Entrepreneurial Finance Management
in the German service sector

(Financial management as a pragmatic implementation approach for the easing of the capital scarcity of young service enterprises in Germany)

by

F. Roski

Submitted in part fulfilment of the requirements for the degree of Doctor of Business Administration
February 2012 [2013]
ABSTRACT

In Germany, business start-up persons in the service sector have experienced some difficulty in obtaining classical finance for start-up projects. Despite their importance for the national economy, these service-oriented entrepreneurs often lack expertise in financial management. Furthermore, no proven business models for start-up-specific financing requirements are available in the service sector to guide founders of new businesses. In an attempt to close this gap, the author develops an "entrepreneurial finance management (EFM) field of activity". This EFM-business model provides a description of the EFM-environment and the EFM-courses of action for business start-up persons in the service sector. Nine German business start-up persons are interviewed by means of a guide-supported expert survey. The collected data is analysed by applying a grounded theory strategy. The inductively generated patterns are synthesized and used to elaborate and to develop existing approaches to entrepreneurial finance. By doing this, it is hoped that they can be made more compatible with the needs of business start-up persons in the service sector in the German context. The detailed findings presented here show the target parameters of founders of business in the service sector (such as start-up motives, financial objectives and financial management strategies); the essential conditions (characterization and tasks of the financial manager, funding requirements of start-up service enterprises, and start-up financing); and the design parameters (CPDS-methods and instruments).

keywords: entrepreneurial finance management, capital preventing development strategy, financial management, bootstrap, start-up financing, start-up service enterprises, self-employment, start-up consultancy, German service sector, entrepreneurship, financial barriers, qualitative research, grounded theory
DECLARATION OF ORIGINALITY

I declare that my thesis entitled “Entrepreneurial Finance Management in the German service sector” and the work to which it refers are the results of my own efforts. Any ideas, data, images or text resulting from the work of others (whether published or unpublished) are fully identified as such within the work and attributed to their originator in the text or bibliography. This thesis has not been submitted in whole or in part for any other academic degree or professional qualification. I agree that the University has the right to submit my work to the plagiarism detection service TurnitinUK for originality checks. Whether or not drafts have been so-assessed, the University reserves the right to require an electronic version of the final document (as submitted) for assessment as above.

Signature:

Name in Print: FLORIAN ROSKI

Date: 02/13/2013
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>2</td>
</tr>
<tr>
<td>DECLARATION OF ORIGINALITY</td>
<td>3</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>4</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>6</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>8</td>
</tr>
<tr>
<td>LIST OF CONSTRUCT MAPS (CM)</td>
<td>9</td>
</tr>
<tr>
<td>INDEX OF DEFINITIONAL APPENDICES</td>
<td>11</td>
</tr>
<tr>
<td>INDEX OF METHODOLOGICAL APPENDICES</td>
<td>12</td>
</tr>
<tr>
<td>PERSONAL DEDICATION</td>
<td>13</td>
</tr>
<tr>
<td>ACKNOWLEDGMENTS</td>
<td>14</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>15</td>
</tr>
<tr>
<td>1 INTRODUCTION</td>
<td>18</td>
</tr>
<tr>
<td>2 OBJECT OF THE ASSIGNMENT</td>
<td>22</td>
</tr>
<tr>
<td>2.1 INTRODUCTION</td>
<td>22</td>
</tr>
<tr>
<td>2.2 OUTLINE OF PURPOSE OF THE RESEARCH PROBLEM</td>
<td>22</td>
</tr>
<tr>
<td>2.3 RESEARCH OBJECTIVES</td>
<td>28</td>
</tr>
<tr>
<td>2.4 RESEARCH QUESTIONS</td>
<td>30</td>
</tr>
<tr>
<td>3 OUTLINE AND PREPARATION OF ENTREPRENEURSHIP RESEARCH</td>
<td>31</td>
</tr>
<tr>
<td>3.1 INTRODUCTION</td>
<td>31</td>
</tr>
<tr>
<td>3.2 ENTREPRENEURIAL DEFINITIONS</td>
<td>31</td>
</tr>
<tr>
<td>3.3 CURRENT STATE OF ENTREPRENEURSHIP RESEARCH</td>
<td>42</td>
</tr>
<tr>
<td>3.4 ENTREPRENEURIAL FINANCE RESEARCH</td>
<td>45</td>
</tr>
<tr>
<td>3.4.1 Definitions for Finance</td>
<td>45</td>
</tr>
<tr>
<td>3.4.2 Current State of Research</td>
<td>54</td>
</tr>
<tr>
<td>4 CHARACTERISTICS OF THE OBJECT OF RESEARCH</td>
<td>62</td>
</tr>
<tr>
<td>5 DEPICTION AND PREPARATION OF THE RESEARCH CONTENTS</td>
<td>69</td>
</tr>
<tr>
<td>5.1 INTRODUCTION</td>
<td>71</td>
</tr>
<tr>
<td>5.2 TARGET PARAMETERS OF THE ENTREPRENEURIAL FINANCE MANAGEMENT</td>
<td>72</td>
</tr>
<tr>
<td>5.3 ENTREPRENEURIAL FINANCE MANAGEMENT CONDITIONS</td>
<td>76</td>
</tr>
<tr>
<td>5.3.1 The Entrepreneur as a Financial Manager</td>
<td>76</td>
</tr>
<tr>
<td>5.3.2 Funding Requirements of Start-up Enterprises in the Service Sector</td>
<td>78</td>
</tr>
<tr>
<td>5.3.3 Start-up Financing</td>
<td>81</td>
</tr>
<tr>
<td>5.4 ENTREPRENEURIAL FINANCE MANAGEMENT DESIGN PARAMETERS</td>
<td>84</td>
</tr>
<tr>
<td>6 RESEARCH METHODOLOGY</td>
<td>91</td>
</tr>
<tr>
<td>6.1 INTRODUCTION</td>
<td>91</td>
</tr>
<tr>
<td>6.2 RESEARCH APPROACH AND STRATEGY</td>
<td>91</td>
</tr>
<tr>
<td>6.3 RESEARCH DESIGN</td>
<td>97</td>
</tr>
<tr>
<td>6.3.1 Method of Data Collection</td>
<td>97</td>
</tr>
<tr>
<td>6.3.2 Method of Data Analysis</td>
<td>102</td>
</tr>
</tbody>
</table>
6.3.3 Quality Criteria of the Research Project 112

7 OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS 115

7.1 INTRODUCTION 115

7.2 FORMAL RESULTS OF THE SAMPLING AND CODING PROCEDURE 115

7.3 RESEARCH RESULTS OF THE EFM-FIELD OF ACTIVITY 117

7.3.1 Research Results of EFM-Target Parameters 118

7.3.2 Research Results of EFM-Conditions 129

7.3.2.1 The Financial Manager 129

7.3.2.2 Funding Requirements 137

7.3.2.3 Financing of Start-up Service Enterprises 144

7.3.3 Research Results of EFM-Design Parameters 155

8 CONCLUDING DISCUSSION AND PROSPECTS 173

9 REFLECTIVE DIARY 180

10 REFERENCES 186

11 APPENDICES 224

11.1 DEFINITIONAL APPENDIX 224

11.2 METHODOLOGICAL APPENDIX 265

11.3 CRITERIA CATALOGS BY MAYRING, STEINKE AND STRAUSS & CORBIN 317

11.4 RESEARCH PROJECT PLAN 321
LIST OF TABLES

TABLE 3.1: COMPARISON BETWEEN ENTREPRENEURS, MANAGERS AND INTRAPIRENEURS. .................. 32
TABLE 3.2: THE MOST IMPORTANT ITEMS OF A BALANCE SHEET. .................................................. 46
TABLE 3.3: A COMPARISON BETWEEN CORPORATE FINANCE AND START-UP FINANCE. ............. 48
TABLE 4.1: ENTERPRISE CLASSIFICATION SCHEME OF THE EU COMMISSION. ......................... 63
TABLE 4.2: POTENTIAL GERMAN LEGAL FORMS FOR START-UP ENTERPRISES. ......................... 65
TABLE 4.3: DEFINITION OF THE OBJECT OF RESEARCH. ................................................................. 67
TABLE 5.1: THE TASKS OF THE FINANCE MANAGEMENT. ............................................................... 77
TABLE 5.2: STRUCTURAL DATA OF START-UP SERVICE ENTERPRISES. ........................................ 78
TABLE 5.3: OVERVIEW OF THE TYPICAL FINANCIAL REQUIREMENTS IN THE COURSE OF TIME. .... 80
TABLE 5.4: CAPITAL SOURCES RELEVANCE FOR START-UP SERVICE ENTERPRISES .................. 83
TABLE 5.5: BOOTSTRAP INSTRUMENTS ACCORDING TO VAN AUKEK ............................................. 86
TABLE 5.6: BOOTSTRAP CATEGORIES, SOURCES AND INSTRUMENTS ACCORDING TO NEELEY .......... 87
TABLE 5.7: SEVEN BOOTSTRAP PRINCIPLES FOR SUCCESSFUL START-UPS ACCORDING TO BHIĐÉ .... 89
TABLE 6.1: START-UP CONSULTANTS’ OVERVIEW. ........................................................................ 100
TABLE 6.2: SETUP OF THE INTERVIEW GUIDE WITH REGARD TO THE CONTENT. ......................... 101
TABLE 6.3: HIERARCHY OF THE INTERVIEW GUIDE. ...................................................................... 101
TABLE 6.4: ANALYSIS MATRIX. .................................................................................................... 109
TABLE 7.1: SET-UP OF ANSWERING THE SPECIFIC RESEARCH QUESTIONS. ................................. 117
TABLE 7.2: BUSINESS START-UP PERSONS AND THEIR MOTIVES. ........................................... 120
TABLE 7.3: FINANCIAL MANAGEMENT OBJECTIVES OF BUSINESS START-UP PERSON. ............. 121
TABLE 7.4: STRATEGY-DETERMINING FINANCING CONCEPTS. ..................................................... 128
TABLE 7.5: FINANCIAL REQUIREMENTS REGARDING THE LIFE CYCLE STAGE. ............................ 142
TABLE 7.6: FINANCING SOURCE PROFILE OF BUSINESS START-UP PERSONS. ......................... 148
TABLE 7.7: FINANCING TYPES OF BUSINESS START-UP PERSONS IN THE SERVICE SECTOR. ....... 150
TABLE 7.8: BEP, FUNDING REQUIREMENTS AND CALCULATION METHOD. ............................... 153
TABLE 7.9: COMPARISON OF CPDS-INSTRUMENTS. ................................................................. 163
TABLE 7.10: FINANCING TYPES AND ORGANIZATION METHODS. ............................................. 169
TABLE 9.1: MS-EXCEL PROJECT MANAGEMENT TOOL. ................................................................. 180
TABLE 11.1: TIMELINE OF THE "ENTREPRENEUR" DEVELOPMENT ........................................... 226
TABLE 11.2: ENTREPRENEURSHIP DEFINITIONS. ......................................................................... 227
TABLE 11.3: BOOTSTRAP DEFINITIONS. .................................................................................... 228
TABLE 11.4: A LEGAL DISTINCTION: COMPANY- VS. EXISTENCE FOUNDERS. ..................... 232
TABLE 11.5: DEPICTION OF BALANCE SHEET RATIOS. .............................................................. 235
TABLE 11.6: DEPICTION OF PROFIT AND LOSS ACCOUNTS RATIOS. ........................................ 235
TABLE 11.7: UNIQUE CHARACTERISTICS OF SMALL BUSINESSES BY ANG. .............................. 236
TABLE 11.8: FIXED ASSETS ITEMS. ............................................................................................ 239
TABLE 11.9: CURRENT ASSETS ITEMS. ...................................................................................... 240
TABLE 11.10: OPERATIONAL COSTS ITEMS. ............................................................................... 240
TABLE 11.11: DIFFERENCES BETWEEN EQUITY- AND DEBT CAPITAL. .................................... 241
LIST OF TABLES

TABLE 11.12: DIFFERENT TERMS OF FINANCING ACCORDING TO THE HGB ......................................242
TABLE 11.13: SHORT-, MEDIUM- AND LONG TERM FINANCING INSTRUMENTS ........................................243
TABLE 11.14: OWNER’S CAPITAL-/PARTICIPATION FINANCING ...............................................................249
TABLE 11.15: COMPARISON OF PRIVATE EQUITY- AND VENTURE CAPITAL FINANCING .........................251
TABLE 11.16: ACCRUALS; GOODS PRODUCERS VS. SERVICE ENTERPRISES ..............................................254
TABLE 11.17: MOTIVE CLASSIFICATION AND OBJECTIVES ACCORDING TO MASLOW ...............................264
TABLE 11.18: POPULATION OF THE START-UP ENTERPRISES .....................................................................275
TABLE 11.19: MEMOS AND DIAGRAMS (CONSTRUCT MAPS) APPLIED WITHIN THIS DBA-THESIS .......310
TABLE 11.20: PEER DEBRIEFING WITH KfW-LISTED START-UP EXPERTS ..................................................311
TABLE 11.21: UNITS OF ANALYSIS ...........................................................................................................313
TABLE 11.22: TIME REQUIREMENTS FOR THE DATA COLLECTION AND ANALYSIS ..................................314
TABLE 11.23: FORMAL RESULTS OF THE DATA COLLECTION AND ANALYSIS ........................................315
TABLE 11.24: TIME REQUIREMENTS FOR THE PEER DEBRIEFING WITH START-UP CONSULTANCY .......315
TABLE 11.25: INTERVIEW GUIDE APPROACH ACCORDING TO PATTON ....................................................316
TABLE 11.26: EVALUATION OF THE DBA-THESIS ACCORDING TO MAYRING ........................................317
TABLE 11.27: EVALUATION OF THE DBA-THESIS ACCORDING TO STEINKE ...........................................318
TABLE 11.28: EVALUATION OF THE DBA-THESIS ACCORDING TO STRAUSS AND CORBIN .................319
TABLE 11.29: THE RESEARCH ROAD MAP ..................................................................................................321
LIST OF FIGURES

FIGURE 1.1: CONCEPT MAP: RESEARCH PROJECT .................................................. 20
FIGURE 2.1: DEVELOPMENT OF EMPLOYEES IN GERMANY IN PER CENT ........ 24
FIGURE 2.2: FINANCIAL BARRIERS FOR START-UP ENTERPRISES ..................... 25
FIGURE 3.1: ENTREPRENEURSHIP CLASSIFICATION ORGANIGRAM ................. 36
FIGURE 3.2: FINANCIAL MANAGEMENT IN AN ENTERPRISE ............................. 51
FIGURE 4.1: GUTENBERG’S CLASSIFICATION OF THE PRODUCTION FACTORS .... 62
FIGURE 4.2: LOCATION OF THE SAMPLER ENTERPRISES .................................. 64
FIGURE 4.3: PHASES OF BUSINESS DEVELOPMENT ........................................... 66
FIGURE 4.4: SCOPE OF ENTREPRENEURIAL FINANCE MANAGEMENT ............. 66
FIGURE 5.1: ENTREPRENEURIAL FINANCE MANAGEMENT FIELD OF ACTIVITY (EFM-MODEL) ................................................................. 70
FIGURE 5.2: MOST IMPORTANT MOTIVES FOR THE START-UP OF AN ENTERPRISE ................................................................. 72
FIGURE 5.3: IMPORTANCE OF THE SOURCES OF FUNDS FOR SMEs ............... 83
FIGURE 5.4: CLASSIFICATION OF CPDS-INSTRUMENTS ..................................... 88
FIGURE 5.5: CLASSIFICATION OF CPDS-METHODS .......................................... 90
FIGURE 6.1: GT PHENOMENON-INDICATOR-CONCEPT-MODEL ....................... 103
FIGURE 6.2: THE CODING PROCEDURE OF THE DBA-THESIS ......................... 105
FIGURE 7.1: START-UP CAPITAL EQUIPMENT VS. PRESSURE TO OPERATE COST-COVERING ................................................................. 124
FIGURE 7.2: POINT OF COST COVERING (ON A MONTHLY BASE) .................... 124
FIGURE 7.3: SUM OF COSTS VS. USE OF CAPITAL .......................................... 125
FIGURE 7.4: SET-UP OF THE OPERATIVE COSTS ............................................ 126
FIGURE 7.5: EXISTENCE-SECURING BREAK-EVEN-POINT ............................... 127
FIGURE 7.6: DEGREE OF PLANNING .................................................................. 131
FIGURE 7.7: PRIVATE FINANCIAL SITUATION VS. PRESSURE TO OPERATE COST-COVERING ................................................................. 145
FIGURE 7.8: FINANCING SOURCES USED FOR THE START-UP FINANCING ....... 146
FIGURE 7.9: CURRENT ENTERPRISE FINANCING ............................................ 147
FIGURE 7.10: INFLUENCE OF SUBSIDIES GRANTED BY THE UNEMPLOYMENT OFFICE ON THE BEP ................................................................. 149
FIGURE 7.11: JUDGEMENT OF THE FINANCING OPTIONS IN GERMANY ......... 154
FIGURE 11.1: DERIVATION OF CONSTITUTIVE CRITERIA .................................. 230
FIGURE 11.2: PREPARATION OF THE BUSINESS RATIOS ............................... 234
FIGURE 11.3: CHARACTERISTICS OF ENTERPRISE OBJECTIVES ....................... 236
FIGURE 11.4: CLASSIFICATION OF ENTERPRISE OBJECTIVES .......................... 237
FIGURE 11.5: RELATIONSHIPS BETWEEN THE MAIN FINANCIAL OBJECTIVES .......................... 237
FIGURE 11.6: THE ROLE OF THE ENTREPRENEURIAL FINANCE MANAGER .... 238
FIGURE 11.7: FINANCING FORMS ACCORDING TO THE SOURCE OF FUNDS BY LECHNER ................................................................. 241
FIGURE 11.8: RESEARCH PROJECT PLAN: MILESTONE DECLARATION ............. 322
FIGURE 11.9: EXTRACT: PROJECT MANAGEMENT CONTROLLING TOOL .......... 323
| CM 6.1: Exemplary excerpt of the construct map coding of the first interview           | 108 |
| CM 7.1: The characteristics of the start-up service enterprises                  | 116 |
| CM 7.2: Start-up motives                                                          | 119 |
| CM 7.3: Financial management strategies for start-up service enterprises          | 122 |
| CM 7.4: Self-evaluation of the financial competences                              | 130 |
| CM 7.5: Organization of the flow of financial resources                           | 134 |
| CM 7.6: Monitoring of the flow of financial resources                             | 135 |
| CM 7.7: Control of the flow of financial resources                                | 136 |
| CM 7.8: Calculated start-up funding requirements                                  | 137 |
| CM 7.9: Calculation methods of the funding requirement                            | 139 |
| CM 7.10: Difficulties with the correct forecast of the funding requirements       | 139 |
| CM 7.11: Reasons for the correct forecasts of the funding requirements             | 140 |
| CM 7.12: Most important financing requirements of start-up service enterprises    | 143 |
| CM 7.13: Break-even points of the start-up service enterprises                    | 144 |
| CM 7.14: Financial situation of the business start-up persons before the start-up | 144 |
| CM 7.15: Business partners as an operational area                                 | 157 |
| .................................................................................................................... | 157 |
| CM 7.16: Vendors as an operational area to keep financial requirements low         | 157 |
| CM 7.17: Family & Friends as an operational area                                   | 157 |
| .................................................................................................................... | 157 |
| CM 7.18: Financial inst. as an operational area to keep financial requirements low | 158 |
| CM 7.19: Public inst. as an operational area to keep financial requirements low    | 158 |
| CM 7.20: Customers as an operational area to keep financial requirements low      | 158 |
| CM 7.21: Employees as an operational area to keep financial requirements low      | 158 |
| CM 7.22: Owners as an operational area to keep financial requirements low         | 159 |
| CM 7.23: Business partners as an operational area to improve the money inflow     | 160 |
| CM 7.24: Vendors as an operational area to improve the money inflow               | 160 |
| CM 7.25: Family & Friends as an operational area to improve the money inflow     | 160 |
| CM 7.26: Financial inst. as an operational area to improve the money inflow       | 160 |
| CM 7.27: Public inst. as an operational area to improve the money inflow          | 161 |
| CM 7.28: Customers as an operational area to improve the money inflow             | 161 |
| CM 7.29: Employees as an operational area to improve the money inflow             | 162 |
| CM 7.30: Owners as an operational area to improve the money inflow               | 162 |
| CM 7.31: CPDS-planning-methods                                                    | 164 |
| CM 7.32: CPDS-organization method: preparatory operation method                   | 165 |
| CM 7.33: CPDS-organization method: anticipatory operation method                 | 166 |
| CM 7.34: CPDS-organization method: customer-oriented operation method            | 167 |
| CM 7.35: CPDS-organization method: proactive operation method                    | 168 |
| CM 7.36: CPDS-organization method: delegation-oriented operation method          | 168 |
CM 7.37: CPDS-MONITORING METHODS ............................................................. 171
CM 7.38: CPDS-CONTROL METHODS .............................................................. 171
CM 11.1: TARGET PARAMETERS OF THE EFM ........................................... 297
CM 11.2: THE CONDITIONS OF EFM (PART 01) .......................................... 297
CM 11.3: THE CONDITIONS OF EFM (PART 02) .......................................... 298
CM 11.4: CPDS-INSTRUMENTS TO KEEP THE MONEY REQUIREMENTS LOW ................................................................. 298
CM 11.5: CPDS-INSTRUMENTS FOR THE IMPROVEMENT OF THE MONEY INFLOW ......................................................... 299
CM 11.6: THE CONDITIONS OF EFM ............................................................. 299
CM 11.7: CPDS-METHODS ......................................................................... 300
CM 11.8: START-UP FINANCIAL OBJECTIVES ............................................ 305
CM 11.9: PLANNING OF THE FLOW OF FINANCIAL RESOURCES ............ 305
CM 11.10: LIFE CYCLE-RELATED FUNDING REQUIREMENTS ...................... 306
CM 11.11: FINANCING SOURCES ................................................................ 306
CM 11.12: CURRENT ENTERPRISE FINANCING ........................................... 307
INDEX OF DEFINITIONAL APPENDICES

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>German legal &quot;entrepreneur&quot; definitions</td>
<td>224</td>
</tr>
<tr>
<td>2</td>
<td>Timeline of the &quot;entrepreneur&quot; development</td>
<td>226</td>
</tr>
<tr>
<td>3</td>
<td>Entrepreneurship definitions</td>
<td>227</td>
</tr>
<tr>
<td>4</td>
<td>Bootstrap definitions</td>
<td>228</td>
</tr>
<tr>
<td>5</td>
<td>The development of the service definition</td>
<td>229</td>
</tr>
<tr>
<td>6</td>
<td>German &quot;entrepreneurship&quot; translations</td>
<td>231</td>
</tr>
<tr>
<td>7</td>
<td>Business ratios: Service enterprises vs. Goods producers</td>
<td>233</td>
</tr>
<tr>
<td>8</td>
<td>Characteristics of small businesses</td>
<td>236</td>
</tr>
<tr>
<td>9</td>
<td>Enterprise-objective classification concepts</td>
<td>236</td>
</tr>
<tr>
<td>10</td>
<td>Financial objectives by Peridon and Steiner</td>
<td>237</td>
</tr>
<tr>
<td>11</td>
<td>The role of the entrepreneurial finance manager</td>
<td>238</td>
</tr>
<tr>
<td>12</td>
<td>Definition of fixed and current assets and the operational costs.</td>
<td>239</td>
</tr>
<tr>
<td>13</td>
<td>Differences between the type of capitals</td>
<td>241</td>
</tr>
<tr>
<td>14</td>
<td>Financing forms according to the source of funds</td>
<td>241</td>
</tr>
<tr>
<td>15</td>
<td>The suitability of outside financing for business start-up person.</td>
<td>242</td>
</tr>
<tr>
<td>16</td>
<td>The suitability of inside financing for business start-up person.</td>
<td>252</td>
</tr>
<tr>
<td>17</td>
<td>Support programmes for start-up service enterprises</td>
<td>257</td>
</tr>
<tr>
<td>18</td>
<td>CPDS-instruments classification</td>
<td>258</td>
</tr>
<tr>
<td>19</td>
<td>CPDS-methods classification</td>
<td>259</td>
</tr>
<tr>
<td>20</td>
<td>Information asymmetry - Capital acquisition obstacles by Scott</td>
<td>260</td>
</tr>
<tr>
<td>21</td>
<td>Uncertainty - Capital acquisition obstacles by Scott</td>
<td>261</td>
</tr>
<tr>
<td>22</td>
<td>Motive definitions</td>
<td>262</td>
</tr>
<tr>
<td>23</td>
<td>Motive and objective classification by Maslow</td>
<td>264</td>
</tr>
</tbody>
</table>
# INDEX OF METHODOLOGICAL APPENDICES

