extra business for them.

4. Do you actively search for stakeholders to join your business?

If you mean stakeholders, do you mean investors or people who like to work together with us?

Investors or potential customers

Yes we do, we constantly search for stakeholders.

5. How did you make the selection of your partners?

It depends again on the stakeholders, but everyone who wants to provide part or a solution to our clients, we select them on the basis total cost of ownership. It has to be a balance between the quality of that supplier and the money they charge. But it does not necessarily mean we always work with the supplier who offers the cheapest price. We look for a supplier who can be there during the whole life cycle of the product, which is 30 years and he can provide the best value for the money. So quality for money is our key driver.

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?

Yes, yes. It also means that over time we've got to realize that certain supplier do not fit with our business and it does not mean that they are not good companies; it just means that they have a different strategy that does not match very well. They might be very successful, but it clashes with our values.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?

Well we found out that for example installers that installs for us, an investor that brings money and knowledge, but it does not work if they can exercise formal control on us, because then we are not be able to provide the best value for our clients. Sometimes it does not work because they main idea is to promote their product and not ours. We want to offer the best possible value for our clients, if that conflicts this is not a healthy situation. So it is not the amount of the usual suspects.

So you look at your strategy and look for the best fit.- *exactly.*

8. How do the shareholders help you developing your business?

Yes. Because if we can find a common objective, then our success is directly related to their success and if we can find that, it usually works.

For example there are associations in the Netherlands, which would like to use solar energy, as a way to get more members for their association. This is an ideal combination, if we have the innovative product they can sort of stamp in the market if they offer that. Their objective is to get more members for their association. Our objective is to give solar energy a good push in the Netherlands. It is not *conflicting interests but is supplementary. They strengthen each other. That is the best situation. We are stakeholders is another reason that just only giving solar energy a good push, but also for other reasons are interested in our success as well. We are trying to find stakeholders, so if they are successful, we are successful too. That works best.*

9. What type of resources do your stakeholders bring in to your company?

I *would say knowledge more than anything. Knowledge, market access , occasionally money, but usually they even does not come into play.*

10. In what way do your shareholders contribute to your business and how do they influence your decisions?

If it helps our vision, yes. So, it is not that we have a very rigid image of what we want to do and we do not listen to anyone. We do listen, but it always has to fit our vision. If it conflicts then we do not implement it. If we feel that there is value in the knowledge from this stakeholder, of course we will sort of take that knowledge and we will be happy for that offer.

11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?

So far, it has been very smooth. Whenever we fell that there might be clash in the objectives, we specifically decided not to work with each other. If we could have continued working, there would be difficulties. There will be a clash on the agenda. I think what we did well so far is to very early in the process decide whether or not we would add value to each other, whether or not we would create conflicts by working together. When you do this very early on in the process, even if it is difficult for example a company really wants to work with us. You have to have a very strong vision, to say no to that. It worked well till now, because we did the selection very early on and not while we were already working together. We had to say no to stakeholders and vice versa as well, that is fine.

12. Do your stakeholders support you to foster innovation and develop new ideas?

Well I think it is the other way around. We are talking to big banks and trying to let them see what this business is and what is it not through our eyes through our thinking, through our innovation. It does not mean that we never implement the ideas from the stakeholders, but if I would explain this in percentage I would probably say from the whole communication 80% of innovation is going to them and 20% is coming back.

13. Do your stakeholders help you mitigate risk?

Yes, that is one role they could take upon them. It says that usually they are companies or associations and what is a big risk for us, might be a risk for them. If there are interested in making our concept successful, we can actually move part of the risk from them.

14. How do your stakeholders help you solve problems or give you advice how to run the business?

They do. We actively ask for their advice as well. Knowing them, if they are the specialists in their area, who are to judge right? If you talk about installing a solar panel to our system, we do not believe that our knowledge is better than the one from the installers. But we are actively looking and asking them how they do it, why they do it. Sometimes we might say have you thought of doing it this and that. This is how 80% of the innovation is going back. But how it basically works they know it better than us. So if we do not replicate this in our company, but we want that we consult the specialists.

