

## **Are You Building A Smart Venture? Key Sources And Actions For Knowledge-Driven Startups.<sup>1</sup>**

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*“Knowledge is of no value unless you put it into practice” - Anton Chekhov*

Knowledge is the quintessential resource for any entrepreneurial venture. Beyond survival and growth, knowledge is key for entrepreneurial innovation and thus critical for startups. All ventures start their journey with some amount of knowledge, generally from its founders, as most founders have accrued significant amounts of knowledge represented by technical skills and industry experience. Nonetheless, how can founders ensure that they are building knowledge-driven ventures that can survive without them?

To answer that question, we first need to understand that knowledge can take many forms. Indeed, founders are confronted with different sources of knowledge located both outside and inside their firms. Knowledge that is external to the venture may be technical, such as research and technologies developed by universities, governmental organizations or by other companies from different industries. In addition, external knowledge can also stem from the market, for example, information held by customers, suppliers, or by other stakeholders. In contrast, ventures can access knowledge located internally, which can be embedded in their members –such as skills, experience, and social connections– or in organizational structures such as products, prototypes, processes, patents, in-house developed software, and so on.

While external knowledge is difficult to access, internal knowledge is an owned resource and therefore, ready to use. However, while internal knowledge that is embedded in individuals might be readily available, it carries out a high dependency on those key members. Therefore, startups who wish to profit from knowledge over time should aim at incorporating external knowledge while ensuring it resides in the venture and not just in people’s minds.

This might sound easy, but it requires active management from founders. Here we summarize three main actions that can be critical for knowledge leverage success: scanning, transferring, and integrating.

First, founders need to scan new knowledge. Because startups are developing solutions while identifying a problem-market fit, founders might not know exactly

which information they need. That is why, by scanning knowledge founders explore different sources without spending much time or money acquiring it. This may be enabled by networking, searching for specific information, or implementing collaborative or cooperative arrangements.

Second, founders need to transfer knowledge from external to internal sources or among their members. This may result in the acquisition of new knowledge or the share of existing knowledge. Occasionally, the transfer of knowledge may turn detrimental. This occurs when internal knowledge leaks outside to competitors or other stakeholders. Transferring knowledge is a quick way to profit from those resources however it may not have a long-lasting effect.

Third, founders need to integrate knowledge within the firm. Actions oriented towards the integration of resources are especially suited to develop venture-level knowledge, or knowledge that is accessible to all members of the organization. Venture-level knowledge can be seen and used by anyone and is not bound to a specific set of individuals. Integrating knowledge may be enabled by creating new knowledge, storing knowledge for future use, or applying knowledge into the venture deliverables.

As seen, entrepreneurial actions on knowledge resources facilitate the transformation of knowledge that is external into knowledge that becomes internal. In addition, the selection of those actions may determine the placement of knowledge within the firm, with its corresponding consequences. Consequently, a startup not only needs skilful individuals or access to customer's feedback but a continuous activation of those resources to create and re-create its own.

Managing knowledge is a difficult challenge as knowledge may go unnoticed through the ups and downs of the entrepreneurial journey. However, being aware of the knowledge sources and the knowledge actions that are paving the road for your startup success may be a good starting point towards the development of a smart, self-standing organization.

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