<table>
<thead>
<tr>
<th>Index Number</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meth. Appendix 1</td>
<td>Interview Guide</td>
<td>265</td>
</tr>
<tr>
<td>Meth. Appendix 2</td>
<td>Population of the start-up service enterprises</td>
<td>275</td>
</tr>
<tr>
<td>Meth. Appendix 3</td>
<td>Email by Goss - Development of interview questions</td>
<td>277</td>
</tr>
<tr>
<td>Meth. Appendix 4</td>
<td>Excerpt of the Research Diary</td>
<td>278</td>
</tr>
<tr>
<td>Meth. Appendix 5</td>
<td>Initial interview transcription of the first interview</td>
<td>279</td>
</tr>
<tr>
<td>Meth. Appendix 6</td>
<td>Coding list of the first interview</td>
<td>293</td>
</tr>
<tr>
<td>Meth. Appendix 7</td>
<td>Construct map coding of the first interview</td>
<td>297</td>
</tr>
<tr>
<td>Meth. Appendix 8</td>
<td>Initial categories scheme of the first interview</td>
<td>301</td>
</tr>
<tr>
<td>Meth. Appendix 9</td>
<td>Supplementary construct maps</td>
<td>305</td>
</tr>
<tr>
<td>Meth. Appendix 10</td>
<td>Principles to develop interview questions by Arksey &amp; Knight</td>
<td>308</td>
</tr>
<tr>
<td>Meth. Appendix 11</td>
<td>Interview code of conduct by Kvale</td>
<td>309</td>
</tr>
<tr>
<td>Meth. Appendix 12</td>
<td>Transcription regulations by Kuckartz et al</td>
<td>310</td>
</tr>
<tr>
<td>Meth. Appendix 13</td>
<td>List of memos and diagrams applied within this DBA-thesis</td>
<td>310</td>
</tr>
<tr>
<td>Meth. Appendix 14</td>
<td>Structure of the research diary</td>
<td>311</td>
</tr>
<tr>
<td>Meth. Appendix 15</td>
<td>KfW-listed start-up consultants (Peer debriefing)</td>
<td>311</td>
</tr>
<tr>
<td>Meth. Appendix 16</td>
<td>Guideline for a debriefing session by Lincoln &amp; Guba</td>
<td>312</td>
</tr>
<tr>
<td>Meth. Appendix 17</td>
<td>Units of analysis</td>
<td>313</td>
</tr>
<tr>
<td>Meth. Appendix 18</td>
<td>Formal results of the data collection and -analysis</td>
<td>315</td>
</tr>
<tr>
<td>Meth. Appendix 19</td>
<td>Time requirements for the peer debriefing</td>
<td>315</td>
</tr>
<tr>
<td>Meth. Appendix 20</td>
<td>Characteristics of a case study approach by Nisbet &amp; Watt</td>
<td>316</td>
</tr>
<tr>
<td>Meth. Appendix 21</td>
<td>Characteristics of an interview guide approach by Patton</td>
<td>316</td>
</tr>
</tbody>
</table>
I dedicate this DBA-thesis to my father, who died on 10/12/2010(†) and to my sister Anne-Kathrin whom I have found again.
I thank Prof. Dr. Dr. David Goss and Prof. Dr. Jean Chen, who supervised this DBA thesis. I thank all the business start-up persons and the start-up consultants for giving me the opportunity to write this thesis and for their professional advice. Special thanks goes to my mum who motivated me at any time, and to Susanne and Tabea who allowed me the time to realize this research project. I would like to thank everyone who supported me in writing this thesis.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALG I</td>
<td>Arbeitslosengeld (engl. unemployment benefit); tariff class I</td>
</tr>
<tr>
<td>ALG II</td>
<td>Arbeitslosengeld (engl. unemployment benefit); tariff class II</td>
</tr>
<tr>
<td>a. M.</td>
<td>am Main</td>
</tr>
<tr>
<td>BEP</td>
<td>Break-Even-Point</td>
</tr>
<tr>
<td>BGB</td>
<td>Bürgerliches Gesetzbuch (engl. German Civil Law Code)</td>
</tr>
<tr>
<td>Cf.</td>
<td>confer / compare</td>
</tr>
<tr>
<td>Cm</td>
<td>construct map</td>
</tr>
<tr>
<td>CPDS</td>
<td>capital preventing development strategy</td>
</tr>
<tr>
<td>DIHK</td>
<td>Deutscher Industrie- und Handelskammertag (engl. German Association of Chambers of Commerce and Industry)</td>
</tr>
<tr>
<td>ec</td>
<td>equity capital</td>
</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>EStG</td>
<td>Einkommenssteuergesetz (engl. Income Tax Law)</td>
</tr>
<tr>
<td>Dc</td>
<td>debt capital</td>
</tr>
<tr>
<td>DCCB</td>
<td>delayed cost-covering business start-up person</td>
</tr>
<tr>
<td>Def.</td>
<td>Definition</td>
</tr>
<tr>
<td>Dipl.-Kfm.</td>
<td>Diplomkaufmann (German counterpart of the MBA)</td>
</tr>
<tr>
<td>Dipl.-Vw.</td>
<td>Diplomvolkswirt (Master of National Economy)</td>
</tr>
<tr>
<td>DtA</td>
<td>Deutsche Ausgleichsbank</td>
</tr>
<tr>
<td>ed.</td>
<td>editor, edition, edited by</td>
</tr>
<tr>
<td>EFM</td>
<td>entrepreneurial finance management</td>
</tr>
<tr>
<td>e.g.</td>
<td>for example (from the Latin exempli gratia)</td>
</tr>
<tr>
<td>Engl.</td>
<td>English</td>
</tr>
<tr>
<td>EStG</td>
<td>Einkommenssteuergesetz (engl. German Income Tax Law)</td>
</tr>
<tr>
<td>etc.</td>
<td>and so forth (from the Latin et cetera)</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EXPERT</td>
<td>transcripted feedback from the start-up consultants according to the research results / “peer debriefing with start-up experts”</td>
</tr>
<tr>
<td>FB</td>
<td>former business start-up person</td>
</tr>
<tr>
<td>GewO</td>
<td>Gewerbeordnung (engl. German Trade Law)</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GT</td>
<td>grounded theory</td>
</tr>
<tr>
<td>GUM</td>
<td>Gesellschaft für Unternehmensberatung und Mikrofinanzierung (engl. association for business consultancy and micro lending)</td>
</tr>
<tr>
<td>HGB</td>
<td>Handelsgesetzbuch (engl. German Commercial Code)</td>
</tr>
<tr>
<td>HR</td>
<td>human resources</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>I</td>
<td>Interviewee</td>
</tr>
<tr>
<td>ICCB</td>
<td>instant cost-covering business start-up person</td>
</tr>
<tr>
<td>i.e.</td>
<td>that is (from the Latin id est)</td>
</tr>
</tbody>
</table>
| IHK          | *Industrie- und Handelskammer*  
(engl. German Chamber of Industry and Commerce) |
| lin          | interview identification number |
| inst.        | Institution |
| ISO          | International Organization for Standardization |
| KfW          | *Kreditanstalt für Wiederaufbau*  
(engl. German Bank for Reconstruction and Development) |
| KMU          | *Kleine- und Mittelständische Unternehmen*  
(engl. SME) |
| lat.         | Latin |
| l.n.         | line number |
| M & A        | mergers and acquisitions |
| MBA          | Master of Business Administration |
| Meth.        | Methodological |
| no.          | Number |
| NUI          | Neue Unternehmerische Initiative  
(engl. New Entrepreneurial Initiative) |
| NY           | New York |
| NV           | Neeley and Van Auken |
| P            | Page |
| PEF          | private equity financing |
| POCC         | point of cost-covering |
| q.n.         | question number |
| R            | Researcher |
| S            | Speaker |
| Sb           | Somebody |
| SGB          | *Sozialgesetzbuch*  
(engl. Social Security Code) |
| SME          | small- and medium-sized enterprise |
| SNCCB        | still-not cost-covering business start-up person |
| SPD          | *Sozialdemokratische Partei Deutschlands*  
(Social Democratic Party of Germany) |
| Sth          | Something |
| UK           | United Kingdom |
| UstG         | *Umsatzsteuergesetz*  
(engl. Value Added Tax Act) |
<p>| VAT          | value added tax |</p>
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCF</td>
<td>venture capital financing</td>
</tr>
<tr>
<td>Vol.</td>
<td>Volume</td>
</tr>
<tr>
<td>v.</td>
<td>von (German title of nobility)</td>
</tr>
<tr>
<td>ZEW</td>
<td>Zentrum für Europäische Wirtschaftsförderung (engl. Centre for European Economic Research)</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

"Entrepreneurial finance" refers to an entrepreneurial problem area that has been a topic of interest in Germany since the 1990s. According to the "DIHK - Gründerreport 2011", 44% of entrepreneurs that were questioned by the Chamber of Industry and Commerce in Germany in 2010 (a total 361,058 entrepreneurs) reported that they had underestimated the seed capital needs and the current cost structure. Forty per cent of the interviewees said they had overestimated the turnover expansion. In addition, 42% reported that they had not given enough thought to the financing of their start-up projects (Evers, 2011, p10). Sternberg explains that the lack of access to financial sources, or, rather, to a beneficial financial management plan is one of the main obstacles for entrepreneurs (Sternberg, 2007, p38).

"Starting a business with limited funds requires a different strategy and approach than launching a well-capitalized venture.... Principles and practices imported from the corporate world will not serve them" (Bhidé, 1992, p229).

Both finance and entrepreneurship are very important fields of economic research with increasing practical relevance. Start-up enterprises are regarded as the main-spring for structural changes, economic growth, and employment because there is a significant dependency between the number of start-ups and the economic growth of a country (Engelmann, 2001, p329). For the development of the above-mentioned effects, the number of business start-ups has to be higher than the business failure rate. However, insufficient financial planning, the lack of access to financial resources, as well as the inexperienced management of funds endanger the survival of young enterprises. Therefore, responsible and adequate entrepreneurial finance management skills are one of the crucial success factors for entrepreneurs. They must restrict spending, find inexpensive ways to build the required assets, and manage their growth to conserve cash. In terms of the macroeconomic perspective and the number of business start-ups, the service industry is particularly important. In 2010, more than three-quarters of all start-ups in Germany were service enterprises (Institut für Mittelstandsfoorschung Bonn, 2012). Ang states that small "businesses are a heterogeneous group" and require a more type / organization specific research (Ang, 1991, p13). This motivates the author (of this thesis) to explore the management of financial resources by the entrepreneur-owners in the start-up stage and first stage of the life cycle of service businesses.
The findings (in the field of entrepreneurial finance management) are not only expected to lead to an in-depth understanding but also to a further development of the subject among business start-up persons and entrepreneurial consultants. Entrepreneurship research is still a very young academic discipline in Germany. In particular, the financial management - as a pragmatic implementation approach for the easing of the capital scarcity of young service enterprises in Germany - is a research field hardly explored. Therefore, it is the objective of the author to develop a theoretical approach within the framework of a qualitative explorative enquiry. The research question “How should entrepreneurial finance management work, as an approach for the easing of the capital scarcity (capital preventing development) of German start-up enterprises in the service sector?” is in the centre of the research. The author intends to gather the essential data by means of a multiple-case study research parallel to a critical analysis of the existing publications. Thereby, the data is extracted by semi-standardized (guided) expert interviews with founders of a business in the service sector. Subsequently, the data is analysed within the scope of a grounded theory strategy. This analysis is aimed at the discovery and the need to gain deeper insight into these phenomena. Furthermore, various financing preferences of business founders are characterized by contrasting the interview cases. The systematically extracted results are then presented to a group of start-up experts in order to achieve an independent evaluation of the research findings.

Within the frame of this research project, the author develops an integrated entrepreneurial finance management field of activity for business founders in the German service sector. This EFM-field of activity provides the description of the EFM-environment and the EFM-courses of action for founders of business in the service sector, who intend to implement their business model in spite of tight financial resources. The research findings illustrate the target parameters (start-up enterprise financial objectives, start-up motives and financial strategies of the business start-up persons in the service sector), conditions (the entrepreneur as financial manager, his or her funding requirements and the arrangement of the start-up financing as the influencing aspects of the action process) as well as design parameters (CPDS-instrument and methods) regarding the financing of start-up enterprises in the service sector.
Finally, the research results of this thesis show how business start-up persons in the service sector can use their restricted financial resources carefully and in the best possible way for the enterprise development. The following figure illustrates the outline of the research project:

Figure 1.1: Concept map: Research project.

Chapter two (OBJECT OF THE ASSIGNMENT) delimits the research field and clarifies how the current research questions arose and which benefits can be provided with the findings of the research project. After this, the still coarsely outlined problem is examined in more detail.

Chapter three (OUTLINE AND PREPARATION OF ENTREPRENEURSHIP RESEARCH) documents the current state of research in the relevant areas “Entrepreneurship” and “Entrepreneurial Finance / Entrepreneurial Finance Management”.

Source: Developed for this research project and based on Novak (Novak, 1998, p22).
Chapter four (CHARACTERISTICS OF THE OBJECT OF RESEARCH) draws explicit attention to the unit of analysis. The characteristics of the entrepreneurial service companies are elaborated and it will be declared how start-up service businesses can be distinguished from goods producers.

Chapter five (DEPICTION AND PREPARATION OF THE RESEARCH CONTENTS) details the existing knowledge of the specific field "Entrepreneurial Finance Management" with emphasis on the capital preventing development of start-up enterprises in the service sector as the specific research topic of this work.

Chapter six (RESEARCH METHODOLOGY) contains the outline and reasoning of the methodology used.

Chapter seven (OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS) illustrates and evaluates the research findings.

Finally, chapter eight (CONCLUDING DISCUSSION AND PROSPECTS) deals with the implementation of the research objectives. Moreover, various further research approaches are explained.

Chapter nine (REFLECTIVE DIARY) pictures the author's personal impressions and experiences gained in the course of the DBA-programme at the University of Surrey.

Chapter ten (REFERENCES) presents the list of references arranged in alphabetical order.

Chapter eleven (APPENDICES) envelops detailed definitions, interview abstracts, memos, diagrams and further evidence / material that supports the understanding of the interested reader and the quality of the DBA-thesis. The author closes the appendix with a research project plan of the DBA thesis.
2 OBJECT OF THE ASSIGNMENT

Let us learn what we can learn, because it is already there; others invented it for us. Let us add what we can add to leave more than we have received, so that we can take an appreciated place in the great school of mankind (Herder, 1783, p84).

2.1 INTRODUCTION

The author starts his research project with the outline of the research problem by focusing on the literary review. After framing the theme, the author prepares the determined research field and completes his research approach by defining the research objective and the research questions of the DBA thesis.

2.2 OUTLINE OF PURPOSE OF THE RESEARCH PROBLEM

The aim of this section is to illustrate and delimit the topic of the thesis, and to describe the relevance of the “entrepreneurial finance management in the German service sector”. Thematically, this refers to central subject areas such as the economical relevance of entrepreneurs, the importance of the German service sector and current problems with entrepreneurial finance.

The Economic Relevance of Entrepreneurs:

In the 1950s, neoclassical writers such as Solow (1956) saw long-term economic growth as exogenously determined. However, this has given way to an endogenous growth theory, which sees the main growth factors in the production of new technologies and human capital (Arnold, 1997). This confirms Schumpeter’s notion of the term “innovation” as the source of power for economic development (Schumpeter, 2008, p234). According to Schumpeter, innovations are the most important factor for internal change in the capitalist growth process and therefore a trigger of economic change (Schumpeter, 2008, p4). Most importantly, innova-
tions are mainly introduced by new enterprises (Schumpeter, 2008, p104). This has been confirmed by more recent writers:

"The positive and statistically robust link between entrepreneurship and economic growth has been indisputably verified across a wide spectrum of units of observation, spanning the establishment, the enterprise, the industry, the region, and the country" (Thurik and Wennekers, 2001, p2).

As a result, confronted with rising concerns about unemployment, jobs, growth and international competitiveness in global markets, policy makers have responded to this new evidence with a new mandate to promote the creation of new businesses, i.e., entrepreneurship" (Thurik and Wennekers, 2001, p2). The European Union Commission reports that (for definition see table 4.1) 0.2% of all European enterprises are large enterprises, 1.1% medium-sized ones, 7.1% small enterprises and that 91.5% of all European enterprises are micro-sized enterprises. 99.8% of all European enterprises provide 67.1% of all workplaces (Europäische Kommission, 2008, p5). This suggests that the "entrepreneur is the single most important player in a modern economy" (Lazear, 2002, p1). The importance of entrepreneurship for national growth, and the importance of small enterprises for employment have been proved in numerous empirical studies, publications and reports (Bass, 2006, p2; Bundesministerium für Wirtschaft und Technologie, 2010, p1-2; Gottschalk, 2011, p13-26).

The Importance of the German Service Sector:

In 1954, Jean Fourastié developed the model of the three sectors, which can be used to describe the development of a national economy: agrarian; industrial; and tertiary (Fourastié, 1954, p135-136). The "tertiary sector" is frequently called service sector and has gained importance in most developed countries. The process of this structural change is characterized by a considerable increase in employment in the service sector, as the following figure shows:
Germany, an agricultural society until the end of the 19th century, developed itself into an industrial society in the seventies of the 20th century. The expansive tertiary sector then overtook the secondary sector in the 1970s and since then Germany has been considered a service economy. However, considerable structural changes have taken place within the very heterogeneous tertiary sector in the past years. In the past, more consumer-oriented services (business-to-consumer services), as well as trade and catering trade were mainly used by private persons and households. Today, however, the emphasis is on business-to-business services. It is obvious that a “general decline in manufacturing and the substantial growth of the service sector resulted in smaller-sized businesses becoming more important and efficient” (Beaver, 2002, p2).

Financial Barriers for Start-Up Enterprises:

The macroeconomic analysis of the small business sector points out that the startups are being confronted with various business problems that considerably affect their economic stability and in this way endanger their positive economic role. The economic weaknesses originate from the operational area of management and lead to organizational, sales, marketing and financial problems. However, financial problems are considered to be most serious due to their strong influence on the remaining operational areas. An effective supply with financial resources is the basis for any economic activity (Kück, 1990, p23). Various empirical studies
confirm that the financial barriers and the management and know-how barriers in particular are the main problems business start-ups are confronted with (Dowling, 2002, p17-28; Krauss et al., 2000; Vitanen, 1996, p11). The specific financial barriers of start-up companies are represented in figure five. Each point is briefly elaborated below:

Figure 2.2: Financial barriers for start-up enterprises.

- **Equity capital and self-financing:**

A current inquiry among 286 founders of new businesses by the *IHK Würzburg-Schweinfurt* confirms that one of the main obstacles regarding the foundation of new enterprises is problems that result from insufficient privately owned capital and unpropitious earning possibilities (IHK Main-Franken, 2010, p1). Therefore, the property situation of the business start-up person and/or the business start-up team is one of the critical success factors. Business start-up persons of businesses with a small equity capitalization are often not able to survive in periods of crisis. In addition, a small equity base can prevent necessary investments from being made.

- **Credit financing / missing collaterals:**

An enterprise survey carried out by the German Bank for Reconstruction and Development (*KfW*) in 2005, found that the main reasons for bank credit rejections for SMEs\(^1\) were inadequate securities, inadequate equity capitalization, slender earnings power, too risky investment projects and inadequate business plans.

---

\(^1\) SME = Small and medium-sized enterprises.
Irrespective of the industrial sector, start-ups imply a high risk with respect to financing considerations, especially the risk of default in the case of insolvency (Dieterle and Winckler, 1990, p276).

- **Earnings power of start-up enterprises:**

  In the early stages, small service enterprises do not belong to the big surplus-gaining, strong-earning economic groups (Günterberg and Kayser, 2004, p13). One reason for the low earning power is that, in relation to larger units, small enterprises hardly participate in cost structure improvements according to the economies of scale. Very often these small enterprises are characterized by missing profits brought forward from the previous year, overestimated earning power and the failure to achieve the BEP. At the same time, start-up enterprises in particular generally operate in highly competitive market situations (Kück, 1990, p26).

- **The size of start-up enterprises:**

  Financing restrictions may be imposed on start-up enterprises due to their small size. In general, they are too small in order to be able to ask for attractive amounts of capital for the financing of the current and noncurrent assets. Their capital demand lies below a certain minimum limit, which prevents investors from providing financial resources as their profit perspective is not promising enough (GUM², 2008).

- **Information asymmetry and uncertainty:**

  “Regardless of the type of financing, source of financing, or the amount of financing, two basic characteristics of the exploitation of entrepreneurial opportunities influence the resource acquisition process - uncertainty and information asymmetry” (Scott, 2003, p161).

  According to Scott, information asymmetry creates “four obstacles to capital acquisition” (Scott, 2003, p165-166): (1) Non-disclosure difficulties; (2) Opportunism; (3) Excessive risk taking and (4) Adverse selection. Concerning uncertainty, Scott describes “three obstacles to capital acquisition” (Scott, 2003, p166-167): (1) The inability to evaluate; (2) Bargaining problems and (3) the need to collateral. Together these factors make it more difficult for small enterprises to establish market credibility and trust that enable easier access to capital funding oppor-

---

² GUM = Gesellschaft für Unternehmensberatung und Mikrofinanzierung
tunities. Frequently, this results in a slower development than might otherwise be the case.

- **Financing of start-up service enterprises:**

In the great majority of cases, small enterprises are settled in the retail market, craft and service area. Here, the small companies or start-ups have the necessary flexibility and business efficiency which they cannot provide in the classical producing industry due to their limited capacities and the missing scale profits. The service industry in particular relies not so much on non-current assets than on current assets and employ workers in a greater proportion (see def. appendix 7: Business Ratios: Service Enterprises vs. Goods Producers). From the finance perspective, this specification is problematic in two ways: on the one hand, the required amount of capital is smaller than in the producing industry. On the other hand, the financial resources that are invested in current assets e.g. for financing the receivables and the wages, provide less primary collateral security in general and, apart from that, hardly provide artificial liquidity. Therefore, the financing of current assets, which is important for small enterprises and start-ups, is more difficult (Kück, 1990, p24).

- **Financial management competences:**

In addition to the lack of start-up capital, most business start-up persons do not possess the necessary management knowledge and business competence required to manage a young company. The majority of the entrepreneurs are comparatively young; launching a start-up directly after graduation is not uncommon (Fischer, 2004, p11). According to a survey by Krauss et al. (2000, p58) among potential start-up investors, 31% of the interviewees consider the lack of financial management competences as one of the biggest entrepreneurial deficits.

In total, the small enterprises are subject to various restrictions in the financing field. Therefore, effective measures for the improvement of the financial management of small units are necessary to facilitate financing (Kück, 1990, p28; Fischer, 2004, p11).
2.3 **RESEARCH OBJECTIVES**

Following the pragmatical approach of a DBA-thesis, it is necessary to elaborate a pragmatic objective parallel to a theoretical one:

The *theoretical objective* of this research project results from the gap of research that is mentioned in chapter three. In general, the literature about entrepreneurial finance management in Germany is rather limited and restricted (Nathusis, 2001, p27). Despite its importance, the financing of start-up enterprises in the service sector does not seem to be in the focus of the scientific world. There is only one government-initiated survey on the financing of start-up service enterprises conducted by the *Bundesministerium für Wirtschaft und Technologie* (Federal ministry for Economics and Technology) (Kulicke, 1999). Although service businesses employ more than two-thirds of all employees in Germany (see figure 2.1), and despite the fact that the start-up financing (e.g. Evans and Jovanovic, 1989; Görisch et al., 2002 and Wolf, 2006) and inexpert financial management competencies (e.g. Saxton and Landström, 2000) are the main obstacles for business start-up persons, no proven statements or business models for start-up specific financing models exist for the service sector (Fischer, 2004; Sexton and Landström, 2000; Nathusius, 2001). Therefore, this thesis aims at developing an integrated alternative financing approach: capital preventing development strategy / bootstrapping (CPDS) - for German start-up service enterprises in the form of an entrepreneurial finance management field of activity. In the Anglo-American world, the capital preventing development strategy is known as bootstrap financing (Wolf and Ossenkopf, 2005) or, briefly, bootstrapping. The importance of bootstrapping for technology-based start-up companies has been illustrated in various studies (e.g. Freear et al., 1995; Lahm, 2005; Neeley, 2003 and Van Auken, 2005). In Germany, there are no explicit research studies / surveys in the field of CPDS for start-up companies in the service sector (Wolf, 2006). Furthermore, Winborg and Landström have mentioned that “bootstrapping is a phenomenon which deserves more attention in future research on small business finance” (Winborg and Landström, 2001, p2). Therefore it seems appropriate to develop an integrated financing model for start-up service enterprises in Germany on the basis of the capital preventing development approach / bootstrap approach.
The **pragmatic objective**: the initial situation of the unit of analysis (start-up enterprises in the service sector) and the practical setting of this research project are described as follows: Despite the financial crisis, the start-up financing has already been scarcely achieved, the business concept is fixed, customers and supplier relationships have been established. Generally, the market penetration has not been completed, important competitors have not been shaken off, and the enterprise has to and wants to work profitably in order to survive or to keep on developing. In this special start-up / first-stage of the development of the start-up enterprise, the availability of financial resources commonly is the bottleneck factor for the entrepreneurs and a lot of professional knowledge and creativity is needed to bridge this stage. In general, the initial start-up funding is fixed and cannot be influenced significantly to improve chances of business development. However, the management of the financial resources can be affected. The author intends to investigate the objectives, strategies, tasks, methods and instruments within the field of the entrepreneurial finance management entrepreneurs apply in order to achieve their company objectives. The process of entrepreneurial finance management from the entrepreneur’s perspective is in the center of this research project.