15. Do you agree on many decisions?

We do not have to meet them often, because if it works well, it works well. If it does not, either we have decided not to work together or we would have part leave them out from our process. We differ from other companies, because in the end decision is fully with us. We are still 100% owner of the company, we can decide whether or not we want to work with a supplier.

In our vision, only if we remain brand independent, then we can offer the best solution for our customer. If we had for example this module manufacturer as a shareholder in our company, the agenda of the module manufacturer would be to push their product, but this might not be in the interest of our clients. If our mission is that we always at any point in time we want to offer this possible solution for our customer, then we should not invite that stakeholder in our company.

Sunfire

1. Could you please tell me who the first stakeholders were who joined your business?

We basically do not have many stakeholders. A business angel is our stakeholder. We do not have a shareholder from supplier side or a customer side.

2. At what stage of your business have the other stakeholders joined your venture?

In the beginning, in the very beginning

3. Did you have a specific strategy to attract your stakeholders?

No, it happened more or less by accident. We got some contacts. We didn't have any specific strategy. But now we are in the financing round and we have looked at our supply chain and we have looked at the people who are complementary to us and now we are talking to some bigger companies, who want to join us. Because they want to build a product and we can supply a specific component for their technology.

4. Do you actively search for stakeholders to join your business?

Yes, continuously, we are always looking for customers.

5. How did you make the selection of your partners?

We could not choose, we have only our business angel. We cannot be very selective. We go to special fairs, we have our website. We search for companies, who are interested in our product.

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?

Yes, of course! If you go down the supply chain the stakeholder have always different point of views. We try to look on which stakeholder we depend more and we apply our strategy accordingly.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?

People who own the company are business angels as I said. But our customers do not control our company. We control the company ourselves.

8. How do the shareholders help you developing your business?

Yes, of course! We have a lot of stakeholders who believe in our future product and they are willing also to invest time and extra money. But yeah we also try to give us piece of advice.

9. What type of resources do your stakeholders bring in to your company?

It's mainly advice.

10. In what way do your shareholders contribute to your business and how do they influence your decisions?

Basically, it is they give us some advice. And we see that they are right and we try to follow their advice. But we do not do it just for the money.

11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?

Currently we do not have too big problems with our stakeholders. We try to talk with them.

12. Do your stakeholders support you to foster innovation and develop new ideas?

Well yes, but we should focus on our goal. We have to focus on our core product.

13. Do your stakeholders help you mitigate risk?

Yes of course, this is the advice they give us.

14. How do your stakeholders help you solve problems or give you advice how to run the business?

We have a project that we do together and we talk once a month via phone.

15. Do you agree on many decisions?

Yes!

Topell

1. Could you please tell me who the first stakeholders were who joined your business?

The first stakeholders were…the company was founded by co-founders. They were all individuals. The first significant shareholder was RWE , the utility company.

2. At what stage of your business have the other stakeholders joined your venture?

The other stakeholders joined later in 2008, after we had let's say after we attracted sufficient amount of capital. This is what you need so that people can take you serious by companies to talk with you about supply and energy.

3. Did you have a specific strategy to attract your stakeholders?

Not a specific strategy, but in our case we are a company making a new product – we deliver power through heat. For our company we needed to attract funds in order to execute our business plan and to execute these funds. If you go to an investor or to a bank they will tell you: okay, we understand that you are going to do something that is inevitably risky, technology risk. So first thing that the bank or the investors are going to do is to make a call to estimate the technology risk. The second thing they will do in order to minimize all other risks is they will tell you is: it will be great if you have a long term strategy so that we can estimate the market risk. What we did was a fixed term contract. So everything that we could do, possibly do to minimize risks for the investor and the bank is to set up a strategy, this is what you need to do. If you want to minimize the risk in your company the strategy is the thing you should do first. You talk to companies which are potential off takers of the product, biomass supplier, but also going to other companies in our case.