The following research questions aim at analysing EFM in German start-up enterprises in the service sector. A field of activity and a summary of instruments and methods of how a capital preventing financing strategy could work will be developed on this basis.
2.4 Research Questions

Guiding research question:

How should entrepreneurial finance management, as an approach for the easing of the capital scarcity (capital preventing development) of German start-up enterprises in the service sector, work?

Specific research questions:

a) What are the financial (management) objectives and strategies of German start-up enterprises in the service sector with regard to the current financial barriers?

b) Which qualities does an entrepreneurial finance manager have to possess and which are the tasks that have to be fulfilled in this position?

c) Which are the internal financial funding gaps/shortages that start-up enterprises in the service sector face within the start-up and first-stage phase of their business venture?

d) How do entrepreneurs in the service sector design their start-up financing in practice?

e) Which financial management methods and instruments exist and can be taken into consideration for a capital preventing development strategy in the German service sector?
3 OUTLINE AND PREPARATION OF ENTREPRENEURSHIP RESEARCH

"A joke says that elephants are easy to recognize, but quite difficult to define" (Illeris, 1989, p8). The same is true for entrepreneurs!

3.1 INTRODUCTION
The present chapter summarizes the development of entrepreneurship research, with the main focus on entrepreneurial finance. The classification and breakdown of the technical term "entrepreneurship" as a field of research and the delimitation / definition within the framework of the current research turns out to be rather complex. Entrepreneurship is a relatively young discipline, which constitutes quite a broad field of research. As German entrepreneurial research differs considerably from the Anglo-Saxon one, and because many of the expressions involved in this context overlap in their meanings in both the English and the German language, repetition cannot be avoided.

3.2 ENTREPRENEURIAL DEFINITIONS
The lack of a common framework for defining "entrepreneurs" and "entrepreneurship" makes it more difficult to agree on one internationally recognised definition because different countries pursue different objectives through entrepreneurship. Thus, no single definition can satisfy all these requirements. Therefore, the author tries to develop a kind of understandable framework. The terms manager / management, entrepreneur / entrepreneurship and intrapreneur / intrapreneurship will be prepared accordingly and compared in order to make a clear distinction between these terms. A negative definition explains a certain term by defining surrounding terms and explaining what it is not (see also def. appendix 5: The development of the service definition). Within the scientific literature, this procedure is widely accepted and referred to as a scientific stopgap (Corsten, 1997, p21). However, in combination with an enumerative definition approach it can lead to a
workable understanding of what entrepreneurship involves (see as well as def. appendix 5: The development of the service definition).

**Manager vs. Entrepreneur vs. Intrapreneur:**

Why is a comparison between entrepreneurs, managers and intrapreneurs necessary for a clear definition of the term “entrepreneurship”? Wickham states that the “difficulty lies not so much in giving entrepreneurs a role, but in giving them a role that is distinct from that of ‘conventional’ employed managers” (Wickham, 2004, p6). Aiming at the clarification of what entrepreneurs do or rather to distinguish the entrepreneur from conventional employed managers, Hisrick and Peters (2002) as well as Dessler (2005, p13) have established key distinctions between entrepreneurs, managers and intrapreneurs:

Table 3.1: Comparison between entrepreneurs, managers and intrapreneurs.

<table>
<thead>
<tr>
<th></th>
<th>entrepreneurs</th>
<th>managers</th>
<th>intrapreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>motivation</td>
<td>Independence, creativity, opportunity and money. An entrepreneur receives uncertain rewards.</td>
<td>Bonus and other classical enterprise rewards, e.g. management position and power. A manager gets both fixed rewards and a salary.</td>
<td>Independence and the opportunity of being promoted within the company. An intrapreneur receives both fixed rewards and a salary.</td>
</tr>
<tr>
<td>enterprise stage</td>
<td>An entrepreneur is involved in the start-up process. Early stage.</td>
<td>A manager is involved in running the business over a long period of time. Later stage.</td>
<td>Later stage / second growth phase of the enterprise development.</td>
</tr>
<tr>
<td>time orientation</td>
<td>5 to 10 years</td>
<td>Short-term, weekly-, monthly- and annual budget.</td>
<td>Between entrepreneurship and the classic management.</td>
</tr>
<tr>
<td>activity</td>
<td>Direct involvement, hands-on mentality.</td>
<td>Delegation and more control than direct involvement.</td>
<td>More direct involvement than the manager.</td>
</tr>
<tr>
<td>risks</td>
<td>An entrepreneur assumes financial, material and psychological risks.</td>
<td>A manager has to bear few risks.</td>
<td>Calculated risks.</td>
</tr>
<tr>
<td>status</td>
<td>Status symbols do not matter.</td>
<td>Status symbols play an extremely important role.</td>
<td>Status symbols do not play an important role. Strive for independence.</td>
</tr>
<tr>
<td>handling “mistakes”</td>
<td>Mistakes are accepted.</td>
<td>Try to eliminate mistakes and surprises.</td>
<td>“Attempts to hide risky projects from view until ready”.</td>
</tr>
<tr>
<td>decisions</td>
<td>Decisions are also influenced by visions / dreams.</td>
<td>Decisions are only made with the permission of the superior.</td>
<td>“Able to get others to agree to help achieve dreams”.</td>
</tr>
<tr>
<td>for whom does … work</td>
<td>For oneself and for the customers. An entrepreneur is his own boss.</td>
<td>For various others. A manager is a hired employee.</td>
<td>For oneself, for the customers and for the sponsors.</td>
</tr>
<tr>
<td>family history</td>
<td>The family members have worked within small enterprises.</td>
<td>The family members have worked within a large company.</td>
<td>The family members have worked within small enterprises.</td>
</tr>
</tbody>
</table>

Source: Adapted from Hisrick and Peters (2002) and Dessler (2005, p13).

In view of the comparison above, it becomes clear that managers resemble entrepreneurs in some personality traits. However, they also differ from each other, e.g. in their value system and their abilities as well as in the methods they use. Entrepreneurs are said to rely on intuition and their subjective convictions. They act...
less in accordance with rational or scientific principles in the decision-making processes than a manager. They are often said to be more individual, more flexible and also more opportunistic than a manager in consolidated or bureaucratic organizations. Entrepreneurs often expect other things of life: more freedom and more possibilities to put their abilities into action (Cromie and Johns, 1983, p317-324). To sum it up, the entrepreneur intends to realize his or her vision or business plan through experience as well as through a permanent and flexible adjustment to the market dynamics (a dynamic management type). In comparison, intrapreneurship is a kind of a hybrid discipline. Intrapreneurs try to build companies within companies. Their objective is "to effect change, by developing new ideas, procedures or products, by innovating practice and thereby enhancing the business" (Kneale, 2003). However, they are company employees and do not take the personal entrepreneurial risk (financial, material and psychological risks). The concept of intrapreneurship spells out the smooth transition from management to entrepreneurship, but has its own challenges as well (change management).

Manager & Management:
In the following the term "manager / management" is defined. On the one hand, this is necessary to clearly differentiate between management and entrepreneurship. On the other hand, the term "management" is essential as it is a constitutive component of further important definitions within this thesis (see 3.4.1.2 Financial Management & Entrepreneurial Finance Management). Nowadays, Anglo-Saxon and German management science characterize the concept of management from two different perspectives: First, management can be understood as an institution (institutional perspective) and second, as a complex set of tasks that must be fulfilled in order to control the organization (functional perspective) (Steinmann and Schreyögg, 2005, p6). A functional management view is applied in the present thesis in order to derive practical action recommendations for appropriate entrepreneurial management activities (in terms of organizing and leading activities). In consideration of the functional interpretation of management, the literature often ties in with the operational functional areas (e.g. procurement, manufacturing, sales, financing). This aspect, well-known in German business studies, was also used by M.E. Porter (1986) in his considerations about competitive edges and
added value. Management as an institution describes a group of persons that acts with directive competences within the organization. Therefore, all members of the organization who perform superior functions from the master craftsman to the chairman of the board of management belong to the management (Steinmann and Schreyögg, 2005, p6). Szyperski (1974, p12) interprets management as planning, organization and controlling. The characteristic function of the manager is the decision-making function within the enterprise (Düfler and Jöstingermeier, 2008, p1). The objective-orientated organization and the controlling of the activities of an enterprise as well as the specification and definition of operational objectives are seen as the central business tasks in the modern economic literature (Ulrich and Fluri, 1995, p13), (Schreyögg, 2000, p1) and (Bea, Dichtl, Schweitzer, 2001, p1). Since the functional perspective does not consider “disturbing factors” such as the external and internal insecurity of start-up enterprises, the author comes back to the system-theoretical approach of the “St. Galler Management Model” (Brettel et al., 2006, p5). This model takes into consideration both the enterprise and the described / outlined management function as a complex socio-technical system that is in a mutual relationship with the frequently dynamic environment (Brettel et al., 2006, p37). The model is understood as a useful "map" for the own orientation and is to help understand important terms and concepts in the general context of management (Rüegg-Stürm, 2003, p71). The St. Galler Management Model distinguishes three categories of management procedures, which are partly used in this paper (Rüegg-Stürm, 2003, p70-73):

(1) Normative management procedures: This level concerns the general objectives of the enterprise, with principles and norms that are in line with the economic viability and development options of an enterprise (Bleicher, 1996, p73).

(2) Strategic management procedures: this level concerns the development of a strong strategy as a result of the strategic planning (Bleicher, 1996, p73).

(3) Operational management procedures: The term “operational” refers to the tasks of the immediate handling of / dealing with everyday business and particularly to the efficiency of the management of tight resources. Operational management is supposed to result in efficient processes and problem solution routines (Rüegg-Stürm, 2003, p72). Operational management procedures can be divided
into leadership, quality management and financial management (Behr et al., 2004, p111-137).

Normative, strategic and operational management procedures can be subdivided into long-term, medium-term and short-term activities (Brettel et al., 2006, p46). In their study, conducted among 307 start-up enterprises, Brettel et al. investigate the influence of the operational management on the success of young enterprises. The results confirm the relevance of the operational management for success, both under external and internal uncertainty. He suggests that instead of relying on the planning focus offered by many start-up manuals, the entrepreneur should pay special attention to operational control because this management function exhibits the strongest positive effect (Brettel et al., 2006, p1). In general, start-up enterprises are threatened by market eliminations on a large scale. However, operational management with its instruments, the securing of an efficient handling of tight resources, and the control of the enterprise development are essential distinguishing features between successful and less successful start-up enterprises (Brettel et al., 2006, p2). For the further development of the thesis, the author considers "management" as:

- An object-orientated task,
- Decision-making within the enterprise,
- The specification and definition of operational objectives,
- Planning, organization and control,
- According to the St. Galler Management Model as normative, strategic and operational management procedures and

- A complex of tasks that must be fulfilled to control the organization in terms of forming and leading activities.

**Intrapreneur & Intrapreneurship:**

In this section, the focus lies on the definition of the term "intrapreneur / intrapreneurship". By defining this term, the negative definition approach of the term entrepreneur / entrepreneurship is completed. Pinchot (1985) defines the term "intrapreneurship" as entrepreneurial activities within an organization. "Intrapreneurship is the art of working within an organization to effect change by developing new ideas, procedures or products, by innovating practice and thereby enhancing
the business” (Kneale, 2003). Govindarajan and Trimble explain “intrapreneurship” as a short form of *internal entrepreneurship*. A company is not always founded for the realization of new ideas. The same potential lies in the application of entrepreneurship principles within existing organizations. According to dynamic market conditions, it is required that every company’s structure be subject to continuous change, also from the inside out (Govindarajan and Trimble, 2005, p20-34). Therefore, the intrapreneur is the inner-organizational revolutionary; he or she constantly questions the status quo and fights for changes and the renewal of the system from the inside. This can produce certain frictions within the organization. Intrapreneurship is a fairly new management technique which involves encouraging entrepreneurial behavior inside large business organizations. In his work, Burgelman also proposes a definition: Corporate entrepreneurship refers to the process whereby firms engage in diversification through internal development. Such diversification requires new resource combinations to expand the firm’s activities in areas unrelated or only marginally related to its current domain of competence and opportunities (Burgelman, 1983). This definition can be compared with the one proposed by Sharma and Chrisman: Corporate entrepreneurship is the process whereby an individual or a group of individuals in association with existing organizations create a new organization or instigate renewal or innovation within that organization (Sharma and Chrisman, 1999). Sharma and Chrisman classify the various entrepreneurial derivations:

Figure 3.1: Entrepreneurship classification organigram.

Source: Based on Sharma and Chrisman (1999, p13).
The initial approach according to a common understanding of entrepreneurship is the entrepreneurial management of "start-up firms", listed below independent entrepreneurship. The counterparts according to the operational area are the intrapreneurship and the intrapreneurial management. Figure 3.1 shows the most common entrepreneurial variations and represents the complexity of the entrepreneurship field and the accompanying problems with a clear and uniform definition of what entrepreneur and entrepreneurship mean. Entrepreneurs are not only people who founded a start-up.

**Entrepreneur & Entrepreneurship:**

This section is concerned with the development of an integrated definition of entrepreneurship and entrepreneur. It outlines the great variety of approaches that have been made to characterize the entrepreneur over the past decades, highlighting the lack of agreement on a fundamental definition. The expression "entrepreneur" is extensively used, both in everyday language and as a technical term in management and economics. Many entrepreneurial experts have established various definitions for the term "entrepreneur" (see def. appendix 2: Timeline of the "entrepreneur" development and see def. appendix 3: Entrepreneurial Definitions). Indeed, the term "entrepreneur" came to Europe from the Anglo-American linguistic area. Its initial roots lie, however, in France (Casson, 1990). The translation of the French verb "entreprendre" means "etwas unternehmen / undertake" (Güttler, 2000, p151). The Irish banker Richard Cantillon, who lived in France during the 18th century, presented the first theory of entrepreneurship in his "Essai sur la nature du commerce en général", published in 1730 (Steven and Blume, 2008, p640). He understood an entrepreneur as someone, who buys goods and services for a certain price in order to sell them later, and, if possible, to a higher price and to take a non-insured risk. An "entrepreneur" was an individual commissioned to undertake a particular commercial project on behalf of an investor. In its earliest stages, this usually meant an overseas trading project (Wickham, 2004, p5).

"Such projects were risky, both for the investor (who could lose money) and for the navigator-entrepreneur (who could lose a lot more!). The intertwining of the notions of entrepreneur, investor and risk is evident from the start" (Wickham, 2004, p5).
A number of concepts derived from the idea of the entrepreneur.

"The idea that the entrepreneur is someone who undertakes certain projects offers an opening to developing an understanding of the nature of entrepreneurship. Undertaking particular projects demands that particular tasks be engaged in with the objective of achieving specific outcomes and that an individual take charge of the project" (Wickham, 2004, p5).

"Whereas English speakers identify entrepreneurship with new, small business, the Germans identify it with power and property, which is even more mistaking. The "Unternehmer" - the literal translation into German of "entrepreneur" - is the person who both owns and runs a business (the English term would be "owner-manager")" (Drucker, 1985, p25).

The German concept of the "Unternehmer" is a very wide field for self-employed persons, business start-up persons, start-ups, owner-managers of family companies, innovative managers in general up to executive boards in large enterprises. This leads to a versatile understanding of the term "Unternehmertum" and covers all forms of entrepreneurial activities. In reverse order, the innovative aspects of the entrepreneurial concept, the entrepreneurial initiative and the foundation or the start-up phase of an enterprise is not covered by the German concept of "Unternehmer" (Faltin, 2003, p1). Therefore, there is no exact German expression that captures the full meaning of "entrepreneurship". Furthermore, the historical analysis of the term "entrepreneur" from a German perspective reveals that the actual strange and seemingly fashionable term is clearly older than the German concept of the "Unternehmer", which was first used at the turn of the 19th (Redlich, 1964, p171). The definition of the "entrepreneur / Unternehmer" within the German law also provides a non-homogeneous definition of the entrepreneurial concept. The term "Unternehmer / entrepreneur" in the legal sense seems to be adapted as a figurative expression to the purpose of the legislator (see def. appendix 1: German legal "entrepreneur" definitions). On the one hand, this shows the "complexity" of the German law system, but on the other hand it becomes obvious that there is no standardized understanding of the term "entrepreneur". Offering an exact and unambiguous definition of the entrepreneur presents a challenge, not because definitions are not available but because there are so many of them. In def. appendix 2, an overview is given over the development of the entrepreneur's role over the centuries, from the beginnings of the entrepreneurial research up to now. In addition, def. appendix 3 gives an overview over some current entrepreneurship definitions. These definitions and the research on the entrepreneurship reveal relative-
ly conflicting perceptions, especially regarding creativity and innovation. In each case, the definitions were designed on the basis of the country specific and individual research emphases. In Germany, there is also a great number of German entrepreneur / -ship translations, which are connected to traditional definition attempts and to country-specific influence features: "Selbständigkeit" (English: self-employment), "Existenzgründung" (English: existence foundation), "Unternehmensgründung" (English: company foundation) (Malek and Ibach, 2004, p105) or "Gründungsmanagement" (English: entrepreneurial management) (Dowling and Drumm, 2002, p11-12). These terms are illustrated in "def. appendix 6: German "entrepreneurship" translations". In spite of a missing German counterpart, the terms "Gründer" (English: business start-up person) and "entrepreneur" form a logical difference for most German-speaking authors. According to Klandt (1999, p121), they even show an extensive conformity, because the foundation of an enterprise is understood as one of the most important core activities of an entrepreneur. Nevertheless, both concepts are not identical: a business start-up person can, but does not necessarily have to be an entrepreneur. Vice versa an entrepreneur can be a business start-up person, however, he or she need not, but can unfold his or her qualities as an entrepreneur in an already established and therefore large enterprise. Even though foundations are mostly being associated with small size enterprises, this does not have to be the case in combination with entrepreneurship (Sternberg, 2000, p20-21).

The entrepreneur as the person responsible for the entrepreneurial management (German: Gründungsmanagement) has to take over and solve a great number of entrepreneurial tasks, particularly in the seed or rather the start-up phase. Concerning the creation of new company structures (as factor combinations), the entrepreneur can be called an 'original business start-up person / entrepreneur' more precisely (Kollmann, 2005, p171). Stober describes entrepreneurial management as the process of the formation and early development of enterprises from an economical perspective (Stober, 2006). In this case special attention is given to company start-ups. In addition, it has to be mentioned that in numerous scientific articles dealing with entrepreneurship, however, the term is not clearly defined. Moreover, a foundation-orientated understanding is increasingly widely used. Attention has to be paid to an additional factor concerning the basic understanding
of entrepreneurship: the term entrepreneurship currently finds increasing entry into the general German linguistic usage. State business promotion for start-ups, as for example the EXIST programme by the German State Ministry of Economic Affairs and Technology, contributes to the perception of the topic of the entrepreneurial independence, particularly in the fields of education and science. The business press shows a tendency in the same direction. Not only does it appear possible, but even more reasonable for the purpose of an unambiguous understanding, to link the German entrepreneurship concept with the foundation context (Kollmann, 2005, p169).

Müller attempts to identify the entrepreneur according to certain personality features. In a research project carried out by the University of Koblenz-Landau, differences between personality traits of dependent employees, and those of entrepreneurs could be ascertained and the personal qualification of a potential business start-up person can be assessed. According to Müller, these personality traits are: (1) the need for achievement, (2) internal locus of control, (3) eagerness of independence, (4) a general driving force, (5) the ability to work under pressure, (6) emotional stability, (7) analytical problem solving orientation, (8) intuitive problem solving orientation, (9) risk taking propensity, (10) uncertainty tolerance, (11) assertiveness and (12) social adaptiveness (Müller, 2010, p5). Goss also states that "the antithesis of the active entrepreneur is the passive employee" (Goss, 2008, p128). Accordingly, Goss identifies four "categories of action" that altogether contain the core dimensions of entrepreneurial activity:

(1) "Being active rather than passive, particularly in relation to opportunity exploitation" (Goss, 2008, p126),
(2) "Being sufficiently confident to 'stand out' by taking an unconventional or risky course of action" (Goss, 2008, p127),
(3) "Being persistent in such action, even in the face of opposition or skepticism" (Goss, 2008, p127),
(4) "Being able to secure others' support for a new or uncertain enterprise" (Goss, 2008, p127).

In his trailblazer-dissertation, Ripsas finds out that a shift of the entrepreneurship concept from an accentuation of the entrepreneur character to a multi-dimensional definition has taken place in the USA and that various aspects of enterprise foundations equate with the foundation process (Ripsas, 1997, p55). According to
Shane and Venkataraman, the process-orientated view of the research field contains the following subsections (Shane and Venkataraman, 2000, p217-226):

- **The Entrepreneurial Event*** "... involves the creation of a new organization to pursue an opportunity",
- **The Entrepreneurial Process*** "... involves all functions, activities, and actions associated with the perceiving of opportunities and the creation of organizations to pursue them" and
- **The Entrepreneur*** "... is someone who perceives an opportunity and creates an organization to pursue it."

Finally, the author condenses the wide range of various studies according to the definition of entrepreneurship to a list of key points which describe what entrepreneurship is and which are used as the workable definition for this DBA-thesis. On the one hand, these key points are the positive aspects of the negative definition of what entrepreneurship is not. Apart from that, this list gives an enumerative definition as the core of the various entrepreneur / entrepreneurship definitions. Accordingly, entrepreneurship can be characterized by:

- **The use of opportunities,**
- **Risk taking (financial risks),**
- **Management of resources,**
- **The creation of working places,**
- **Development and utilization of innovations / new factor combinations and**
- **Proactiveness.**

For entrepreneurship in an original sense one has to add:

- **The creation of new and independent enterprises.**

The main focus of this work lies more on the process-orientated view of entrepreneurship and less on the question, which personality traits a person must possess.

---

3 Kreiser et al. (Kreiser et al., 2002, p78) define "proactiveness" as the "aggressive execution and follow-up actions to drive an enterprise toward the achievement of its objectives by whatever reasonable means required". A characteristic of a proactive enterprise therefore involves aggressive and unconventional tactics towards rival enterprises in the same market segment (Knight, 1997, p213-225).
in order to be a good entrepreneur and how these properties affect the enterprise course / development of the enterprise. According to the German understanding, the concepts entrepreneurship and "Gründungsmanagement" (English: entrepreneurial management in the sense of foundation management) are used synonymously. According to the Anglo-Saxon understanding the entrepreneur can act, however, as intrapreneur in the same way within an enterprise and introduce new business models (Kollmann, 2005, p171).

3.3 CURRENT STATE OF ENTREPRENEURSHIP RESEARCH
Section 3.2 develops a workable approach to defining what entrepreneurship involves. After determining the object of research, the field of "entrepreneurship research" is to be characterized as the general research field of this DBA-thesis and as the upper discipline regarding "entrepreneurial finance research". The section begins with a general delimitation and classification of entrepreneurship research. In the process, the development of the limited entrepreneurship research, particularly in Germany, will be illustrated. Finally, the author presents various categorizing approaches regarding entrepreneurship research with the objective to demonstrate the stage of development of this research discipline.

Entrepreneurship has been the subject of scientific research for a long time (Cantillon 1755; Say 1805; Schumpeter 1934). Especially the economic sciences (Picot et al. 1989), psychology (Brockhaus, 1980, p509-520) and sociology (Brüderl, et al. 1996) have participated in this area of research. In Germany, entrepreneurship research is still a relatively young scientific discipline. In contrast to the USA, where the first university department of entrepreneurship was founded in 1963, such a department was not founded in Germany until 1998 (Klandt et al., 2005, p5). Although entrepreneurship research and the number of publications in this field have been increasing during the past ten years, the literature on entrepreneurship is still inconsistent and unclear. It has even been called "potpourri" (Low, 2001, p20) or "jungle" (Mitton, 1989, p9). Since Cantillon, entrepreneurship research has developed into various different and even opposite directions. With the objective of defining entrepreneurial re-
search, two of the most applied classification approaches will be outlined. According to Müschner, entrepreneurship research can be subdivided into three extensive fields (Müschner, 2002, p20):

- **Pre-neo-classic** (entrepreneur is incorporated in economic theories. Entrepreneurship is included in the market- and price mechanisms. Among others, the entrepreneur takes the following roles: Innovator, risk taker, industrial leader, investor, manager, resource coordinator);

- **Neo-classic** (the entrepreneur is not included in economic theories and models, which determine the market equilibrium and the equilibrium price) and

- **Competition process theory** (analyses the importance of the entrepreneur in the competition. The entrepreneur is the innovator, bearer of uncertainty, and economical leader). Low and MacMillan describe six different criteria or "decisions" that entrepreneurship research has to clarify (Low and MacMillan, 1988):

  1. **"Specification of purpose"**: What is the specific and long-term objective of the entrepreneurship research? The initial question is: What is an entrepreneur and what does the entrepreneurship research want to achieve in general?

  2. **"Specification of theoretical perspective"**: Which theoretical perspective is taken? Low and MacMillan come to the sobering conclusion that the essential result of the strategy research is - in the context of entrepreneurship - that entrepreneurial success depends especially on the business start-up person’s ability to develop efficient strategies.

  3. **"Specification of focus"**: On which specific phenomena does the entrepreneurship research have to be focused? Law and MacMillan describe three very different options as specification of focus. First of all, they focus on personality theories. In this case it is analyzed how different personality traits influence the development of enterprises. A different focus by Law is on social-cultural theories and the question of how cultural environments affect the entrepreneurship of a society. A third focus lies on network theories.

  4. **"Specification of level of analysis"**: Which levels of analysis must be considered? Law and MacMillan distinguish five levels of entrepreneurship research: Individual, group, organization, industry, society. They do not recommend, however, a focusing on single levels in the sense of clarity of re-
search. For them it is important to integrate the different levels and to understand their interaction.

(5) "Specification of time frame": Which time frame is to be considered from the researcher's point of view? Law and MacMillan speak out in favor of longer periods of time far beyond the start-up of the enterprise in order to be able to draw conclusions from the challenges of the start-up procedure and further success-relevant control status.

(6) "Specification of methodology": Which research methods shall be used? In their evaluation of the methodologies used in the entrepreneurship research, Law and MacMillan observe a predominance of explorative research and the use of case studies. This is understandable in the early phase of a research discipline.

From the author's point of view, the definition approaches illustrated above are all reflections of the Zeitgeist. Müschner attempts to define entrepreneurship research by means of grouping together families of scientific approaches. Low and MacMillan attempt to create a common understanding on a superordinate level. Therefore, they suggest defining entrepreneurship as the "creation of new enterprises" (Low and MacMillan, 1988, p140) and entrepreneurship research "as explaining and facilitating the role of new enterprises in furthering economic progress" (Low and MacMillan, 1988, p141). Cunningham and Lischeron, in contrast, define entrepreneurship research by means of an enumerative approach of various doctrines. The variety of the arising research approaches also emphasises the diversity of the definitions of entrepreneurship (see def. appendix 3: Entrepreneurship definitions). Therefore, the entrepreneur(s) and what he or she or they do (entrepreneurship) is in the focus of the scientific consideration. According to Wickham, entrepreneurship is "what the entrepreneur does" (Wickham, 2003, p6). In this case, entrepreneurship research is the systematic search for findings within the field of entrepreneurship. With respect to the approach taken in this DBA-thesis, entrepreneurship research can be defined as the systematic search for findings within the following research fields: (1) Grasping of opportunities, (2) risk taking (financial risks), (3) management of resources, (4) creation of work places,
(5) development and utilization of innovations / new factor combinations, (6) proactiveness and (7) the creation of new and independent enterprises.

3.4 ENTREPRENEURIAL FINANCE RESEARCH

Finance and entrepreneurship are central fields in business research and teaching with increasingly practical importance. Apart from that, they draw large scientific interest, which manifests itself in a great number of scientific publications and current textbooks (see e.g. 9.1 References). Making business has always been regarded as a German strength over the last centuries, but unfortunately entrepreneurship cannot be said to rank high in the world at present (Freiling, 2006, p3). This section defines the essential financial terms for this work: “Finance” and “Entrepreneurial Finance” and “Financial Management” and “Entrepreneurial Finance Management”. In accordance with the best known scholars in this research field, the author analyses the current state of the entrepreneurial finance research, particularly in Germany. Firstly, he structures his findings according to entrepreneurial finance research. Afterwards the research problems and research gaps are depicted and compared with modern corporate finance research. In this process, both the financial management of start-up enterprises in the service sector and the field of the capital preventing development of young enterprises will be considered in detail.

3.4.1 DEFINITIONS FOR FINANCE

Definitions for the terms “finance and financial management” are not unsung in the business literature (e.g. for finance: Dieterle and Winckler, 2000, p272; Gabler Wirtschaftslexikon, 2000, p1092; Goede, 2003, p556-557; e.g. for financial management: Lee and Lee, 2006, p117-118; Perridon and Steiner, 2002, p2-3; Gerke and Bank, 1998, p32). Because entrepreneurship research is a young discipline and an interdisciplinary research approach, it is understandable that there are only few definitions of the field of entrepreneurial finance research in particular. The supply of definitions of “finance and financial management” was adapted from the classical business management disciplines. The concepts and perspectives
from the field of “finance and financial management” are, however, very multi-layered. With regard to the present research project, only those technical terms are defined that are important for the further progression of the thesis.

**Finance & Entrepreneurial Finance:**

This section begins with the outline of the relevant definition approaches of the term “finance” as the general economic subject of research of this thesis. Afterwards, “corporate finance” and “entrepreneurial finance” will be contrasted in order to illustrate the differences and overlaps of the two concepts, and to highlight the particularities of the entrepreneurial financing as the basis of the preparation and depiction of the entrepreneurial finance management.

The most common way to arrange financing is a division into the static financial and the dynamic financial approach (Stiefl, 2005, p8). With regard to the static financial approach, financing covers all measures connected to the fund-raising of an enterprise. The equivalent of the fund can be provided in the form of money, goods or securities. This approach can be clarified best by means of a roughly structured balance sheet:

Table 3.2: The most important items of a balance sheet.

<table>
<thead>
<tr>
<th>Assets = application of funds</th>
<th>Equity and liabilities = source of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td><strong>Shareholder’s equity</strong></td>
</tr>
<tr>
<td>• intangible assets;</td>
<td>• subscribed capital;</td>
</tr>
<tr>
<td>• tangible assets;</td>
<td>• capital reserves;</td>
</tr>
<tr>
<td>• financial assets;</td>
<td>• earning reserves;</td>
</tr>
<tr>
<td></td>
<td>• profits carried forward; losses carried forwards;</td>
</tr>
<tr>
<td></td>
<td>• annual surplus / annual deficit;</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td><strong>Liabilities</strong></td>
</tr>
<tr>
<td>• inventories;</td>
<td>• accruals and provisions;</td>
</tr>
<tr>
<td>• receivables and other assets;</td>
<td>• payables due to commercial banks;</td>
</tr>
<tr>
<td>• securities;</td>
<td>• trade payables;</td>
</tr>
<tr>
<td>• cash and cash equivalents;</td>
<td>• other liabilities;</td>
</tr>
</tbody>
</table>

Source: Based on Peltzer and Voight (2003, p163-165).4

---

4 The German regulations for the company internal accounting considerably distinguish in some parts from international standards, in particular of the US-GAAP and the IAS / IFRS (Altmann, 2007, p10).
The "equity and liabilities" in the balance sheet illustrate where the financial funds come from or show the sources of the funds needed for the operational processes. In contrast, the "assets" perspective explains the usage of the funds. The statements on fund-raising in the sense of the classical finance tend to follow the static financial approach, while the area of usage of funds follows the dynamic point of view. Unlike the static financial approach, the dynamic approach defines financing in the sense of an inflow and outflow of financial resources. In this way, solely the payment level of the enterprise is considered (incoming payment and out-coming payment) (Stiefl, 2005, p9). Dowling (2002, p70) combines different approaches and quite clearly shows the complexity of the financing function.

"Nowadays, financing is defined as a continuous enterprise task. These are derived regularly from the objectives of the enterprise. Since these objectives are understood as a circulation process with continuously renewed objectives, the financing function also has to be understood as a never ending circulation procedure" (Dieterle and Winckler, 2000, p272).

Against the background of the definition of what financing in general implies, the author thematically leads over to the preparation and outline of the subdiscipline "entrepreneurial finance".

In the current academic discussion, a strong focus lies on the interdependences between entrepreneurship and financial services. In this case the expression "entrepreneurial finance" is used among others. The term "entrepreneurial finance" was used for the first time in the 1980s by Sahlmann at Harvard Business School (Achleitner, 2001, p9). In 1996, Virtanen mentions that previous "studies in entrepreneurial finance have not defined the concept itself very precisely. We feel that neither an accurate, universal theoretical framework nor an exact definition of entrepreneurial finance exists in the literature. At best, one reads that entrepreneurial finance is different from corporate finance" (Virtanen, 1996, p86).

Therefore, a direct comparison of corporate and entrepreneurial finance is presented in the following table in order to point out differences and overlapping contents:
According to Ronstadt, corporate finance is irrelevant to entrepreneurs since financial strategies and financial sources available to most of them are different from the ones used by large, publicly held corporations (Ronstadt, 1988, p6). Smith and Smith (2004, p4) mention that a “useful distinction can be drawn between institutional finance and finance as a structured approach to decision making”.

Within the context of entrepreneurship, the Gabler Kompakt Lexikon of Unternehmensgründung, the only German encyclopedia on entrepreneurship at present, very generally defines “entrepreneurial finance” (German: Gründungsfinan-
zierung) as the provision of capital to finance start-up enterprises (Kollmann, 2005, p169). According to Achleitner, entrepreneurial finance focuses on the provision of financial resources to support ventures (e.g. Achleitner, 2002). Ronstadt mentions that “entrepreneurial finance”

“consists of knowing how to identify, develop, and implement the appropriate financial strategies needed to create and operate a new venture or to significantly expand an existing one” (Ronstadt, 1988, p32).

Timmons (1994, p87) gives a wide description of “entrepreneurial finance” but does not provide any definition, only some core principles and central issues, the former being all related to cash. The first principle states that more cash is preferred to less cash. The second principle includes the aspect of time so that current cash is preferred to future cash. The third principle argues that less risky cash is preferred to more risky cash (Timmons 1994, p443). Virtanen describes “risk management and entrepreneur’s skills and attitudes as central issues in entrepreneurial finance” (Virtanen, 1996, p88).

“Entrepreneurial finance is the finance offered to ventures during their entrepreneurial phase with entrepreneurial terms. From the perspective of an entrepreneur, it requires high creativity and innovativeness as well as high level management skills” (Virtanen, 1996, p88).

In general, the new venture financing needs a phase-oriented consideration (see figure 4.3) since the exploitation of financial resources in the early-stages of the ventures is subject to considerable restrictions. Furthermore, it is useful to differentiate between the various initial conditions of start-up enterprises, since financial requirements as well as financing options differ considerably when comparing, for example, technology-intensive, knowledge-intensive and start-up enterprises in the service sector. The financing conditions are therefore influenced by the type of business, the intensity of the factor input and the branch (Fueglistaller et al., 2004, p21).

Within the scope of the working definition of entrepreneurship, and relating to the business finance function, the author arrives at the conclusion that:

- “Entrepreneurial finance” is definitely something else than corporate finance (see table 3.3).
- “Entrepreneurial finance is the finance offered to ventures during their entrepreneurial phase with entrepreneurial terms” (Virtanen, 1996, p88).
• "Entrepreneurial finance" means making resources available to grasp opportunities and launch projects with uncertain outcomes and tentative projected returns on investment.

• From the perspective of an entrepreneur, "entrepreneurial finance" requires management skills, creativity and finance know-how.

• Furthermore, "entrepreneurial finance" should be based on a financial strategy which results from the target parameters of the entrepreneurial finance management.

**Financial Management & Entrepreneurial Finance Management:**

The objective of this section is to define the term "financial management" in general and in particular for the field of application of start-up enterprises in the sense of "entrepreneurial finance management". "Financial management" is presumably one of the most important management tasks in an enterprise. Decisions which are made in this context influence all functional areas of a company and determine its further existence and success. The aim of inventing a product or offering a service is to the fore for most enterprises. Financial business processes are necessary pre-conditions in every phase of the existence of the enterprise and underline the importance of an efficient "financial management". Generally spoken, "financial management" can be seen as the objective-orientated coordination and controlling of all financial business processes (Galler, 2006, p1). In older literature (e.g. Gabler Wirtschaftslexikon, 2000, p1092), the procurement of purchasing power and the classical finance function respectively usually were to the fore. However, this opinion can in no case be sufficient for an integrated approach. In the last years, this narrow financing term has been abandoned to a large extent and the concept of "financial management" was has been established as the link between the acquisition function and the disposition function of financial resources (Perridon and Steiner, 2002, p2-3).

"Financial resources are those which take a monetary form. Cash is the most liquid form of resource because it can be used readily to buy other resources. The following are all financial resources which play a role in the entrepreneurial venture: Cash in hand, overdraft facilities, loans, outstanding debtors, investment capital, investments in other businesses" (Wickham, 2000, p93).

Gerke and Bank state that the object of "financial management" is the relationship between the investment on the one hand and the financing on the other hand, and
their analysis and organization in particular. Following the payment stream-oriented viewpoint, an enterprise can be understood as a bundle of payment streams from various investment and financing projects (Gerke and Bank, 1998, p32).

Figure 3.2: Financial management in an enterprise.

![Diagram of financial management in an enterprise]

Source: Based on Gerke and Bank (1998, p3).

The purpose of goods and service enterprises in general is the production and the sale of goods or services with the objective to make profits. This main business aim is summarized in the so-called business performance area and the financial business area, which capture all internal processes that affect the payment level and which are in opposition to each other. The interrelation between the business performance area and the financial business area can be traced back to the fact that activities in the business performance area cause cash inflows and outflows that are not always balanced (performance balance). Therefore, it is the task of “financial management” to level out payment gaps (negative temporary performance balance) and/or payment surpluses (positive temporary performance balance). This includes particularly the procurement of capital of owners and/or outside creditors as well as the repayment of capital used and/or the realization of financial investments (Gerke and Bank, 1998, p2-3).

Goede defines “financial management” as the

“efficient management of all financial and costing aspects of business operations, e.g. planning and controlling revenue and capital expenditure, financial
Mock (1967, p2) has already asked how the scope of financial management should be defined for purposes of academic study. He has mentioned that there “is no clear-cut answer to this question but rather a whole range of possible approaches” (Mock, 1967, p2). One approach is to define “financial management” “as things done by the most obvious financial officer in any company, the treasurer” (Mock, 1967, p2). This kind of approach implies that “financial management” is defined by the respective working place descriptions. In practice, it is possible for a great number of people to be responsible for “financial management” but it is also possible, as in the case of start-up enterprises, that the entrepreneur alone works as the financial manager (see 5.3.1 The Entrepreneur as a Financial Manager).

“The financial manager is not an independently identifiable officer within an enterprise can be located only after the scope and nature of these decisions have first been defined! In short, direct observation of practices in the field can be most useful in helping us to select from among alternative a priori definitions of the scope of financial decisions, but it cannot provide an independent answer to the definitional question” (Mock, 1967, p3).

Financial management in particular represents one of the major challenges for start-up enterprises as already described in section 2.2. If “financial management” is to be incorporated in the general organization of the enterprise, it is possible to establish a centralized or a decentralized organization of the tasks. In the literature, the extensive universal recommendation for a centralization of the “financial management” on the top management level is made (Galler, 2006, p2) for several reasons: Liquidity and creditworthiness are aspects that are of central importance for the enterprise as a whole and no differentiations between single areas or locations should be made (Busse, 2003, p822). Furthermore, a central authority prevents the danger of a loss of information and can effectively manage liquidity reserves and/ or a surplus of financial resources. Moreover, a central authority has a stronger bargaining power and can therefore negotiate better conditions. It also holds smaller liquidity reserves and has to face lower information- and administration costs (Franke and Hax, 2004, p22). According to this definition, a start-up enterprise with the entrepreneur as a financial manager represents a good starting point for effective “financial management”. Furthermore, Ang (1991) explains that small “businesses do not share the same financial management problems with
large businesses” (Ang, 1991, p1) and proves this statement by means of a 'list of unique characteristics of small businesses’ that are relevant to financial management” (Ang, 1991, p1, p4) (see def. appendix 8: Characteristics of small businesses). Ang provides a description of various small businesses’ financial management problems, but does not suggest a solution. However, he states that new and different solutions are required (Ang, 1991, p4). According to the author, the effective design of “financial management” depends on a detailed analysis of the enterprises (e.g. the enterprises’ size, the branch and the legal form of the enterprise, the target parameters and the market environment (conditions)).

To summarize it, the author describes “entrepreneurial finance management” (EFM) as:

1. “Entrepreneurial finance management” originates in the financial business area (see figure 3.2) of a start-up enterprise.
2. According to the “St. Galler Management Model” (see 3.2 Entrepreneurial Definition), EFM belongs to the operational management procedures and deals with the efficient short-term (< one year) management of the tight financial resources.
3. EFM is derived from the financial objectives of the start-up enterprise (object-orientated task). Furthermore, EFM can be defined by its strategies, tasks, methods and instruments.
4. EFM can be divided into the acquisition of capital and the administration of funds.
5. EFM can be determined as the efficient management of all financial and cost aspects of business operations. The central task of financial policy is the wise use of funds.
6. EFM is designed in accordance with the enterprise’s characteristics and the market environment (conditions).

Within this thesis, “financial management” is analyzed in the sense of the management of financial resources of start-up enterprises in the service sector. Moreover, operational management in general is regarded as one of the essential success factors of young enterprises (Brettel et al., 2006, p1) (see 3.2 Entrepreneurial Definition).
To sum up this section, it is illustrated what entrepreneurial finance management involves and how it can be exploited and interpreted for this thesis. On this basis, section 3.4.2 portrays the current state of research in entrepreneurial finance and entrepreneurial finance management respectively.

3.4.2 Current State of Research
Following the developed definitions of “entrepreneurial finance” / “entrepreneurial finance management”, the main objective of this section is to explore “entrepreneurial finance research” and “entrepreneurial finance management research” respectively as subdisciplines of the general entrepreneurship research. The current state of research is illustrated and the particular research subject of this thesis revealed: the capital preventing development strategy. The author carves out and proves that:

- Financial problems represent one of the most significant hindrances for start-up enterprises.
- The literature on entrepreneurial financing in Germany is rather limited, thematically restricted to only some aspects, and there is no organizing framework for the research in the field of entrepreneurial finance (Fried and Hisrich 1988, p16).
- The major reason for small business failures is poor or careless financial management.
- The financing of start-up enterprises in the service sector does not seem to be in the focus of the scientific world.
- No proven statements about start-up-specific financing models exist concerning the service sector.
- The implementation of capital preventing development strategies is seen as an essential approach reducing the need for outside capital of young enterprises.
- Entrepreneurial finance instruments are considered as essential for the improvement of the general conditions for foundations in Germany (Nathusis, 2001, p27).
- The capital preventing development strategy (CPDS) is the financial strategic management procedure applied most often to start-up enterprises (see 5.2 Target Parameters of the Entrepreneurial Finance Management).
The German-speaking business administration has neglected the serious examination of the field of entrepreneurial financing for a long time. The missing impulses from the financing practice were the reason why early-stage financing was not dealt with. The unavailability of appropriate start-up-financing sources as well as other influences led to a negative foundation balance (more liquidations of enterprises than foundations) in the 1970s and early 1980s, when the phenomenon of the "gap of start-up enterprises" was intensively observed. Suitable entrepreneurial finance instruments were assumed to be essential to the improvement of the general conditions for foundations in Germany (Nathusis, 2001, p27). Albach classified "good financing possibilities" as the first essential prerequisite for the start-up of new enterprises (Albach, 1997, p445). Nevertheless, the present literature on entrepreneurial financing in Germany is rather limited (Nathusis, 2001, p27) and consists of four types:

1. Practical financial introductions for start-up enterprises ((Arnold, 2007) and (Diekmann, 1998)),
2. General guides for business start-ups ((Von Collrepp, 2004), (Teves, 2004), (Falk et al., 2005), (Dieterle and Winckler, 2000), (Wilhelm, 1998), (Zacker, 1995),
3. Brochures / studies of the different public authorities that support start-up entrepreneurs ((Stuck, 1998), (Breitenacher, 1994), (Kulicke, 1993) and (Nowak, 1991)) and
4. Literature based on single aspects of entrepreneurial financing ((Löntz, 2007), (Dafener, 1999), (Baier, 1996) and (Grüner, 1990)).

Fried and Hisrich state that there is no organizing framework for the research in the field of entrepreneurial finance (Fried and Hisrich 1988, p16). Sexton and Landström also criticize the structuring of the entrepreneurial finance research agenda (Sexton and Landström, 2000, p213). When financial management emerged in the early 1900s, the focus was on the legal aspects of mergers, the build-up of new firms, and on the types of securities to raise capital. The emphasis shifted mainly to bankruptcy, reorganization and corporate liquidity during the Great Depression of the 1930s. Throughout the 1940s and early 1950s, finance continued to be taught as a descriptive, institutional subject. However, it was not
taught from an entrepreneur's perspective but rather from an outside point of view. In the 1950s, the focus shifted to managerial decisions designed to maximize the value of the firm (Mock, 1967, p232). McMahon and Homes note that little progress was made regarding financial management during the 1980s, although financial management is crucial to the survival and growth of small business (McMahon and Holmes, 1991, p20). Several years later, Hall and Young (1993), Peel and Wilson (1996) and Sexton and Landström (2000) pointed out that the major reason for the failure of small business was poor or careless financial management.

"Even if modern finance theories have shown to be a proper theoretical framework for analyzing informationally efficient markets, several deficiencies exist, which do not comprehend characteristics of small business finance" (Virtanen, 1996, p11).

The theory of corporate finance in particular neglects the role of the entrepreneur in the process of development of small firms (Yazdipour, 1991, p165). "The problem is that previous empirical studies that have tested the well-established theories, do not take into account entrepreneurial market uncertainty and turbulence" (Beaver, 2002, p32). "It is fair to say that the theory of modern corporate finance is not developed with small businesses in mind" (Ang, 1991, p1). Virtanen explains that the application of these "theories to the population of small businesses is problematical since the whole population is extremely heterogeneous and not all small businesses can be considered entrepreneurial" (Virtanen, 1996, p11).