If you have a start up, the big ,big thing you are working on is money. Whatever you do to be able to get that money and that is to minimize risk. That is the driving force.

4. Do you actively search for stakeholders to join your business?

It is cold calling, that is what it is. If you want to sell a product to a utility company, you have to call an utility company. And it is easy enough to find the right guy. If you need stock, you are calling a biomass supplier. They are not many out there so you go to everyone. You are searching for the best selling price, the best purchasing price. It is behind your desk. Taking your phone or Cold calling that is what small companies are all about, not all about, but a lot of innovation is cold calling. You have to say what you want because nobody has heard of you .In the first two years nobody is calling you, you are not Apple, you are not Google, you are not interesting.

5. How did you make the selection of your partners?

One critical thing is the price, price is one important thing. To whom to do you sell - the one who pays most. From whom do you buy -the best price quality relationship, that is the no brain thing. In the case of small companies I think there is one additional thing –speed! Whoever wanted to deal with us lets say within one month where others take four months or whenever they wanted to do with us for *more than a year. We of course take care of the value but speed is an important thing if you are a small company and you try to accomplish what you want to do, like what we wanted to do. Because you know your company, you have people, employees, you need a certain amount of money and you lose money like hell. So speed is a quite important differentiator.*

6. Do you reckon that different point of views between you and your stakeholders might affect your business in a way?

For sure, that is a true case. It always means that your original business model can change. So our model has changed for example because when we started our business model was to be a fuel supplier. Our business model was to buy biomass, process it and then sell it. And then what we did all the time once we realized a) how huge the business would become and b) how difficult it would be and also how u r known. Once we defined the business and once we understood the difficulty of attracting finance and once we really came to understand lets say the critical capabilities of parties in the supply chain we sort of had to rethink our position in the supply chain and in our case we want to be the fuel supplier of that type of fuel we want, we believed it would be better to focus on the technology development that enables other companies to be the fuel supplier. And that is really the basis of not only a constant contact with stakeholders, it is more a general thing I guess. And we are a company that realizes that the business model that you had in mind is maybe not the most attractive or most useful or most affordable or most interesting business case.

What example in our case would be a utility company that is buying fuel from us might tell us that they don't want to buy free on board at the plant but they want to buy from u at their price at the other side of the ocean where their site is. So they basically ask you to be a transporter as well and take at least the transportation risk and transportation price. Do I really need to take care of the transport and take the transportation risk?

All the time is the big questions, the business model is fine but every once in a while you have to rethink if you are doing, still have the business model in the value chain.

7. How do you engage stakeholders in your business and to what extent do they have control on your business?

In our case, if you are a fuel supplier and selling to utility company, they don't have a direct control in the sense of stake or shareholder control, but yeah they obviously help you somewhere. Engaging them is how you make people enthusiastic, picking up your phone, cold calling and organizing, and making sure that other parties know about u. If sustainable energy supply is there are drivers. One driver is your direct contact with the utility company. Sometimes you have to take the train to The Hague and talk to people who are our law makers. You want to influence such and you want to hear their opinion about you and on value or not so high value, changes in law or regulatory frameworks. There are a lot of events around you. In our case we were making a new product and the way u r making that is talking to for example big consulting companies and making sure that these people who tend to be influential talk also about your product. So kind of spread the word. There are other ways like conferences and speeches and papers and also combining people. It is not only about engaging the stakeholders into your company but maybe also in the general product and also in a sustainable energy supply. You are ambassador for sustainable energy supply in general even more *specific ambassador for biomass based energy supply and even more specific in our case you are ambassador for torf based biomass and ambassador for Topell energy being a supplier for biomass. It is not only these four but you have to work on all thoughts. I will put it in this way, nobody gives a shit about Topell energy, is nobody talking about energy supplier and the value they offer, about affordability they offer.*