With regard to the service sector, the financing of start-up enterprises does not seem to be in the focus of the scientific world. There is only one single survey of the Frauenhofer-Institut für Systemtechnik und Innovationsforschung (Frauenhofer-Institution for System Technology and Innovation Research) of the Bundesministerium für Wirtschaft und Technologie (Federal ministry for Economics and Technology) carried out in 1999. It attempts to determine the demand for financing of start-up enterprises in the service sector through an extensive survey. Moreover, it intends to analyse whether the available governmental supporting-instruments are sufficient in this segment or whether improvements are required (Kulicke, 1999, p1). Although the statistic analysis by Creditreform⁶ and the Statistisches Bundesamtes (the German Federal Statistical Office) confirm that the

⁶ A german commercial credit agency: www.creditreform.de.
service industry is already the leader in business foundations in Germany (Kulicke, 1999, P1-2), the survey comes to the conclusion that business start-up persons in the service sector have no need for improvements of the official support programmes (Kulicke, 1999, p16). However, Kulicke does not use a good example for her study which intends to answer the question whether it is necessary or not to extend governmental support programmes for young service enterprises. But in order to give a reliable answer to this question, she would have to interview the failed business start-up persons who quit their foundation engagement because of financial problems. The author believes that the unsuccessful participants would evaluate the financial state support programmes different than the 675 successful market participants who were interviewed. The author also thinks that interviewing bank start-up consultants of 15 financial institutions is not significant. Firstly, every bank wants to represent itself as very customer-orientated and secondly they are unlikely to disclose bank internal statistics about business start-up persons in the service sector that were denied financing opportunities. Nevertheless, widespread lament concerning “scrimpy” investors can be heard among potential start-up enterprises (Matschke, 2000, p3). The majority of the more modern theoretical and empirical studies for the financing situation of start-up enterprises and young SMEs assess the importance of financial problems as considerable. Accordingly, financial problems either completely prevent people from starting new ventures problems (see e.g. (Evans and Jovanovic, 1989, p808-827), (Görisch et al., 2002)) or they cannot realize them in the planned extent or in time, which affects chances of success negatively (see for example (Daferner, 1999), (Hunsdiek, 1987), (Hunsdiek and May-Strobl, 1986), (Struck, 2001) and (Spengler and Kohn, 2008, p1)). In his study about the kind and impact of the financial problems of new ventures, Wolf proves that these problems represent one of the most significant hindrances to establishing an enterprise and points out that the description of the financial problems cannot generally be considered as solved. He states that scientific inquiries into this research field are required as well as the solutions for financial problems (Wolf, 2006). Up to now, no proven statements about start-up-specific financing models exist for the service sector (Fischer, 2004, p182).
Regarding the outline of the purpose of the research problem as well as the current state of research, one essential implementation approach for the financing of start-up service enterprises concerns the careful management of financial resources and the careful treatment of the available capital. In the early-stage phase of their development, start-up enterprises reduce their need for external financing and the necessity of external capital-raising in particular.

Scientific literature identifies two technical terms/approaches which intend to pick up this phenomenon: (1) Capital preventing development of young enterprises and (2) bootstrapping: In Germany, Nathusius (2001) and Schiller (2002) have introduced the term "capital preventing enterprise development (kapitalschonende Unternehmensentwicklung)" as a financial strategy in the entrepreneurial scientific debate and at the same time draw attention to the importance of this research subject. Brandis and Manger describe the capital preventing development strategy as an effective technique to improve capital efficiency. Depending on the chosen enterprise development strategy, an enterprise can be built up either with a small or a large amount of seed money (Brandis and Manger, 2003). Wolf and Ossenkopf highlight the implementation of capital preventing development strategies as an essential approach to the financing of young and innovative enterprises. In this case, the enterprises reduce their need for external financing and the necessity for the external capital procurement in the early phase of their development. The authors show that the field of the capital preventing development possibilities of young enterprises has not been investigated in Germany so far. In the same way, the research of the inside financing is hardly carried out under the aspect of avoiding external capita costs (Wolf and Ossenkopf, 2005, p2). The authors explicitly focus on innovative (technology-orientated) enterprises. Thus, the impression is conveyed that the capital preventing development is only a technique for innovative technology-oriented enterprises.

In conclusion, the capital preventing enterprise development is seen as:
- A strategy which can be allocated to the strategic management layer with regard to the St. Galler Management classification (see 3.2 Entrepreneurial Definition),
- A strategy for young enterprises in the early phase of the life cycle,
An alternative approach to finance young enterprises and

An effective technique to improve capital efficiency\(^7\) (the enterprises reduce their need for external financing / the necessity for the external capital procurement / usage of inside financing from the viewpoint of the avoidance of external capital costs).

In the Anglo-Saxon region, Little was the first to refer to the capital preventing development strategy using the term "bootstrapping" in 1987. He calls this procedure "shoestring finance", with the English term "shoestring" being synonymous to the term "bootstrap". Little attributes the ability of the business start-up persons to set up growth-strong enterprises with restricted means to their assiduity, courage and their creativity (Little, 1987, p1-2). It has to be considered that the term bootstrap-financing is defined differently (Wolf and Ossenkopf, 2005, p3). Therefore, only the most commonly used definitions of bootstrapping (see def. appendix 4: Bootstrap definitions) are outlined and contrasted with the following result:

(1) Different perspectives of the bootstrap concept are discovered: Some authors define bootstrap as a strategic approach (e.g. Lahm, 2005) (strategic management perspective), whereas others understand it as an action-orientated / operational approach (operational management perspectives) (e.g. Shane, 2003; Rifai, 2009).

(2) Financial start-up configuration: On the one hand, bootstrapping means starting a system without having sufficient resources (e.g. Rifai, 2009, p1). This might be defined as having a good idea but insufficient money to realize the business concept with traditional financing instruments. On the other hand, bootstrap means satisfying the financial needs of the start-up enterprise and meeting the need for resources by means of different methods and instruments (Neeley, 2003; Winborg and Landström, 2001). Within this perspective there is no clear statement about "insufficient" financial resources to start a business. In this case bootstrap is seen as a separate strategy to finance the business concept as a real alter-

\(^7\) Efficiency is defined according to the ISO 9000:2005 no. 3.2.15 as the relation between the achieved result and the used mean. Furthermore, it can be defined as the relation between input and output or performance and costs (Krems, 2008). Within this context the input can be interpreted as traditional capital and the output as the coverage of the financial requirements of a start-up enterprise. Therefore, the result should be the rational handling of the brief financial resources respectively to achieve with minimal input a positive realization of a business concept.
native in contrast to the “traditional” financing sources. The capital preventing development strategy pursues the same approach.

(3) **Bootstrap methods** are characterized as creative\(^8\) ways of entrepreneurial financing (e.g. Little, 1987; Bhidé, 1999 and Shane, 2003) in contrast to traditional methods (e.g. Lahm, 2005; Freear et al., 1995). According to Bhidé, Bootstrap methods have to maximize the efficient use of resources (Bhidé, 1992) and to minimize the capital costs (Bhidé, 1999). In this context, Shane speaks of a business process optimization method (e.g. Shane, 2003).

(4) **Bootstrap instruments** are seen as an alternative financing source to start an enterprise (e.g. Freear et al., 1995 and Lahm, 2005). Shane describes bootstrapping as a type of self-funding often applied in a current business (Shane, 2003) whereas Bhidé intends to categorize the financial means according to where they are found: inside the business, obtained from other people, or provided by other companies and organizations (Bhidé, 1992). Neeley depicts bootstrap instruments as a combination of social and economic transactions (Neeley, 2003). Rifai mentions that the instruments are characterized by a subordinate profit orientation of the resource providers. Moreover, entrepreneurs are not subject to obligation to provide information or special external determination rights. Apart from that, these instruments do not possess monetary character in the first place (Rifai, 2009).

Therefore, the author basically considers bootstrap financing as a strategic management approach and equates it with the German capital preventing development strategy. With regard to the German research context, the phenomenon depicted above is called “capital preventing development strategy (CPDS)”. Bootstrapping “continues to be a topic that has attracted comparatively little research interest. Significantly, these studies have focused not just on business start-ups but also on technology-based business start-ups which by their nature have involved innovation” (Smith, 2007, p3).

Most of the bootstrap studies predominantly originate in the USA (Freear et al., 1995; Lahm, 2005; Neeley, 2003; Van Auken, 2005). Lahm also confirms this lack of studies and assumes that the reason is “that existing scholarship may be

---

\(^8\) Creativity is defined as the ability to think productively. The stages of the creativity are: trace problems, shortcomings et cetera and the defining of the corresponding questions, the formulation of hypotheses and searching for solutions, the communication of the findings and the will to enforce them (Meyers-Taschenlexikon, 1985a, p311). An alternative conception of creativeness is that it is simply the act of making something new (V. Hentig, 1998, p32).
focused on more noticeable firms, those with public visibility” (Lahm, 2005, 2p). Van Auken (2005, p2) observes that only “few studies have investigated its use by small firms.” Winborg and Landström mention that “bootstrapping is a phenomenon which deserves more attention in future research on small business finance” (Winborg and Landström, 2001, p2).

Furthermore, the recent financial crisis handicaps fund-raising in general and especially for start-up enterprises (Block and Sandner, 2009). Therefore, especially business start-up persons in the service sector have to work with efficient and creative financial methods and instruments to cover their financial requirements. Based on the existing state of research no existing EFM-models can fulfill this requirement (e.g. Fischer, 2004, p182). In order to make a first step towards covering this requirement, the following chapters deal with the development of an EFM framework of activity for start-up service enterprises (a pragmatic implementation approach for the easing of the capital scarcity of young service enterprises in Germany). Chapter 4 (CHARACTERISTIC OF THE OBJECT OF RESEARCH) then details the object of research of this thesis.
4 CHARACTERISTICS OF THE OBJECT OF RESEARCH

After highlighting entrepreneurial finance research as the main research subject of this thesis, the “start-up enterprise in the German service sector” is defined as the object of research regarding this DBA-thesis. Moreover, the differences between service enterprises and goods producers are contrasted in order to emphasize the character of service enterprises. The following enumeration represents the detailed characteristics of the research object of this thesis: the “start-up enterprise in the service sector”:

The result of the production process is immaterial goods (services). Meffert and Bruhn (2006) develop quite a comprehensible definition of “service”, which is applied in this thesis in order to delimit and characterise the object of research (see def. appendix 5): “Services” are independent, marketable services, which are joined with the provision (e.g. insurance benefits) and / or the use of service capability (e.g. hairdresser services) (capability orientation). Internal (e.g. offices, human resources, equipment) and external factors (such as those, which cannot be influenced by the service provider) are combined within the creation process (process orientation). The combination of factors carried out the service provider is done with the objective to achieve benefit-donating effects for people (e.g. customers) and their objects (Meffert and Bruhn, 2006, p8).

The production factors used in this process are human resources according to Gutenberg’s classification scheme. Erich Gutenberg’s classification of the production factors pictures planning, management and organization as dispositive factors (Gutenberg, 1997).

Figure 4.1: Gutenberg’s classification of the production factors.

Source: Adapted from Lechner et al. (2005, p62).
Since the beginnings of the industrialization, technical progress followed the same pattern: It favoured real capital-intensive productions - the assembly line became the symbol of the industrial age (Kück, 1990, p.13). Since then the picture has changed. The majority of modern jobs are not found in factory buildings, but in offices. The equipment of white collar workplaces frequently costs only a fraction of what has to be spent for a job at the blast furnace or at the lathe. Furthermore, headwork increasingly substitutes handiwork. In the modern service industry, expensive and highly qualified workers are often more important than expensive technical devices (Kück, 1990, p.14).

The entrepreneurial form of the enterprise is the “start-up enterprise” according to the entrepreneurship classification of Sharma and Chrisman (see figure 3.1).

The size of the enterprise is “micro size” referring to the enterprise classification published by the EU Commission (see table 4.1). For an economic analysis of the SMEs it is essential to structure the stock of enterprises according to their size. The size structure is usually described by quantitative criteria, such as the number of employees and the enterprises' annual turnover. The SMEs’ classification of the EU Commission is independent of the selected legal form. The EU Commission recommends the following definition for SMEs as of January 1, 2005 (values of the previous definition from 1996 in brackets):  

<table>
<thead>
<tr>
<th>Enterprise size</th>
<th>Number of employees</th>
<th>Annual turnover (in €)</th>
<th>Annual balance sheet total (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>up to 9</td>
<td>up to 2 Million</td>
<td>up to 2 Million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1996: not defined)</td>
<td>(1996: not defined)</td>
</tr>
<tr>
<td>Small</td>
<td>up to 49</td>
<td>up to 10 Million</td>
<td>up to 10 Million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1996: up to 7 Million)</td>
<td>(1996: up to 5 Million)</td>
</tr>
<tr>
<td>Medium-sized</td>
<td>up to 249</td>
<td>up to 50 Million</td>
<td>up to 43 Million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1996: up to 40 Million)</td>
<td>(1996: up to 27 Million)</td>
</tr>
<tr>
<td>Large</td>
<td>250 and more</td>
<td>50 Million and more</td>
<td>43 Million and more</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1996: 40 Million and more)</td>
<td>(1996: 27 Million and more)</td>
</tr>
</tbody>
</table>

Source: Adapted from European Commission (2008).

The business start-up person / the entrepreneur: The author considers the entrepreneur as the sole financial manager (individual principle (Schulz, 2000, p.2)). This role is described in detail in section 5.3.1. An integrated approach to start-up enterprises is typical of entrepreneurial management, because the affected decision makers typically unite several or almost all functional areas of the young enterprise on themselves.
**Location of the enterprises:** Germany; regarding the access to start-up service enterprises (see 6.3.1 Method of Data Collection), the German clients of the start-up consultancy enterprise “four-quarters EXIST GmbH” (www.gründungsberater.com) are selected.

The interviewed start-up business persons (see meth. appendix 17) are domiciled in the Nuremberg Metropolitan Region in Bavaria as the following map depicts:

Figure 4.2: Location of the sampled enterprises.

In 2010, the Nuremberg Metropolitan Region\(^9\) was home to 3.45 million people. Approximately 150,000 businesses were based here. The working population came to 1.8 million and GDP was at approximately Euro 111 Billion. The service sector ratio was as high as 60% (Marketingverein der Europäischen Metropolre-

\(^9\) A Metropolitan Region is a strongly concentrated conurbation of a metropolis. Metropolitan Regions are considered as engines of the social and economical development of a country (Koprek, 2013). At present, there are in total eleven Metropolitan Regions in Germany (Ellrich, 2013).
gion Nürnberg e.V, 2013). In 2011, the metropolis Nuremberg ranks position 29 from 421 with regard to the NUI\textsuperscript{10}-indicator and belongs therefore to class 2 according to new entrepreneurial initiatives in Germany. The NUI-indicator indicates how many business enterprises are registered per 10,000 inhabitants in a specific region (e.g. Nuremberg 203.9) (May-Strobl, 2013). With regard to the regional monitoring 2010, the Nuremberg Metropolitan Region had a total entrepreneurial intenseness of 1.690 net business registration (business registration minus business deregistration) per 1 Mio inhabitants in 2008 in comparison to an average entrepreneurial intenseness of 1.293 over all Metropolitan Regions in Germany (Initiativkreis Europäische Metropolregionen in Deutschland IKM, 2010, p21).

**Legal form of the enterprise:** The legal form is not fixed. The following table shows the potential legal forms for German start-ups.

<table>
<thead>
<tr>
<th>private enterprise (Privatunternehmen)</th>
<th>mutual insurance corporation (Versicherungsvereine auf Gegenseitigkeit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>hybrid forms</td>
<td>public limited company with a limited liability company as general partner (AG &amp; Co KG)</td>
</tr>
<tr>
<td></td>
<td>limited company with a limited liability company as general partner (GmbH &amp; Co KG)</td>
</tr>
<tr>
<td>Corporations (Kapitalgesellschaften)</td>
<td>public limited company – plc (Aktiengesellschaften - AG)</td>
</tr>
<tr>
<td></td>
<td>limited company (Gesellschaft mit beschränkter Haftung - GmbH oder UG)</td>
</tr>
<tr>
<td>Partnerships (Personengesellschaften)</td>
<td>commercial partnership (Offene Handelsgesellschaft - OHG)</td>
</tr>
<tr>
<td></td>
<td>limited partnership (Komanditgesellschaft - KG)</td>
</tr>
<tr>
<td></td>
<td>silent partnership (Stille Gesellschaft)</td>
</tr>
<tr>
<td></td>
<td>individual enterprise (freelancer or commercial operation) (see table 11.4)</td>
</tr>
<tr>
<td></td>
<td>(Einzelunternehmung (Freiberufler oder Gewerbetreibender))</td>
</tr>
<tr>
<td>non-profit organization / public corporation (Öffentliche Betriebe)</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Adapted from Lechner (1996, p164).*

\textsuperscript{10} NUI = *Neue Unternehmerische Initiative* (engl. “New Entrepreneurial Initiative“)
**Age of the start-up enterprise:** In the business literature, the start-up of an enterprise is usually not defined as a point in time, but as an event that stretches over a certain period of time (Hölscher, 2002, p203). Casson suggests “less than 5 years old” (Casson, 2006, p335) as an adequate timespan during which an enterprise can be considered as a start-up. Economic development programmes (KfW Mittelstandsbank, 2009a) for start-up enterprises offered by the German State, finance and support business start-up persons within the first 5 years only. Thus, a certain consensus on the timespan seems to exist.

**The stage of life cycle:** Considering the finance function with regard to an enterprise life cycle, two enterprise phases can be identified: “early stage” and “later stage (first stage)”. These two phases can be assigned different financing phases or financing reasons on the timeline (Wolf et al., 2003, p132).

Figure 4.3: Phases of business development.

Source: Adapted from Wolf et al. (2003, p132).

The author defines the scope of the “entrepreneurial finance management phase” from the realisation phase of the start-up enterprise to the development / expansion phase.

Figure 4.4: Scope of entrepreneurial finance management.

Source: Adapted from Arnold (1997, p27).
While potential entrepreneurs consider the fundamental possibility of the establishment of an enterprise rather visionary in the “information- and orientation phase”, the “conception phase” is used for the further development and fixation of the vision. At the end of “the conception phase”, the business concept should outline e.g. the legal form, the location, the market and competition situation as well as statements on the initial start-up financing. Both the “information- and orientation phase” and the “conception phase” are summarized under the concept of “seed phase” (Arnold, 1997, p203). The “start-up phase” follows the “seed phase”, in which the measures planned earlier are realized. The legal foundation of the enterprise and the procurement of the production factors (see figure 4.4) necessary for the business start-up also fall into this phase. The “start-up phase” together with the “seed phase” is also called “early-stage phase”. The “first-stage phase” follows the “early-stage phase” which is divided into the “ensuring- and stabilization phase” and the “enterprise development phase”. In the “early-stage phase” goods and services are provided and sold for the first time. Therefore, financial aspects are of great importance in this phase. The ideal-typical phase model for establishing an enterprise described above occurs in various different forms and in every foundation type (Arnold, 1997, p204).

Finally, the following definition of the object of research on basis of the nine identified features serves as the conclusion of this chapter:

Table 4.3: Definition of the object of research.

| result of the production process:                               | “Immaterial goods (services)” according to the definition by Mefert and Bruhn (2006) (see def. appendix 5: The development of the service definition). |
| use of production factors:                                         | “Human resources” relating to Gutenberg (see figure 4.1). |
| entrepreneurial form:                                             | “Start-up firms” relating to Sharma and Chrisman (1999, p13) (see figure 3.1). |
| size of the start-up enterprise:                                   | “Micro size” referring to the enterprise classification by the EU Commission (see table 4.1). |
| business start-up person (entrepreneur):                          | No team-foundations; the entrepreneur = the financial management. |
| location of the enterprise:                                       | Germany; customers of the enterprise: four-quarters EXIST GmbH (www.gründungsberater.com). |
| legal forms of the start-ups:                                     | The legal form is not fixed. Table 4.2 depicts the potential legal form for German start-ups enterprises. |
| age of the start-up enterprise:                                   | “Less than 5 years old”. |
| stage of life cycle:                                              | “Start-up- and first-stage phase”. |

Source: Based on present author.

Additionally, the configuration (balance sheet and profit and loss account ratios) of service enterprises is contrasted with the configuration of goods producers. This comparison is supposed to explain the character of the organisational struc-
ture of service enterprises. Moreover, additional information is supplied about service enterprises for which a financial management model might be developed. In the process, the source of the secondary statistical data and the method of analysis will be explained in detail (see def. appendix 7: Business ratios: Service enterprises vs. goods producers). The results of this comparison are the following:

- Due to the different production process, goods producers have a higher need for property, production facilities and equipment in contrast to service enterprises (29.7% ↔ 16.5%).
- Since the goods production process requires a lot of material, the costs of the purchased materials and services is higher in contrast to service enterprises (41.2% ↔ 29.5%).
- Furthermore, the production of goods requires the stock keeping of material, semi-finished and finished products resulting in higher inventory investments (29.5% ↔ 12.7%).
- These requirements result in a higher demand of liabilities in general (71.9% ↔ 60.4%) and especially for long-term liabilities (28.1% ↔ 13.3%), according to the golden finance rule11.
- These demands for long-term liabilities result in higher interest expenses for goods producers (2.1% ↔ 1.0%).
- In contrast to goods producers, service enterprises have higher expenses for personnel due to their human resource intensive production processes (41.7% ↔ 33.9%).
- Service businesses have very short return on performance cycles and generally do not bind large amounts of cash. Therefore, the degree of liquidity, such as "cash and cash equivalents" (16.5% ↔ 8.1%) and "trade and other receivables" (43.2% ↔ 29.9%) are higher in the service industry than for goods producers.
- This also confirms the higher degree of short-term receivables (40.2% ↔ 28.0%).

After defining the object of research, essential approaches to the research topic and research question are outlined and prepared.

11 The golden finance rule designates the recommendation that long-term fixed assets and long-term current assets should be financed with equity capital and/or long-term liabilities (Gebhardt, et al. 1993, p393).
5 DEPICTION AND PREPARATION OF THE RESEARCH CONTENTS

Following a critical introductory analysis of the entrepreneurial (finance) research discipline (3 OUTLINE AND PREPARATION OF ENTREPRENEURSHIP RESEARCH) and the preparation and depiction of the characteristic of start-up service enterprises as the units of analysis (4 CHARACTERISTICS OF THE OBJECT OF RESEARCH), the author starts with the preparation and depiction of the essential approaches of the research topics and of the research questions. At this juncture, basic data and basic definitions with respect to the questions are built up. Cross-comparisons are drawn with regard to the research results. Thereby, priorities are set by the author because of the large bandwidth of some definitions with the purpose of considering the specific demands of this thesis. Previous scientific approaches are depicted and explained so that a well-founded basis for the understanding of the further procedure is given - guided interviews, further research et cetera. Accordingly, the scientific analysis can be focused on the extraction of new findings. Concerning the structuring of the depiction and preparation of the research contents, three sections are built up according to the "field of activity" concept by Klandt (Klandt, 1999) to map or rather to develop an integrated EFM-concept for young service enterprises in Germany. In view of mapping the reality, Klandt suggests a knowledge-oriented-differentiation approach and subdivides the reality in target parameters, conditions and design parameters (Klandt, 1999, p6). Within this DBA-thesis, the target parameters depict the motivation, the financial objectives and strategies of the start-up enterprise in the service sector and form a kind of groundwork of understanding regarding the intention of action of the business start-up person. The conditions represent the least manipulable components in the financial business start-up process such as the entrepreneur in person and the privately owned capital equipment. In contrast, the design parameter display the design options - the variable component - within the framework of the EFM. At this juncture, CPDS-methods and instruments are illustrated which describe how the entrepreneur can implement his or her business concept despite of restricted financial means. Figure 5.1 provides an overview of the interplay of these different parameters according to the entrepreneurial finance
management and simultaneously shows the process structure of the sections that follows:

Figure 5.1: Entrepreneurial finance management field of activity (EFM-model).

TARGET PARAMETERS:
- normative management objectives
- start-up financing strategies
(see 5.2 Target Parameters of the Entrepreneurial Finance Management)

CONDITIONS

The entrepreneur as financial manager
(characterization and tasks)
(see 5.3.1 The Entrepreneur as a Financial Manager)

Funding requirements of start-up service enterprises
(see 5.3.2 Funding Requirements of Start-up Enterprises in the Service Sector)

Start-up financing
(see 5.3.3 Start-up Financing)

DESIGN PARAMETERS

Entrepreneurial Finance Management Design Parameters
(see 5.5 Entrepreneurial Finance Management: Methods and Instruments)

Source: Based on present author.
5.1 **INTRODUCTION**

The previous discussion of the literature has focused on the general context in which business start-up persons in the service sector have to deal with the financial demands of their enterprises and on the broad debates within these areas. The following section explicitly focuses on the specific research questions posed at the outset of this thesis. Each question will be examined in terms of the specific literature that discusses these issues. The intention is to identify which of these questions can already be answered. It has already been established that small service sector businesses are generally neglected and it will be shown that this also applies to the specific questions of interest. As such, the following section will provide a means of establishing the general parameters relating to entrepreneurial finance as a basis for the primary research of this thesis. It seeks to specifically discuss whether these general parameters are relevant to small service sector businesses and, if not, how they ought to be adapted or developed in order to meet the needs of this sector. The general parameters that are identified will serve as the template for the research interviews which are intended to both test their applicability within the service setting and to inductively generate (via grounded theory) new developments that are based on the experiences of business start-up persons in the German service sector.
5.2. Target Parameters of the Entrepreneurial Finance Management

The one who does not know where to sail cannot expect favorable winds. (Laotse (Maas, 2004, p3)).

After the detailed introduction, this section starts with the outline of the theoretical basis relating to the research question:

What are the financial (management) objectives and strategies of German startup enterprises in the service sector with regard to the current financial barriers?

The following figure shows the actual results of a survey by Creditreform, KfW and ZEW. 5508 young enterprises founded between 2005 and 2007 (Creditreform et al., 2009) were asked about their motives for the foundation.

Figure 5.2: Most important motives for the start-up of an enterprise.

![Motives for Startup](image)

Source: Based on Creditreform et al. (2009).

The objectives of individuals are determined to a large extent by their motives\(^\text{12}\). According to Emmons, “objectives” are defined as internal representations of an imagined future situation that controls individual thinking and action and which endows life with meaning, sense and purpose (Emmons, 1996, p314-337). Brockhaus defines an “objective” as a projected state, determined on the basis of free individual choice and decision-making. It is supposed to be realized according to a plan. The intended action is determined by objectives and caused by motives, which attach a value to the respective objectives (Brockhaus, 2004, p612). In this

\(^{12}\) For further information relating to motives and motivation see def. appendix 22 and 23.
way, objectives represent a change of the present state, because an objective is always something that has not yet been reached. There are various classification concepts for company objectives, of which those by Kubicek et al. (2007, p5) and Jung are depicted exemplary def. appendix 9 (see def. appendix 9: Enterprise-objective classification concepts). Perridon and Steiner identify liquidity, profitability, independency and security as the main financial company objectives (Perridon and Steiner, 1995, p496) and visualize them in an objective system (see def. appendix 10: Relationships between the financial objectives by Perridon and Steiner). In a different way, Hill starts his description of corporate financial objectives with the depiction of the idealized picture of investors (Hill, 2008, p8). According to Hill, “firms exist to convert inputs of physical and money capital into outputs of goods and services that satisfy consumers’ demand to generate money profits. ... And because money capital (as opposed to labour) is typically the limiting factor, the strategic problem for financial management is how limited funds” can be generated and allocated between alternative uses (Hill, 2008, p9-10). His approach is based on security (minimum risk), liquidity (money capital) and profitability (generate money profits). Furthermore, Hill recommends the use of financing models that maximize expected returns in absolute terms at minimum risk as the normative objective of financial management (Hill, 2008, p8, p13). With regard to Hummel, the general objectives for start-up enterprises within the normative management procedures are profitability, liquidity, enterprise growth and predictability (Hummel, 2007, p71-72). In contrast to Hummel, Davidson points out that the “majority of small companies do not want to grow” (Virtanen, 1996, p91). He adds that

“it may be that for the most of small businesses this is also the optimal state of nature if the owners do not have such objectives for growth and do not possess such management skills and abilities needed to manage the risk of higher growth oriented opportunities” (Virtanen, 1996, p91).

Bühner defines the term “predictability“ as general reliable conditions (e.g. legal system, contact liberty and so forth) (Bühner, 2001, p591-595). Here, predictability means the calculability of external business risks for the entrepreneur. Security refers to the degree of certainty at which one future situation is considered possible (Gabler, 2004, p2662). In this sense predictability could be interpreted as part of the security factor. The authors happen to consider both profitability and liquidity as the main financial objectives. Hammer adds that profitability is the neces-
sary precondition for other financial economic objectives (Hammer, 1992, p47). Ensuring liquidity is the necessary assumption for the existence of every enterprise but at the same time it is a serious problem that might endanger the existence of enterprises: besides over-indebtedness, insolvency normally leads to the closure of the start-up enterprise. This becomes evident through the high insolvency rate for start-ups (Institut für Mittelstandsfor­schung Bonn, 2009), which the methods and instruments of the entrepreneurial finance management have to absorb. Independence describes the entrepreneurial desire for the freedom of decision-making and in this case refers to financial independence. Some financing models are based on external shareholder concepts or obligations to report and therefore restrict this kind of liberty. This is why business start-up persons generally prefer internal funds to external financing (e.g. Virtanen, 1996, p100). In view of the gained findings, the “objective approach” configuring the normative financial management objectives for start-up enterprises in the service sector by Perridon and Steiner seems to be suitable as the starting point for further comparisons regarding the research results of this thesis.

The financial management strategy of start-up service enterprises:

With regard to the St. Galler Management approach outlined above, the “financial management strategy” is deviated from superior normative financial management objectives and is superior to the entrepreneurial finance management. According to the Gabler Wirtschaftslexikon, “strategy” can be defined as a fundamental long-term behavior (set of methods) of the entrepreneur to realise relevant partial objectives of the superior long-term objectives (Gabler Wirtschaftslexikon, 2004, p2839). Start-up financing can act as a decisive factor for determining a suitable financial strategy for the start-up enterprise. Therefore, Nathusius divides start-up financing into strategy-determining and strategy-fulfilling start-up financing concepts (Nathusius, 2001, p28). The strategy-fulfilling start-up financing concepts are derived from the vision and / or from the business plan. Based on a convincing start-up concept, the question is not whether a finance is generally possible. Instead, the extent and the structure of the financing concept are the most important factors to consider. According to the strategy-fulfilling approach, the business start-up persons have sufficient financial re-
DEPICTION AND PREPARATION OF THE RESEARCH CONTENTS

resources to start a business (Nathusius, 2001, p29). Within the strategy-determining start-up financing concept, the funding represents the decisive bottleneck for arranging the business concept. Thus, the concept of strategy-determining start-up financing restricts the scope of action in contrast to the concept of strategy-fulfilling financing.

Taking into consideration the criterion of the availability of own financial resources, strategy-determining financing can be subdivided into the self-financing approach and the equity-and-debt financing approach. The self-financing approach is characterized by a complete lack of financial resources. Since the business start-up person does not have own financial resources at his disposal, there is generally no possibility for the fund-raising. Therefore, the freedom of designing the business start-up concept is considerably restricted. Thus, it is obvious that the financing of the start-up service enterprise has to be done in real-time by the enterprise itself (Nathusius, 2001, p30). In contrast to the self-financing approach, the equity- and-debt financing approach is based on the assumptions that the business start-up person has at least limited financial resources or securities. These can be used to start the enterprise or to raise debt capital. In view of the current financial barriers (see 2.2 Outline of Purpose of the Research Problem), the capital equipment of start-up enterprises in the service sector is low and the need for alternative financial methods and instruments (CPDS/ bootstrap-financing) increases:

- Bhidé’s research found “that most ventures bootstrap themselves” (Bhidé, 1999, p223).
- “Bootstrapping is the method most entrepreneurs indeed use to start the vast majority of businesses (Worrell, 2002, p1).
- It is estimated that “between 75 and 85 percent of start-up enterprises use some form of bootstrapping” (McCune, 1999, p1).
- Nathusius mentions an estimate which refers to the significance of the single models of the start-up financing in practice. However, the use of estimated figures is not unproblematic because the basis on which estimates are carried out, is not reliable. Nevertheless, the above-mentioned numbers are noteworthy: self-feeding business, partially also bootstrap financing account for 85-90% of the start-up financing concepts (Nathusius, 2001, p45).
It is obvious that the business start-up person has to deal more carefully with his own funds and has to search for alternative methods and instruments to implement his or her business despite restricted capital when the access to external capital is jammed. Finally, the capital preventing development strategy (bootstrap-financing) can be seen as the dominating financial strategy for start-up enterprises in the service sector with insufficient access to capital.

5.3 ENTREPRENEURIAL FINANCE MANAGEMENT CONDITIONS

After the preparation and the outline of the EFM-target parameters, the author explains the conditions for the field of activity. The conditions are considered as fixed and circumscribe the field of the EFM. Section 5.3.1 displays the basic data and the basic definitions with respect to the characteristics and tasks of the entrepreneur as a financial manager. Section 5.3.2 gives an account of the various ongoing financial requirements of start-up enterprises in the service sector and the shortages of capital they have to face during the start-up- and first-stage phase of their business venture. Finally, the author illustrates how entrepreneurs in the service sector design their start-up financing (see 5.3.3 Start-up Financing).

5.3.1 THE ENTREPRENEUR AS A FINANCIAL MANAGER

Within this section, the author explains the role of the entrepreneur as a financial manager and afterwards describes the corresponding management tasks. The outline and preparation of the following research question is in the centre of the scientific consideration: "Which qualities does an entrepreneurial finance manager have to possess and which are the tasks that have to be fulfilled in this position?"

Brealey and Meyers answer the question "Who is the financial manager?" (Brealey and Meyers, 1991, p6) as follows: The term "financial manager" is used "to refer to anyone responsible for a significant corporate investment or financing decision. But except in the smallest firm, no single person is responsible for all the" (Brealey and Meyers, 1991, p6) financial decisions. Instead, responsibility "is dispersed throughout the firm" (Brealey and Meyers, 1991, p7). The units of anal-
ysis within this thesis are the micro-sized start-up enterprises, i.e. the smallest corporate units (see table 4.1). According to this specification, the author considers the entrepreneur as the sole financial manager, who typically unites almost all the functional areas of the young enterprise in him-or herself.

Therefore, the author defines the (entrepreneurial) finance manager as the entrepreneur or the team of entrepreneurs who does/do EFM in a start-up enterprise. Furthermore, Brealey and Meyers (1991, p1-5) develop a useful picture which explains the role of the financial manager in general that the author displays in the def. appendix 11. According to Busse (1996, p22), financial management tasks can be divided into “finance process management”- and “finance structure management” tasks. The task of the “finance process management” is the optimal organization of the flow of the financial resources within the enterprise. It comprises the organization, planning, monitoring and controlling of the financial resources’ flow with the help of certain objective criteria and, in addition, the preparation and carrying out of capital-raising from outside and inside the company. The tasks of the “finance structure management” are the determination of the operating financing volume and the attempt of an optimization of capital- and assets structure with the help of certain objective criteria.

Table 5.1: The tasks of the finance management.

<table>
<thead>
<tr>
<th>Finance process management (rather operative or dispositive decision-making level)</th>
<th>Finance structure management (rather strategic decision-making level)</th>
</tr>
</thead>
</table>
| (1) Optimal organization of the flow of financial resources within the enterprise, that means the:  
- organization,  
- planning,  
- monitoring and  
- control of the flow of the financial resources with the aid of certain objective criteria.  
(2) Preparation and carrying out of the raising of capital from outside sources and/or rising of privately owned capital. | (1) Determination of the operating financing volume.  
(2) The presentation of alternative financing options.  
(3) Attempt to optimize the capital- and assets structure with the aid of certain objective criteria. |

Source: Adapted from Busse (1996, p22).

After portraying the tasks of the finance management, the following section prepares and outlines the theoretical basis for financial funding gaps of start-up enterprises in the service sector.
5.3.2 Funding Requirements of Start-up Enterprises in the Service Sector

This section highlights the theoretical basis in reference to the research question: *Which are the internal financial funding gaps/ shortages that start-up enterprises in the service sector face within the start-up and first-stage phase of their business venture?*

Dieterle und Winckler provocatively remark: “When are the necessary financial means not missing?” They are always missing, at least to a certain degree. In order to design a start-up- and first-stage phase financing in practice, the first step for the young entrepreneur is to ascertain the financial requirements.

Based on a study carried out by the *Fraunhofer Institut für Systemtechnik und Innovationsforschung* among 687 young start-up service enterprises, Kulicke draws the conclusion that start-ups in the service sector are not at all marginal enterprise foundations in relation to the financing requirements. Partially they are absolutely comparable with start-ups in the manufacturing sector (Kulicke, 1999, p4-7):

Table 5.2: Structural data of start-up service enterprises.

<table>
<thead>
<tr>
<th>category</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>start-up funding requirements</td>
<td>between €10,737.10 and €255,645.94</td>
</tr>
<tr>
<td>time period up to the economic viability</td>
<td>18.20 months</td>
</tr>
</tbody>
</table>

*Source: Based on Kulicke (1999, p4-6).*

For the majority of the 687 service enterprises, non-investive expenditures (operating resources and other expenditures) are of great importance with regard to the financing requirements, particularly in the start-up- and first-stage phase. It is plausible that the estimation of the basic configuration is still relatively simple for business start-up persons. But in contrast, the non-investive expenditures depend on the market resonance to a great extent. The answers of the young entrepreneurs emphasize that these expenditures are in no way negligible and that a correct forecast is generally hardly possible (Kulicke, 1999, p8-9).

In the process of establishing an enterprise, the start-up itself is the first extensive capital requirement jump (Wossidlo, 1990, p30). The basic configuration has to be financed, e.g. premises as well as office furniture and fixtures (fixed assets). The capital requirements for the start-up itself are increased by the initial equipment...
with current assets. These are, among others, the necessity of financing receivables as well as the ongoing expenditure volume of the start-up phase. Empirically, it is hardly profits but losses that are usually accumulated although the employer's salary has to be paid. After the initial configuration, the capital requirements are determined by the ordinary business operations, the extent and the temporal onset of the expenditures and revenues and their cash-effects (Wossidlo, 1990, p31-32).

Additional capital requirements are caused by the extent of tax dues and particularly by the interests and repayment obligations for capital from outside sources (Wossidlo, 1990, p31-32). Other factors, such as customers' bad payment behavior, can affect the company negatively as these factors cannot be influenced by the entrepreneur. Capital requirements arise through company expenditures that face no direct revenues of at least equal extent.

The capital requirements of an enterprise are generally calculated according to the need for fixed and current assets. With regard to the fixed assets, the capital requirement can be ascertained relatively well on the basis of the investment plan and cost estimates. In contrast, the ascertainment of the financial needs caused by the current assets creates more difficulties for entrepreneurs since payment terms have to be considered between order, advance performance and payment receipt.

These different financial demands for start-up enterprises in the service sector result in a financial requirement structure that the entrepreneur has to finance when he or she wants to start the business. These funding requirements can be subdivided into the following three categories of accounting, which are illustrated in detail in def. appendix 12. (Dieterle and Winckler, 1995, p227):

(1) Financial requirements / financing of the fixed assets,
(2) Financial requirements / financing of the current assets and
(3) Financial requirements / financing of the ongoing costs,

This distinction raises the fundamental question about the determining factors of the capital requirement. Freiling points out that entrepreneurial finance managers have elbow room to influence the capital requirements. In this context, proactivity is one important component of the entrepreneurial finance management. The financial requirements do not represent a fixed amount, but have to be considered in the course of time (Freiling, 2006, p319).
The funding requirements mentioned above show that financial requirements increase during the development of a start-up enterprise. A flow of incoming and outgoing payments has to be estimated and liquidity reserves have to be budgeted in order to be able to plan these requirements. Considering the calculation of the flow of outgoing payments, the typical driving forces have to be identified.

In this context, Nathusis mentions (Nathusius et al., 2005, p46):

- Outgoing payments in the field of the investment financing: particularly purchases of technical equipment and machines, buildings, office equipment, vehicles,
- Outpayment-oriented losses: coverage of starting losses and ongoing losses,
- Outgoing payments in the context of the inventory financing: procurement of current assets,
- Financing of the receivables as a consequence of late incoming payments: granting of customer terms of payment.
- With regard to the financial requirements, table 5.3 gives an overview of the typical requirement types. On the basis of the comparison of the different phases it is possible to identify the areas in which additional financial shortages can occur:

<table>
<thead>
<tr>
<th>financial requirement</th>
<th>seed phase / pre-start-up phase</th>
<th>start-up phase</th>
<th>first-stage phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>investments</td>
<td>no</td>
<td>low</td>
<td>yes</td>
</tr>
<tr>
<td>setup of the current assets</td>
<td>no</td>
<td>low</td>
<td>yes, run-up</td>
</tr>
<tr>
<td>ongoing fixed costs</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>ongoing variable costs</td>
<td>no</td>
<td>low</td>
<td>yes</td>
</tr>
<tr>
<td>(one-time) start-up costs</td>
<td>low</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>starting losses</td>
<td>yes</td>
<td>yes</td>
<td>yes, decreasing</td>
</tr>
<tr>
<td>ongoing losses</td>
<td>no</td>
<td>yes</td>
<td>yes, decreasing</td>
</tr>
</tbody>
</table>

Source: Based on Nathusius et al. (2005, p50).

After the description of the current findings with regard to the funding requirements, the author leads to a preparation of the different financing alternatives.
5.3.3 START-UP FINANCING

Due to the large number of different start-up forms, it seems to be evident that no universal start-up financing model is similarly valid for all the start-up enterprises. Rather, start-up financing models are determined by the objectives of a start-up enterprise, the planned enterprise size, the creditworthiness and the financial situation of the business start-up person (Hölscher, 2002, p210). Based on the theoretical findings of the funding-requirements of the start-up enterprises in the service sector, the following question is discussed in more detail: "How do entrepreneurs in the service sector design their start-up financing in practice?"

Regarding the diversity of the forms of financing, the section starts with a systematization of the existing financing alternatives. In order to raise awareness of these alternatives, the financing differences between SMEs and start-ups in the service sector are highlighted. Apart from that, a basis for comparisons regarding the research findings is established. In order to present an overview of financing possibilities for business start-up persons, the author presents the different financial instruments in def. appendix 15 and 16 and evaluates their appropriateness for start-up enterprises in the service sector.

Financing alternatives for start-up enterprises can be systemized by means of a financing criteria system. Perridon and Steiner (1995, p314-320) suggest the following criteria to systemize the different financing alternatives which the author applies in the following:

(a) Legal position of the capital provider: According to the legal position of the capital provider there is a difference between "equity financing" (Eigenfinanzierung) and "debt financing" (Fremdfinanzierung). The young entrepreneur should be aware of the differences between these two types of financing before he or she selects a certain financing instrument or the set of instruments. Equity financing / self-financing means the provision of privately owned capital by lender financing or investment financing. Debt financing is the generation of capital from external sources (Hölscher, 2002, p208-2009). Additionally, def. appendix 13 gives an overview of the differences between equity and debt capital.
(b) **Terms of the source of capital:** Financing can be grouped into short- (< 1 year), medium- (1-5 years) and long- (>5 years) term financing (Gräfer, 2001, p27).

(c) **Financial strength and financial requirements:** Financing differs according to the coverage ratio of the financial requirements. According to this approach, there are three ways of covering the financial requirements: (1) over-coverage- / (2) under-coverage- and (3) congruent financing of the financial requirements. Permanent under-coverage can lead to insolvency and congruent financing cannot include financial requirement fluctuations. Therefore, Hölscher suggests financing a slight over-coverage in order to be in a position to cover potential fluctuations safely (Hölscher, 2002, p208).

(d) **Cause for financing:** Different capital requirements can arise within an enterprise. They depend on the current phase/ situation of the enterprise (i.e. company expansion, consolidation or still being in the developing process). Here it is possible to specify the finance function with regard to the enterprise life cycle (see figure 4.3) (Wolf et al., 2003, p132).

(e) **Source of funds:** Forms of financing can be divided into “inside- and outside financing” (Innen- und Außenfinanzierung). “Outside financing” implies the supplying of the enterprise with capital from outside. Therefore, it comes from external sources of finance. Outside financing is usually subdivided into credit financing, subsidy financing, and owner’s capital- / venture capital financing. Inside financing can be sorted into the three groups: financing out of the turnover process, financing out of assets regrouping and financing out of rationalization measures (Hölscher, 2002, p208). Referring to the source of funds, Lechner (1996) subsumes the financing forms in an organigram (see def. appendix 14: Financing forms according to the source of funds). In the further course of the section, the author contrasts two research studies with regard to the relevant capital resources for start-up service enterprises and SMEs. The subsequent comparison shows how business start-up persons in the service sector design their financing in contrast to SMEs. The aim is to establish a database for further comparisons of the research findings of this thesis. Within her study among 675 start-up enterprises in the service sector, Kulicke identifies the different relevant aspects of the various capital sources for start-ups in the service sector (Kulicke, 1999, p9):
Table 5.4: Capital sources relevance for start-up service enterprises.

<table>
<thead>
<tr>
<th>funding source</th>
<th>percentage of users of the financing source</th>
<th>percentage of the financing source of the total financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>equity capital of the business start-up person</td>
<td>88.70%</td>
<td>45.70%</td>
</tr>
<tr>
<td>credit of family and friends</td>
<td>25.10%</td>
<td>8.60%</td>
</tr>
<tr>
<td>house bank credit</td>
<td>45.00%</td>
<td>21.50%</td>
</tr>
<tr>
<td>public promotional loans</td>
<td>37.80%</td>
<td>13.90%</td>
</tr>
<tr>
<td>advance payments received</td>
<td>12.30%</td>
<td>0.45%</td>
</tr>
<tr>
<td>subsidies of the unemployment office</td>
<td>10.80%</td>
<td>0.22%</td>
</tr>
<tr>
<td>provincial and federal subsidies</td>
<td>0.79%</td>
<td>0.26%</td>
</tr>
<tr>
<td>venture capital</td>
<td>0.58%</td>
<td>0.26%</td>
</tr>
<tr>
<td>public loan guarantee</td>
<td>0.03%</td>
<td>&lt; 0.01%</td>
</tr>
</tbody>
</table>

Source: Based on Kulicke (1999, p5).

In contrast, Wetzler (2003, p39) explores the importance of the various sources of financing for German SMEs in general as is shown in the following figure:

Figure 5.3: Importance of the sources of funds for SMEs.\(^{13}\)

According to figure 5.3, self-financing is to be seen as the most important source for SMEs. Since self-financing is generally not available to a large extent, the SMEs have to draw on further financing sources. It seems that the outside financing and the credit financing in particular dominate, for example, in the form of bank credits. In contrast, Kulicke discovers that the business start-up person’s own resources are by far the dominant source of financing for start-up enterprises in the service sector (Kulicke, 1999, p9). “The majority of new businesses are usually started with self-funds that come from personal savings or various forms

\(^{13}\) Utilisation of financing alternatives: 0 points = never; 3 points = frequently.
of personal equity of the founder(s)” (Shane, 2003, p133). Inside financing generally does not play an important role in the start-up phase, due to the low turnover extent. Relating to the foundation of an enterprise, self-financing is only of advantage after the break-even-point has been reached (Dieterle and Winckler, 1995, p179). Self-financing power slightly increases in the first-stage phase of the development of the enterprise with the growth of the turnover. House bank credits in Germany depend on the collaterals of the business start-up person. One of the main sources of financial resources are governmental support programmes (public promotional loans, subsidies of the unemployment office, provincial and federal subsidies and public loan guarantees) for start-up companies in the service sector. Taking advantage of these state financial support programmes, start-up service enterprises have a better chance to get an additional house bank credit. At first sight, the low percentage of venture capital is noticeable, but in contrast to the Anglo-American area, only a very limited supply of venture-capital exists in Germany, particularly for German service businesses (Dieterle and Winckler, 1995, p179). In the end, family and friends frequently remain the last / only source of financial resources. In conclusion, it is remarkable that the equity of the business start-up person’s family (friends included) and the various state support programmes are the most relevant source of funds for start-up enterprises in the service sector, whereas the full range of financing instruments are only available to SMEs.

The next section prepares and presents the design parameters of the field of activity. The CPDS-methods and instruments are illustrated as alternative financing forms in contrast to the classical ones illustrated above.

5.4 ENTREPRENEURIAL FINANCE MANAGEMENT DESIGN PARAMETERS

Two Swedish economists, Ridderstrale and Nordstroem, have chosen “How clever heads are bringing capital to the dancing” as the subtitle for their book “Funky Business”. The central thesis of their book is that the new champions in economic life will be those who have ideas even if they do not have capital (Ridderstrale and Nordström, 2000). With regard to the existing lack of financial resources,
young entrepreneurs of start-up service enterprises introduce the CPDS- / bootstrap-financing strategy described above (see 5.2 Target Parameters of the Entrepreneurial Finance Management) for the easing of the capital scarcity. The capital preventing development of start-up enterprises in the service sector means a methodical decrease of additional capital requirements by means of particular methods and instruments. In this case, business start-up persons have the chance - in spite of a lack of financial resources - to realize their business concepts. The realization of a strategy happens on the operational level. With reference to the dominating character of the entrepreneurial finance strategy, the CPDS determines the operative design parameters within the EFM-task: the EFM-instruments and EFM-methods- are called, according to the dominating character of CPDS, CPDS-instruments and CPDS-methods in the following. Therefore, the reality in our field-of-activity model can be controlled by operative design parameters: the CPDS-instruments and methods. In this way, the author comes to the research question: *Which financial management methods and instruments exist and can be taken into consideration for a capital preventing development strategy in the German service sector?*

In the following the author determines CPDS-instruments and methods for start-up enterprises in the German service sector. The aim is to establish the basis on which business start-up persons can be provided with deeper insights in this alternative concept of financing. Moreover, start-up consultants are provided with an alternative financing model which they can recommend start-up enterprises in the German service sector. According to *Meyers Taschenlexikon*, an “instrument” is defined as a means or device which is used to carry out certain scientific or technical works (*Meyers Taschenlexikon*, 1985a, p50).