8. How do the shareholders help you developing your business?

The fact that we managed to get a long term contract with a company at the time enabled us to secure the bank finance for example. Without the bank finance we would not be able to build the plant. So very straightforward, very direct. They all have a key role. For a small company in our case we needed to have a lot of money, because we wanted to build the plant and everything needs to fit, the developer, the real estate, for the land – you need an engineering company, you need permits, one need a supply contract. It is like a gearing wheel. You are building and building, but you need all gearing wheels, so that you have something that works. If you have 9 out of 10 gearing wheels let's say, but not then u r missing the tenth, it does not work. So, then every stakeholder, the bank contractor, the land contractor, the engineering study, the permit by the government, you all need that and then it work. So the bank financing will come only when the bank tells you the financing will work, but you need the supply contract the land permit and so on. The venture capitalist will tell you I will give you venture capital, but you need to have bank financing, the permit and the anything else. The landlord will say I am fine with you and I will lend you the land and I will prepare the contract, but before I am signing the contract with you I want to have you all the other contracts. So that is then the whole thing.

Back to your question, they all want to engage. They never ever say this is not important gearing wheel, small ones and big ones they are all important.

9. What type of resources do your stakeholders bring in to your company?

Yeah, the funds are one thing – the venture capital funds, the bank funds. But it is more than that- it is the knowhow. It is opening doors to massive amount of information. Also advice and contact to huge corporations. And if you do a contract to utility company you are very curious to know how and what do they think of your product, and how does it work? That it goes far away, that is the feedback that is absolutely important for your product.

10. In what way do your stakeholders contribute to your business and how do they influence your decisions?

That is more or less like the previous questions. Only into the day to day contacts, you have the product translated to an engineering study. If I look to our major stakeholders, they have contributed to our business in every way.

11. Did you face difficulties with your stakeholder? If yes what are these? How did you solve the issues?

No we haven't. I must say we haven't had any difficulties with stakeholders. We had discussions, but that is not difficulties. One of the things I remember was in 2008, we had a discussion what sort of shareholders by example we have to attract. If need a strategic shareholder or a financial shareholder. The strategic shareholder would bring you knowledge and knowhow; the doubts are what of strategic stakeholder we need. Ok, we have one utility as a shareholder, then maybe other utility that we wanted to do business with regarded as neutral. We valued the possibilities and opportunities we had for superior information and feedback at highest level. But that is what we decided and what we had as an internal discussion. It worked really, really well for us. Generally speaking you ought to know what and why you do, if you decide not to go for strategic shareholders because it can bring a lot of value for the company.

We had discussion with stakeholders, but not difficulties. For example if some of them does not want to pay 9 but if you want 10, this makes you mad, but it is also part of growing up.

12. Do your stakeholders support you to foster innovation and develop new ideas?

You always need to go by plan. An initial plan, then a second plan. I think good stakeholders always follow you what your goal is and try to give feedback wherever you think there is a flaw, so this is also innovation. They are technology investors, they are really keen that you develop technology, because this is the value of the company. They drive for thinking and they try to make sure that you are doing a good thing. And that knowledge is translated maybe not to a product in any case but to IP, so you are safeguarding revenue base for the next year and the year after.

13. Do your stakeholders help you mitigate risk?

Yes, they do this by advising us, by informing us. If someone from RWE comes to our plant and points at things he wants to see differently and we have done differently that is mitigation. If also someone else comes and says I want a feedback on that product that is mitigating risk. If you have a large volume and we only come back to the conclusion that this is not really a product that people need then we have a big issue. So I think a continuous support, continuous information all these mitigate risk.

14. How do your stakeholders help you solve problems or give you advice how to run the business?

A small company does not have corporate governance. The governance board and the managing board and the supervisory board is not there. The supervisory board are the people. You can refine your way forward. That is the formal way. If you are young, small and innovative company, the managers are good in A and B but not necessarily experienced to C .We expect the management board to escalate the issues.

15. Do you agree on many decisions?

Yes, absolutely.