In the same way, the application of CPDS-instruments is primarily used as a particular way to fulfill the financing task of start-up enterprises in the service sector. Taking into consideration the capital preventing strategy, CPDS-instruments can be defined as a means that:

- Can be allocated to the operational management layer referring to the St. Galler Management classification (see 3.2 Entrepreneurial Definition) and that deals with the realization of the financial objectives and the entrepreneurial finance strategy,
Is seen as an alternative financing source to start an enterprise (e.g. Freear et al., 1995 and Lahm, 2005) in contrast to “traditional” financing forms,

Describes a combination of social and economic transactions (Neeley, 2003) which do not necessarily have monetary character in the first place (Rifai, 2009, p1),

Combines creativity and effectivity with the peculiarity of the entrepreneurial skills and businesses with the aim of avoiding external capital/ -costs and

Reduces the external financing need particularly in the early-stage phase of the development.

The procedure to fulfil these definition-requirements by entrepreneurs can be manifold. There are only a few limitations to the entrepreneur’s creativity with regard to the identification and conversion of potential CPDS-instruments. Van Auken portrays the use of 28 bootstrap financing instruments among a sample of 44 small technology-based firms (Van Auken, 2004):

Table 5.5: Bootstrap instruments according to Van Auken.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>withhold manager salary if necessary</td>
<td>delay tax payments</td>
</tr>
<tr>
<td>use personal credit card</td>
<td>speed up invoicing</td>
</tr>
<tr>
<td>use income from outside employment or supplementary services</td>
<td>offer same conditions to all customers</td>
</tr>
<tr>
<td>delay payments to employees</td>
<td>delay payments to suppliers</td>
</tr>
<tr>
<td>run business strictly from home</td>
<td>factor accounts receivables</td>
</tr>
<tr>
<td>choose customers who pay quickly</td>
<td>negotiate best term with suppliers at below competitive rates</td>
</tr>
<tr>
<td>cease business with late paying customers</td>
<td>buy on consignment</td>
</tr>
<tr>
<td>employ relatives or friends at low salary</td>
<td>share office space</td>
</tr>
<tr>
<td>obtain loans from relatives / friends</td>
<td>share employees with other businesses</td>
</tr>
<tr>
<td>offer customer discount for cash</td>
<td>borrow equipment</td>
</tr>
<tr>
<td>obtain advance customer payments</td>
<td>buy used equipment</td>
</tr>
<tr>
<td>use routines to minimize investment / stock</td>
<td>coordinate purchases with other businesses</td>
</tr>
<tr>
<td>hire temporaries</td>
<td>barter instead of buying goods</td>
</tr>
<tr>
<td>charge interest on overdue accounts</td>
<td>lease equipment</td>
</tr>
</tbody>
</table>

Neeley investigates the benefit of bootstrap instruments among American goods producers and service enterprises. The results of his study confirm the great benefit of bootstrap instruments and particularly the frequent usage of cash management methods (Neeley, 2003). In the following, the author briefly depicts the different techniques, the sources and the instruments in accordance with Neeley:
Table 5.6: Bootstrap categories, sources and instruments according to Neeley.

<table>
<thead>
<tr>
<th>categories</th>
<th>sources</th>
<th>instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>owner’s financial and real assets</td>
<td>saving accounts; sale of securities; forgone salary, and salary from other jobs; residence use as office or shop;</td>
<td>use private credit card; give up personal salary; use salary from another job; run business at home partially; run business at home completely;</td>
</tr>
<tr>
<td>entrepreneur’s personal borrowing</td>
<td>installment loans, personal lines of credit and signature loans; credit cards, microlending programmes and agencies; franchise lending, collateralized lending and mortgages and home equity loans; whole life insurance cash values; personal retirement accounts withdrawals; on-line credit each matching services;</td>
<td>loans from relations; hire relations at low wages;</td>
</tr>
<tr>
<td>relationship resources</td>
<td>cash contributions and property and equipment purchases; donated labor and expertise and below market salary;</td>
<td>barter;</td>
</tr>
<tr>
<td>barter</td>
<td>service of goods exchange and trades; organized service and goods exchanges;</td>
<td>borrow equipment; have consignment goods; use pooled purchases; beta test side for equipment; share space with others; share equipment; share employees;</td>
</tr>
<tr>
<td>quasi-equity</td>
<td>partnerships, individual or group angels and adventure capitalists; incubator’s interest and credit enhancements;</td>
<td>require down payment; included in client’s promotional materials; clients pay for product development costs;</td>
</tr>
<tr>
<td>cooperation resources</td>
<td>equipment and facilities sharing or borrowing; joint ownership or partnering; coordinated or pooled purchases and customer sharing alliances; franchisee Support, Advising, and Services;</td>
<td>invoice promptly, buy used equipment; minimize inventory; stop service to late payers; give preferences to quick pay customers; delay payments to supplier; pay early to get discounts; charge interest on overdue accounts; offer discounts for cash; factor inventory; delay pay day to employees; factor accounts receivable;</td>
</tr>
<tr>
<td>customer or client financing</td>
<td>prepaid licenses or royalties and advance payments; customer founded research and development; letters of credit and Invest-owners;</td>
<td>lease equipment;</td>
</tr>
<tr>
<td>cash or asset management</td>
<td>trade credit, delayed payments to vendors or deferred taxes float, overdraft privileges, account transfers, and skip loans; accelerated receipts from customers or clients; short-term investments of access funds; inventory minimization and used versus new equipment purchases; theft control;</td>
<td>acquire government grants; arrange corporate grants;</td>
</tr>
<tr>
<td>leases</td>
<td>closed- and open ended leases and sales and leasebacks; Venture leasing;</td>
<td>win foundation grants;</td>
</tr>
<tr>
<td>outsourcing</td>
<td>professional services, and temporary employees; manufacturing co-ops; flexible networks or virtual corporations;</td>
<td>have temporary employees; receive free consulting;</td>
</tr>
<tr>
<td>subsidies and incentives</td>
<td>direct or indirect municipal or county funding; direct or indirect state or federal funding; direct or indirect university resources; indirect “Big” corporate;</td>
<td>acquire government grants; arrange corporate grants;</td>
</tr>
<tr>
<td>foundation grants</td>
<td>direct grants and flow through arrangements;</td>
<td>win foundation grants;</td>
</tr>
</tbody>
</table>

Source: Based on Neeley (2003).
To achieve a better understanding of the identified CPDS-instruments discussed up to now, the author arranges the existing instruments in different categories. He supposes that one good way to categorize the CPDS-instruments is the application of the stakeholder-analysis concept and therefore follows the same approach as Khaled (2009, p77). Stakeholder-analysis is an integrated approach for the identification and prioritization of claim groups (e.g. people, groups and organisations).

“Stakeholders are those whose interests are affected by the issue or those whose activities strongly affect the issue; those who possess information, resources and expertise needed for strategy formulation and implementation, and those who control relevant implementation, instruments” (United Nations Environment Programme, 2001).

Therefore, stakeholders are all persons and institutions, which are in some way affected by the development of the start-ups in the service sector. This is why persons and institutions, which keep the new service enterprise running, belong in this group although they do not participate in the development. On this basis, the author works out the following categories by grouping the already existing instruments (table 5.5 and table 5.6) with regard to the different stakeholders:

**Figure 5.4: Classification of CPDS-instruments.**

![Diagram of CPDS-instruments classification](source: Based on present author)

The allocation / classification is detailed in def. appendix 18 (see def. appendix 18: CPDS-instruments classification). Again, the scheme developed earlier serves as a basic classification scheme for the explored CPDS instruments of the start-up companies in the service sector. In this way, new findings are secured by comparing the present classified instruments applied in the technology-based industry with the results of the present research project: the CPDS-instruments of start-up service enterprises. With regard to the EFM-task (see table 5.1) the author does
not only want to analyze the CPDS-instruments for start-up enterprises in the service sector. Furthermore, he intends to explore possible operative entrepreneurial management-methods or principles which can serve as guidelines for the usage of the CPDS-instruments. Bhidé examines 100 of the 1989 Inc. 500 lists of the fastest growing U.S. start-ups to the value of bootstrapping (Bhidé, 1999, p149-150).

The result of the investigation is seven principles for successful start-ups:

Table 5.7: Seven bootstrap principles for successful start-ups according to Bhidé.

<table>
<thead>
<tr>
<th>bootstrap principles</th>
<th>descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>get operational quickly</td>
<td>business concept: imitations, entering a small market, in small steps to the objective</td>
</tr>
<tr>
<td>look for quick break-even</td>
<td>A “business that is making money, elegantly or not, builds credibility in the eyes of suppliers, customers, and employees”.</td>
</tr>
<tr>
<td>cash-generating projects</td>
<td></td>
</tr>
<tr>
<td>offer high-value products or</td>
<td>“many entrepreneurs underestimate the marketing costs”: “Therefore, successful entrepreneurs often pick high-ticket products and services where their personal passion, salesmanship and willingness to get the extra mile can substitute for a big marketing budget”.</td>
</tr>
<tr>
<td>don’t try to hire the crack</td>
<td>“bootstrappers cannot afford this investment”</td>
</tr>
<tr>
<td>keep growth in check</td>
<td>“take special care to expand only at the rate they can afford and control”, “invest in people or capacity only when there is no alternative, not in advance of needs”.</td>
</tr>
<tr>
<td>focus on cash, not on profits, market shares, or anything else</td>
<td>“bootstrappers must earn healthy margins, practically from day one, not only to cure the company’s costs but also to finance growth”; “I learned early that it is better to have a low-profile, positive cash-flow job than a high-ego, negative cash-flow job.” (Keith Kakacek) “Getting terms from suppliers and timely payments from customers are critical in managing cash”.</td>
</tr>
<tr>
<td>cultivate banks before the</td>
<td>“Winning bankers over requires preparation and careful timing”.</td>
</tr>
<tr>
<td>business becomes creditworthy</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on Bhidé (1999).

The methods described above can be categorised according to the optimal organization of the flow of financial resources within the enterprise, which means the organization, planning, control and monitoring of the flow of the financial resources (see table 5.1):

- **Planning**: Within the planning phase, goal-oriented programmes are developed, which form the basis for the future actions of the enterprise (Schneck, 2007, p296),
- **Organization**: Goal-oriented and permanent structuring and / or regulation or organizing of company areas and -elements (Macharzina and Wolf, 2008, p695),
- **Control:** “devices that insure that it goes where its leaders want to go” (Anthony and Dearden, 1980, p22) and

- **Monitoring:** is defined as arranged current and data processing process for the determination of deviations by juxtaposition of plan- and comparison sizes (Schneck, 2007, p527).

Therefore, the CPDS-methods can be divided into planning-methods, organization-methods, control-methods and monitoring methods:

Figure 5.5: Classification of CPDS-methods.

![Diagram of CPDS-methods]

*Source: Based on present author.*

Def. appendix 19 details the allocation / classification of the present CPDS-methods (see def. appendix 19: CPDS-methods classification). The scheme developed above serves as the basic classification scheme for the CPDS-methods of start-up enterprises in the German service sector. Moreover, it provides further additional information analogues on the CPDS-instruments. The individual CPDS-methods and instruments introduced above have not been developed for the German start-up market and in particular not for the German service sector. With regards to the e.g. legal, economic and cultural differences, the author is eager to see if the depicted CPDS-instruments and -methods are entirely or partly transferable to German start-up service enterprises.
6 RESEARCH METHODOLOGY

6.1 INTRODUCTION

This chapter discusses the organizational structure and the process structure of the qualitative primary data collection and analysis of this DBA-thesis. It is the objective of this chapter to precisely and comprehensibly illustrate how the research questions of this thesis are used inductively to extend the knowledge about EFM and CPDS among start-up persons in the German service sector.

6.2 RESEARCH APPROACH AND STRATEGY

This section demonstrates why a qualitative / GT approach is preferred in this thesis to answer its research questions. This chapter starts with a brief outline of the philosophical assumptions underlying a qualitative research. Subsequently, reasons are given for choosing a qualitative approach for the DBA-thesis. Moreover, the weaknesses of qualitative research are discussed and at the same time, suggestions are made how to avoid these weaknesses. Thereafter, the grounded theory (GT) approach according to Strauss and Corbin - as a methodology and as a research strategy - is defined and it is discussed whether this approach is suitable for this thesis.

*Philosophical assumptions underlying a qualitative research approach:*

Guba and Lincoln talk about the need of researchers to define their ontological and epistemological assumptions before starting any research project: “What is the form and nature of reality and, therefore, what is there that can be known about it?” (Guba and Lincoln, 1994, p108). Merriam describes that the “key to understanding qualitative research lies with the idea that meaning is socially constructed by individuals in interaction with their world” (Merriam, 2002, p3). There are

“multiple constructions and interpretations of reality that are in flux and that change over time. Qualitative researchers are interested in understanding what those interpretations are at a particular point in time and in a particular context” (Merriam, 2002, p3).
Researchers use analytical procedures that interpret the experiences, meanings, values, opinions and behaviours of individuals. This process is described as descriptive-inductive (Whittaker, 1996, p311). However, this also means that it is appropriate for the exploratory need to understand an under-researched area and to draw attention to the practical concerns of individuals in following their social activities – such as financing a business start-up. This also fits with the notion of a pragmatic approach (appropriate to a DBA-thesis). As a formal approach, pragmatism focuses on the necessity to give research a practical relevance and at the same time emphasizes the moral and ethical importance of organizations. Pragmatism does not want to be seen as a system but as a method as it evaluates the truth of every judgement in relation to its practical consequences (Vogtländer, 2007). Instead of producing general knowledge, the objective of pragmatism is to improve the practical value of the research results. As little is known of the EFM-methods of start-ups in the service sector, it can be argued that such an understanding of pragmatism needs to comprehend how participants in this field of activity see the situations they face as a basis for generating insights that will have practical relevance. The interpretive and pragmatic approach can be seen to meet these requirements. In most cases these types of assumptions point towards a qualitative approach to methodology. Brand and Wiemer (2003), Legewie (2004), Seel (2004), Weyers (2008) and Wiedemann (2009) provide criteria for the choice of research approaches which are used in the following discussions. Quantitative research generally aims at the verification of hypotheses as well as at the development and refinement of theories. This deductive approach starts with a theory from which hypotheses are derived that are either confirmed or denied. Qualitative investigations are much more open concerning the results. Their strengths are the discovery of new and unexpected connections and the development of new theories, or the refinement or enlargement of theories. Furthermore, qualitative studies can also verify connections and theories that are already known. In this case, attention is simultaneously paid to a refinement or enlargement of the theory. As such, they are most useful in situations where theory is weak or non-existent, as is the case with the present field of research: the easing of the capital scarcity of young service enterprises in Germany. However, the inductive nature
of a lot of qualitative research does not mean that foreknowledge concerning the planning, realisation and analysis of a project is not needed (Legewie, 2004, p6).\textsuperscript{14} Lindlof comments that the "qualitative researcher usually begins a study because of a personal and scholarly fascination with a phenomenon, and continues to respect its integrity while carrying out field activities" (Lindlof, 1995, p22). This has been demonstrated in the previous chapters. Having dealt with the problems of restricted financial means, a lot of time had to be invested in considering alternative financing forms. Creative and effective measures were elaborated to master the financial situation and the establishment of a service business. However, this thesis does not intend to verify theories. Instead it aims at discovering new financial methods and instruments for capital preventing development strategies for start-up enterprises in the German service sector. The minimum aim, however, is to refine or enlarge existing categories and theories to increase their relevance in research.

This thesis also aims at developing an integrated alternative financing approach for German start-up enterprises in the service sector. Close questions, counting, measuring and other methods within the quantitative approach are not suitable to achieve this objective because it mainly consists in interpreting patterns, rules, structures and contexts. Instead, the research questions have to be open (Weyers, 2008, p4). The research objective in this context is the qualitative explorative theory generation in contrast with the quantitative theory testing (Weyers, 2008, p9). The research objectives were set at the beginning of this research project and the research questions were developed parallel to the literature review. Their purpose is to guide the investigation and to bring to light new and unanticipated aspects of the problem rather than to simply seek confirmation of the parameters that have influenced their development (although this will be considered as part of the process).

In this study, new insights were gained by one-on-one interviews, so-called expert interviews, with business start-up persons in the service sector. Brandt and

\textsuperscript{14} Legewie distinguishes two types of foreknowledge (Legewie, 2004, p7):
(1) Individual expert knowledge (also foreknowledge): individual experiences and stance with regard to the research topic - at the outset and in the entire procedure of the research project; which results does the researcher expect;
(2) Current state of research: Which models and results are already known concerning the examined phenomenon? Which relevance do they have for my study?
Wiemer (2003, p11) as well as Seel (2004, p18) describe expert interviews as a suitable method of data collection in the framework of qualitative research because information can be collected in a holistic manner. After discussing the suitability of a qualitative research approach to this research project, the weaknesses of this research approach are exposed and methods to counteract them are outlined. Points of criticism concerning qualitative research are the following:

(1) Qualitative research "is novelistic, entertaining and descriptive, but it is not rigorous and falls short at explaining why things happen" (Goulding, 2002, p17). In contrast, Lamnek states that qualitative approaches are appropriate where e.g. an unknown area of life or new non-transparent constellations are supposed to be investigated by means of a flexible procedure. Qualitative studies are suitable where knowledge about the social environment is still scarce and/or when the methodical procedure cannot yet be standardized (Lamneck, 1995, p264). Qualitative research strategies can provide precise and dense descriptions of the viewpoints of the persons involved (Flick, 2000b, p17).

(2) Qualitative research has no hard and fast rules of procedure: To counteract this criticism, the author uses both the research structure and the research process as a guideline that is as transparent as possible. The purpose is to obtain the reader's trust regarding the research procedure and the findings of the thesis. This maxim is put into action in various documented research steps, such as the detailed description of the setup of the research project (see table 11.29), the discussion of the selected research approach and strategy (see 6.2 Research Approach and Strategy), set-up of a clear research design (see 6.3 Research Design) and the documentation of the coding procedure by means of memos and diagrams (see meth. appendix 13).

(3) With regard to the data collection and data analysis process, many authors ascribe qualitative research studies a more time-consuming procedure in contrast to quantitative approaches (e.g. Brandt and Wiemer, 2003, p11). One main advantage of this research project is the direct access to business start-up persons of service companies via four-quarters EXIST GmbH. As the contacting is less time-consuming, more effort can be put in the data collection and analysis, which reduces the timeline of the entire research process.

(4) Influence of the researcher on the research process / claim for subjectivity: Be it quantitative or qualitative investigations, no researcher can be sure that their
RESEARCH METHODOLOGY

prejudices do not falsify the entire research approach or single steps of data collection or analysis (Legewie, 2004, p7). Therefore, individual expert knowledge as well as knowledge of the current state of research is essential to specify the qualitative research questions and objectives. To a large extent, the qualitative researcher is dependent on his knowledge about the planning, realization and analysis of his or her research project (Legewie, 2004, p6). But with respect to the central role of the researcher, “all data is filtered through the eyes of the data collector” (Goulding, 2002, p17), “the findings are often considered to be subjective, intuitive and value laden. Personal discipline assists qualitative researchers in avoiding excessive subjectivity” (Goulding, 2002, p17). Borman and Preissle-Goez (1986) as well as Legewie (2004, p7) remark that avoiding the reproach of subjectivity is necessary and accepted if the researcher discloses his or her bias within a documented process of self-reflections at each stage of the research process. Therefore, the author provides a description of his point of view and his reflections during the research process (see meth. appendix 4: Excerpt of the Research Diary).

A Grounded Theory Strategy:

Creswell has identified five “traditions”: biography, phenomenology, ethnography, grounded theory and case study (Creswell, 1998). In contrast, Denzin and Lincoln identify eight “research strategies”: case study, ethnography, phenomenology, grounded theory, biographical, historical, participatory, and clinical strategies (Denzin and Lincoln, 2000). Each of the qualitative research strategies has a different focus, depending on the research objectives and questions, the type of data collection and analysis, the sample selection and the philosophical approach to the study. In search of a suitable research strategy, the author came across the grounded theory (GT), which seems to be particularly qualified to match the present research requirements. The reasons for preferring a grounded theory strategy over an alternative approach are illustrated in the following: A central aspect for the choice of the GT is the novelty of this DBA research project and the corresponding lack of access to other research results concerning entrepreneurial finance management in the service sector. The main objective of the GT is the development of new theories. Thus, the research questions have to show the neces-
sary flexibility and openness in order to generate new findings. Strauss and Corbin define the GT approach as follows: "The grounded theory approach is a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon" (Strauss and Corbin, 1996, p24). The major benefit of the GT is its inductive, process-oriented and contextual nature, which is useful for interpretive researchers. A further strength of the GT is the systematic research procedure concerning data collection and analysis. Due to the concrete set of procedures, GT provides adequate control over the discovery of new ideas and the contexts-models that are created. The traceability of data, categories and theory development underline this strength (Goldkuhl and Cronholm, 2010, p190). It should be noted, however, that GT is not just a single method, but a 'research style'. It contains techniques which can develop a theory that is grounded in data retrieved in interviews, field observations, documents and statistics in a step-by-step procedure (Legewie, 2004, p12). Fendt and Sachs confirm that a pragmatic approach of the GT is quite compatible with a business management dissertation (Fendt and Sachs, 2008). Link and Keller state that the inductive procedure of the GT, particularly its methodology regarding the structuring of the field data, turns it into a useful empirical method (Link and Keller, 2009, p4). Patton states that grounded theory "has opened the door to qualitative inquiry in many traditional academic social science and education departments, especially as a basis for doctoral dissertations" (Patton, 2002, p127). The most fundamental definition of GT is provided by Glaser and Strauss: GT is "the discovery of a theory from data systematically obtained and analyzed in social research" (Glaser and Strauss, 1967, p1). This study adopts the version of GT influenced by Strauss and Corbin that explicitly allows the researcher to include his or her foreknowledge.

In spite of its broad acceptance in the qualitative sociological research, the GT has been frequently criticized since their development by Strauss and Glaser (Link and Keller, 2009, p3). Thomas and James entirely consolidated the criticism that deals with the methodology of the GT (Thomas and James, 2006, p767-795). They discuss "three critical notions 'theory', 'ground' and 'discovery' which linger in the continuing use and development of grounded theory procedures" (Thomas and James, 2006, p767).
“In brief, this criticism centers on three broad themes: first, that grounded theory oversimplifies complex meanings and interrelationship in data; second, that it constrains analysis, putting the cart (procedure) before the horse (interpretation); and third that it depends upon inappropriate models of induction and asserts from them equally inappropriate claims to explanation and prediction” (Thomas and James, 2006, p768).

This criticism is valid to a certain extent but it can also be claimed that they are applicable to almost all research approaches (qualitative or quantitative). Besides, they have also been challenged by defenders of GT in that they relate to the application of the technique rather than to the approach itself. For this thesis it is claimed that GT allows a systematic approach to handling data in a little appreciated field. In addition to that part of the study which seeks to identify the extent to which existing theory can be applied to the problem of business start-up in the German service sector it is attempted to gain new insights in this neglected research field.

6.3 RESEARCH DESIGN

“Constructing a research design consists of defining the means necessary to answer the research questions: selecting methods of data collection and analysis and determining data types and sources (including details of sample composition and size)” (Thiétart, 2001, p117).

6.3.1 Method of Data Collection

Cohen mentions that the “quality of a piece of research stands or falls not only by the appropriateness of methodology and instrumentation but also by the suitability of the sampling strategy that has been adopted” (Cohen et al., 2009, p100). This section is introduced by determining the research study. The process of gathering data by means of a multiple-case study research is outlined, as well as its strengths and weaknesses. Afterwards the author details the sampling procedure of the units of analysis. Finally, the research methods (guided interviews) and instruments (interview guide) are described.

As the intention of this work is of an explorative nature, the author chooses a case study research approach to gather the required data. According to Yin, a “case study is an empirical inquiry that investigates a contemporary phenomenon within
its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003, p13-14). The strengths and weaknesses of a case study approach are illustrated by Nisbet and Watt (1984) and listed in the meth. appendix 20. Multiple cases lead to a more powerful explanation of a phenomenon because they serve as control groups. A number of case studies, is selected and utilised in this research. In the following, it is discussed which cases are to be elected for the examination. According to the selected GT approach by Strauss and Corbin, sampling describes the selection of a data source, a case, an incident, et cetera (Strauss and Corbin, 1990, p148). The choice of cases is an “important aspect of building theories from case studies” (Eisenhardt, 1989, p536). The adopted process is denominated as systematical sampling and is an accepted variation of the theoretical sampling according to Strauss and Corbin (Strauss and Corbin, 1990, p155). The author composes a Microsoft Excel-based list (name list) of all start-up enterprise mandates / contacts of four-quarters EXIST GmbH on basis of the internal recordings of the consultancy company (see meth. appendix 2: Population of the start-up enterprises in the service sector). In a first step, it is sorted in accordance with the definition of our unit of analysis (see table 4.3):

(1) Immaterial goods as the result of the production process,
(2) Human resources as the dominating production factor,
(3) Definition of a business start-up according to Sharma and Chrisman,
(4) Micro-size classification,
(5) Single business start-up person / no-business start-up team,
(6) German location of the enterprise and customer or business partner of four-quarters.
(7) Date of foundation: less than 5 years old and
(8) Start-up and first-stage phase of the enterprise development.

Afterwards, the completed list of start-up enterprises in the service sector can be applied as the groundwork for the sampling. The researcher proceeds from one person to the next and everyone who is willing can participate. The basic idea of the “theoretical sampling” is the representativeness of the concepts in contrast to the representativeness of the population. Following this basic idea, founders of
service businesses are searched and elected for interviews in the course of the theory development process. This offers a chance to gain relevant data on the examined phenomenon and to develop a certain theory (Muckel, 2007). The decision on the number of cases to be examined mainly coincides with the decision on which cases are supposed to be included. The number of the cases included in the investigation is determined by the number of existing, suitable candidates (Lamnek, 1995b, p97-98). Since the effort for the collection and analysis of the data increases proportionally to the number of cases, the number of the cases must also follow practical considerations.

- **Research method and instrument:**

Bhidé remarks to

"get the start-ups' stories in all their complexity, I choose to conduct face-to-face interviews rather than send out a mail survey. Start-ups are characterized by close relationships among financing, marketing, strategies, hiring, and control systems that would be hard to capture through a structured survey. Since executives of successful companies are inundated with mail surveys, response rates are generally low" (Bhidé, 1999, p172-173).

The interviews are carried out in the form of guided interviews which means that an interview guide (research instrument) has to be designed before beginning with the interviews (see meth. appendix 1: Interview guide). For the interviewer the guide functions as a checklist, which guarantees that certain content-related aspects are included in each interview (Christiane Schmidt, 2007, p9). In the following, the methodology and the setup of the interview guide are illustrated: The interview guide is developed in accordance with the research questions. The interviews are carried out in form of semi-standardized interviews. An interview guide is predetermined, but the interviewer can specify the order and formulation of the question autonomously (Lamnek, 1995b, p47). Therefore, this concept appears to be most reasonable. At the same time, however, this method leaves both, room for independent suggestions of the interview partners and for additional findings that could not be collected in a purely standardized procedure. Thus, the guide for the interviews is constructed very openly. The characteristics, strengths and weaknesses of an interview guide approach are outlined by Patton (1980, p206) and listed in the meth. appendix 21.

The interview guide and the interview questions are developed for the guided interviews on the basis of the reviewed publications, the author’s professional expe-
rience and considerations of the object of research. Strauss and Corbin point out that the first interview questions are based on concepts that derive either from secondary literature or from personal experiences. In this way, developed concepts are only provisional (Strauss and Corbin, 1990, p148) and serve as a starting point for the researcher. If the researcher rigidly adhere to them during the research work, he or she could not make use of all the possibilities that the data offers, restrict the amount and type of the gained data, hinder the researcher to achieve density and variation of the concepts which are indispensable for the development of a grounded theory (Strauss and Corbin, 1990, p152). Eisenhardt explains that an “initial definition of the research question, in at least broad terms, is important in building theory from case studies”, because “without a research focus, it is easy to become overwhelmed by the volume of data” (Eisenhardt, 1989, p536). With regard to the creation of the interview guide, the procedure presents itself as follows:

(1) Based on the research questions, the author creates a list of interview questions. Thereby, the principles established by Arksey and Knight (1999, p93-95) (see meth. appendix 10) are taken into consideration. Furthermore, the author respects the approach by Goss who recommends the development of qualitative interview questions (Goss, 2010) “I often try to imagine that I am going to interview someone who prefers to only ever give one word answers (or, maybe, one sentence answers) - how should I plan my opening and follow-up questions to makes this as difficult as possible for him to do?”.

(2) Guide construction: Transformation of the interview questions into a target group-oriented interview guide (see setup of the interview guide);

(3) In an iterative procedure the author presents the interview guide to various start-up consultants, who are qualified communication partners and advisors, to discuss and to test the guide within a simulated test-interview:

Table 6.1: Start-up consultants’ overview.

<table>
<thead>
<tr>
<th>start-up consultancy</th>
<th>date</th>
<th>duration (h:m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dipl.-Vw. Daniel Kunkel</td>
<td>11/18/2009</td>
<td>1:42</td>
</tr>
</tbody>
</table>

*Source: Based on present author.*

(4)Revision of the interview guide: The feedbacks given by start-up consultants are documented and integrated in the development of the interview guide. There-
by, the "keep it simple" approach, which makes it easier for the interviewee to understand the intention of the questions, is the biggest challenge. Moreover, Lamnek comments that it is an important basic principle to document all steps that are taken during the construction of an interview guide in order to make the operationalization comprehensible (Lamnek, 1995b, p111). Regarding the content, the interview guide (see meth. appendix 1: Interview guide) is divided into eight parts:

Table 6.2: Setup of the interview guide with regard to the content.

<table>
<thead>
<tr>
<th>part</th>
<th>content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>preface of the interview guide;</td>
</tr>
<tr>
<td>2</td>
<td>cover sheet for the guided interview;</td>
</tr>
<tr>
<td>3</td>
<td>introductory questions relating to the “personal data of the business start-up person”;</td>
</tr>
<tr>
<td>4</td>
<td>introductory questions relating to the “data of the enterprise”;</td>
</tr>
<tr>
<td>5</td>
<td>the “declaration of consent for the use of data”;</td>
</tr>
<tr>
<td>6</td>
<td>questions block I: relating to “The Target Parameters of the Entrepreneurial Finance Management”;</td>
</tr>
<tr>
<td>7</td>
<td>questions block II: relating to “The Conditions of the Entrepreneurial Finance Management”;</td>
</tr>
<tr>
<td>8</td>
<td>questions block III: relating to “The Design Parameters of the Entrepreneurial Finance Management”.</td>
</tr>
</tbody>
</table>

Source: Based on present author.

The interview guide is structured in a hierarchical form and several concrete interview questions are formulated in relation to each one of the research question. Detailed sub- and additional questions are formulated, which are used primarily in case of insufficient answers given by the interviewees.

Table 6.3: Hierarchy of the interview guide.

<table>
<thead>
<tr>
<th>level</th>
<th>content</th>
</tr>
</thead>
<tbody>
<tr>
<td>level 1:</td>
<td>three blocks of questions (target parameters, conditions and design parameters).</td>
</tr>
<tr>
<td>level 2:</td>
<td>block I (target parameters of the entrepreneurial finance management) has five interview questions; block II (conditions of the entrepreneurial finance management) is divided into three sections and has in sum ten interview question; block III (design parameters) has five interview questions.</td>
</tr>
<tr>
<td>level 3:</td>
<td>block I has two detailed sub- and additional questions; block II has eighteen detailed sub- and additional questions; block III has five detailed sub- and additional questions.</td>
</tr>
</tbody>
</table>

Source: Based on present author.

The interview guide does not contain pre-formulated responses for the interviewees. Rather, it is supposed to guide the conversation in a way that the interviewees have an opportunity to express in their own words what they have in mind for each question. Within the framework of the qualitative research, the order and the formulation of the questions and demands are flexible and both match the course
of the conversation. In the following, the author defines the operational interview sequence:

1. Sampling on the basis of the list of names / start-up service sector (see meth. appendix 2: Population of the start-up service enterprises).

2. Arrangement of the date (interview) if possible in the business start-up person's office or in the four-quarters EXIST GmbH headquarters office.

3. Implementation of the interview: Lamnek describes the interplay between the interviewer and the interviewee as follows: it is the task of the interviewer to control the conversation and to make sure that the interviewee gives away the relevant information. In this context, Kvale recommends a code of conduct (Kvale, 1996, p30) that the author follows during the interview (see meth. appendix 11). Transcription\textsuperscript{15} of the interview: With the objective to improve the transparency of the transcription procedure, the author transcribes the recorded interviews on basis of the transcription regulations by Kuckartz et al. (2008, p27ff) (see meth. appendix 12). The interviews are continuously numbered (interview identification number: iin). After the transcription of the interviews, the statements (interview questions and answers) are numbered accordingly (line numbers: l.n.) in order to unequivocally pinpoint the place of the discovering of the phenomenon during the coding-procedure (text passage).

6.3.2 Method of Data Analysis

This section illustrates the procedural methods within the data analysis process of this DBA-thesis. First of all, the author describes the phenomenon-indicator-concept-model as the methodological frame-model of this research project and indicates how the researcher includes previous knowledge and the current state of entrepreneurship research in the data analysis research process. Afterwards, the author presents his configuration of a heuristic grid and illustrates the extension of the evaluation methodology by Strauss and Corbin by contrasting and comparing cases. He details the coding methodology as well as the documentation of the cod-

\textsuperscript{15} Transcription (lat. transscribere = rewrite) means the transfer of an audio- or video recording in a written form. Mostly it is a matter of conversations, interviews, dictations or movies. In this case, transcription always means the simple typing of the recording by hand (Dresing and Pehl, 2009a) like in the current guided interviews.
ing procedure. Finally, the research diary and the content evaluation are presented as methods to improve both the credibility and the traceability of the research procedure. The grounded theory is the methodological frame-model of this thesis. Legewie states that the phenomenon-indicator-concept-model is fundamental for the GT (Legewie, 2004, p13). The following figure illustrates this model:

![Figure 6.1: GT phenomenon-indicator-concept-model](https://example.com/figure6.1.png)

Sources: Adapted from Legewie (2004, p13).

Relating to this model, the researcher can only gain findings if he or she collects data on the phenomena in the social reality - mostly in a linguistic form e.g. by means of expert interviews. In this way, these phenomena are captured in documents. In these documents, such as transcribed expert interviews, certain text passages refer to certain phenomena and therefore are indicators for these phenomena. With these indicators, concepts of new theoretical constructions are formed in the course of the development (Legewie, 2004, p14). By means of a coding procedure, a text passage - the indicator - is assigned to one or several codes (Legewie, 2004, p15).

With respect to the further procedure, the author orientates himself by the recommendation by Wenzler-Cremer (2005, p77) to adapt the methods to the object. Wenzler-Cremer recommends that in this phase of the research process, theoretical foreknowledge should also be included (Wenzler-Cremer, 2008). For this pur-

---

16 The central idea, the occasion, the incident onto which a series of acts or interactions is directed, to control or to master it or to which the acts are in relation with (Strauss and Corbin, 1990, p79).
17 Conceptual denominations or labels, which entitle single occasions, incidents or other examples of phenomena (Strauss and Corbin, 1990, p43).
18 A code can be defined as a term, a keyword or a concept (Legewie, 2004, p15).
pose, Kelle and Kluge introduced the term "heuristic grid". This scheme fulfills a topic delimitation function and in addition it helps the researcher to link it with the current state of research. Coding-categories used for the systematization of the data set are supposed to be rather "open" at the beginning, so that the entire spectrum of relevant phenomena is captured on the basis of the data (Kelle and Kluge, 2010, p71).

In order to systematize the action processes of the business start-up persons with regard to their choice of the CPDS-instruments and methods, the researcher arranges the qualitative data set (transcribed interviews) on the basis of the following three fields of determining parameters:

1. Start-up enterprise financial objectives, start-up motives and financial strategies of the founders of start-up service enterprises,

2. The entrepreneur as a financial manager, his or her funding requirements and the arrangement of the start-up financing as the influencing aspects of the action process and

3. The identified action variations (CPDS-instrument and methods) concerning the capital preventing development strategy.

In this way, the coding of the data set is done by means of an action-theoretical frame concept that is used as a heuristic grid in this thesis. Thereby, the initial categories for the coding procedure are already suggested through the construction of the interview guide.

Kelle and Kluge explain that on the one hand, the interview guide to a great extent influences the agenda of topics to which the interviewees have something to say. On the other hand, the evaluation of the data - at least in the beginning - is often orientated towards the interview questions of the interview guide (Kelle and Kluge, 2010, p67). In order to extract the alternative financing methods and instruments of the business start-up persons in Germany, their action typology as a sequence of objectives, influencing conditions and selected CPDS-methods and instruments, the author extends the evaluation methodology by Strauss and Corbin by the methods of case contrasting and case comparison.
In this case, codes either originate from theoretical preliminary considerations or are developed during the reading of the texts. Strauss and Corbin explain that coding represents the procedure through which the data is broken up, conceptualized and put together in a new way. It is the central process to develop a theory from the data (Strauss and Corbin, 1990, p39).

Concerning the documentation of the coding procedure, Strauss and Corbin note that memos and diagrams are essential, since without them the researcher would not have any recording of his or her analysis (Strauss and Corbin, 1990, p167). Memos and diagrams are used from the very beginning of a research project to the final report (Strauss and Corbin, 1990, p170). It is important that memos and diagrams are sorted continuously and systematically, and that they are easily accessible for the ordering and the creation of cross references (Strauss and Corbin, 1990, p171). Strauss and Corbin recommend the researcher to develop his or her own style and technique (Strauss and Corbin, 1990, p175). Meth. appendix 13 gives an overview of the used memos and diagrams.

---

19 Memos represent the written forms of the researcher’s abstract thinking about the data (Strauss and Corbin, 1990, p170).

20 Diagrams are graphic descriptions or visual pictures of relationships between concepts (Strauss and Corbin, 1990, p169).
With the objective of improving the transparency of the research procedure, the researcher keeps a research diary\(^{21}\) which he writes down ideas, questions and thoughts concerning the data collection and analysis process. The research diary is characterized by the free design and the conscious reflection of the learning process. Therefore, everything that happens during the research process can be documented (Anastasiadias and Bachmann, 2005, p162). Anastasiadias and Bachmann recommend developing a personal writing style and paying less attention to literary standards for the free flow of thoughts.

In the meth. appendix 13 the author documents the structure of the research diary and presents correspondingly an excerpt of the research diary in the meth. appendix 4. In conclusion, the research diary supports the scientist in multiple ways: (1) as a reasonable reconstruction of the researcher’s subjectivity, (2) as an instrument of remembering, (3) as a collection instrument to interpret possible pictures about the subject of research and (4) as a possibility to expand the researcher’s professionalism (Anastasiadias and Bachmann, 2005, p163).

“In grounded theory there are three types of coding: open, axial and selective coding” (Cohen, et al., 2009, p492) that the author processes in the following section: (1) **Open coding**: Open coding stands at the beginning of the data analysis process and is used to break the data into manageable chunks in order to facilitate the understanding of the “phenomena” (Strauss and Corbin, 1990, p44). The author starts with a successive analysis of the transcribed interview. Thereby, all essential facets are extracted to discover the core statements. Furthermore, the aspects can again be split up or deleted within the process of naming the identified phenomena and are documented in the MS excel-based open code memo briefly labeled: “coding list” (see meth. appendix 6: Coding list of the first interview).

Besides, Strauss and Corbin suggest asking questions about every unit of analyses: What is that and / or what does it represent? During the procedure one incident is compared with another so that similar phenomena can be given the same name (Strauss and Corbin, 1990, p45). Within the GT, the answers given repre-

\(^{21}\) Research diaries are a form of written contemplation with the focus on the researcher’s self-reflection. It is used for the analysis of the research process as well as the appraisal of the results (Kitl, 2006, p2).
sent the "concepts" (Strauss and Corbin, 1998, p43). "Concepts" are the basic unit of analysis of the GT. Therefore, the conceptualization of the data is the first step of the analysis procedure (Strauss and Corbin, 1990, p45). The researcher carries out this part of the coding process in German. The objective of the open coding is to name categories (Strauss and Corbin, 1990, p47). Within the framework of this thesis the denomination / identification of the categories is done in three different ways:

1. The interview questions often define the first categories already through the contents of the questions,
2. During the coding procedure the original interview guide themes are often differentiated and complemented with additional categories, because the interviewees address aspects that haven't been anticipated and
3. In the initial categorising phase, descriptive codes are often used in order to avoid being fixed to certain abstracting concepts too early.

The identification of these categories will be guided by the purpose of the research as expressed through the research questions and objectives. Regarding the identification and naming of the categories the author switches to English. At any rate, the researcher has to find labels for the categories, which can also be realized organically expressed in English. The early stages of the coding process are often confusing because of the large amount of material that seems to be unrelated (Ezzy, 2002, p94). In order to not lose the orientation and to keep an eye on all extracted phenomena, the author applies the software "Mindjet Mindmanager"22: "Mindjet helps you capture and organize every detail in one trusted place. And it enables you to use the power of visual organization to uncover hidden gems of information and unexpected insights" (Mindjet, 2010).

22 For further information see http://www.mindjet.com.
The third step of the coding procedure is the further development of categories according to their “properties” and “dimensions” (Strauss and Corbin, 1990, p50-51). Properties are the characteristics of a category and dimensions concern the order of an attitude on a continuum. Every category has several general properties and each of these properties varies in a dimensional continuum (Strauss and Corbin, 1990, p51). Since these specifying features give the category precision, they are labeled sub-categories. The objective of the dimensionalization is the identification of categories and their sub-categories by dints of ex ante and ad hoc formed categories, which can be empirically filled in a quality manner and by means of which the cases can be determined as clearly as possible.

Parallel to the empirical filling up of category systems, the author expects the identification of financing types preferred by business start-up persons and their patterns of action. In this way, further insight into the choice of CPDS-instruments and methods will be gained. From the author’s point of view, the step-by-step case-related data evaluation can assist the integration of an additional evaluation perspective into the data analysis, namely the consideration of the single start-up enterprise financing cases as an entire process. In this way he prevents the risk of analyzing the data too category-oriented and moreover, further insight can be gained. The result is presented in a kind of analysis matrix:

Source: Meth. appendix 7: Construct map coding of the first interview.

---

23 Sub-categories are the specifying features of a category and give the category precision. They are as well as categories, but because they are in a specific relation with a category one adds the prefix “sub” (Strauss and Corbin, 1990, p76).
A case-related dimensionalization of categories is an important intermediate step. Little by little, codes are summarized to categories by comparing text passages. Finally, a net of categories has been established from the relationships between the categories. The dimensionalization and the creation of sub-categories is done on different levels (e.g.: in our interview case, on five levels) (see meth. appendix 8: Initial categories scheme of the first interview). Sub-categories are created in two steps:

1. Case-related: at first, text passages are only compared on the level of single cases and both categories and sub-categories are developed from it.
2. Case-spanning: categories established in this way are compared with those developed by means of the material on other cases. For this purpose, the categories are put together case-spanning and analyzed in a construct-map-synthesis.

Furthermore, two analytical procedures are applied for the coding process:

1. The first procedure consists in making comparisons.
   
   “In constant comparison the researcher compares the new data with existing data and categories, so that the categories achieve a perfect fit with the data. If there is a poor fit between data and categories, or indeed between theory and data, then the categories and theories have to be modified until all the data are accounted for” (Cohen et al., 2009, 493).

2. For all coding-procedures, the second central technique is the formation of questions. Concerning the formulation of questions the intention is to break open the data. It is crucial to ask for potential categories, their properties and dimensions. How much we get from the data to a large extent depends on our theoretical sensitivity (Strauss and Corbin, 1990, p58).
(2) **Axial coding**: Axial coding\(^{24}\) represents the middle evaluation stage. Single categories that have turned out to be central or important are specified and systematically analyzed by means of a coding-paradigm (Strauss and Corbin, 1998, p75). The coding-paradigm represents a heuristic frame for the actual task of the axial coding, the search for the context (their specific set of properties) in which the phenomenon is embedded with regard to the causal conditions, the action- and interactional strategies and the consequences of this strategy (Strauss and Corbin, 1990, p76). Unlike the coding paradigm by Strauss and Corbin, the research which is necessary to answer the research questions of this DBA-thesis takes part within an ex ante defined heuristic frame that is tied in with the current state of the research and that is built up by means of the foreknowledge of the researcher (see figure 5.1). This heuristic grid, individually adjusted to the research requirements of this thesis, replaces the necessity to use the coding paradigm by Strauss and Corbin. Within the developed heuristic grid, the researcher relates the sub-categories to the categories. The discovery and specification of differences as well as similarities between the categories are the heart of the GT analysis (Strauss and Corbin, 1990, p89).

(3) **Typification and selective coding**: Typification and selective coding are the last steps in the coding procedure:

a) Typification (case contrasting and case comparison): In reference to the typification, the researcher is oriented towards the procedure of the typological analysis according to Kuckartz, who describes the procedure as an additional form of coding and dimensionalization. For this purpose, Kuckartz suggests a case-related fine-coding (Kuchartz, 2007, p100): Coding is done on the level of the case in which a total evaluation of a person is carried out by means of an examination of all category-related text passages (Kuchartz, 2007, p101). Kelle and Kluge remark that the comparison of individual case analyses by means of thematic categories always has the same purpose in this case: similarities and differences are supposed to be ascertained and with their help the

\(^{24}\) Since the analysis turns around the axis of a category, the usage of the term "axial coding" seems logical (Strauss and Corbin, 1998, p63).
data are structured and one or several typologies can be created (Kelle and Kluge, 2010, p85). The researcher's objective is to elaborate different action types of founders of service businesses by means of case contrasting and case comparison within the framework of the EFM. The first stage of typification - the development of relevant dimensions of comparison - is followed by grouping the cases and the analysis of empirical regularities. Cases are grouped by means of the defined comparison dimensions and their characteristics (or in other words: by means of a combination of sub-categories of different categories). The established/created groups are examined with regard to empirical regularities. Kelle und Kluge suggest the usage of the concept of the "feature space" in order to systematically and understandably arrange the material and the grouping of the cases according to central categories that mark the actual transition from the dimensionalization to the typification. The categories and their sub-categories are shown in a multidimensional cross table with the objective to give an overview of all potential possible combinations (Kelle and Kluge, 2010, p96-97).

b) Selective coding: In reference to this research project, the selective coding is reduced to an overall cases category collection: All categories are grouped, sorted, specified and refined with regard to the research questions and overall cases. The categories are systematically grouped and coded according to the so-called key categories25. The remaining codes are subordinated (Strauss and Corbin, 1998, p106-107).

Content evaluation:
Finally, the results are presented to a group of start-up experts (see meth. appendix 15) to achieve an independent evaluation regarding the research findings. The procedure of the presentation is as follows: (1) For structuring and translation help, the author mails the interview guide (see meth. appendix 1: interview guide) to the start-up experts in advance. (2) The presentation is carried out with an LCD projector and the author presents the interview questions/research questions and the corresponding research results in an incremental process. (3) After each question/research finding, the group of experts is asked for their opinion. (4) The

---

25 The central phenomenon around which all other categories are integrated (Strauss and Corbin, 1990, p94).
presentation of the results and the following discussion are recorded and transcribed according to the transcription regulations of Kuckartz et al. (see meth. appendix 12). (5) The expert-feedbacks are added to the research findings. On the one hand, they are meant to serve as a reference to the results of the DBA-thesis, on the other hand they are supposed to provide additional information on the research questions. The intention is to have the data material verified and enriched. This is also recommended by Strauss for the application within the GT approach (Strauss, 1987, p13). Lincoln and Guba denominate this approach as “peer debriefing” where a project is discussed with colleagues who do not work on the same investigation (Lincoln and Guba, 1985, p308). According to them, peer debriefing is a “technique useful in establishing credibility” (Lincoln and Guba, 1985, p308). Lincoln and Guba do not provide a guideline for a debriefing session but give considerable support for the selection of an appropriate debriefer that the author takes into consideration within this DBA-thesis (see meth. appendix 16).

6.3.3 Quality Criteria of the Research Project

It is an important standard of empirical research that the research project is evaluated according to certain quality criteria after the research study has been conducted (Mayring, 2002, p214). Thus, this chapter examines the quality of this research study by means of suitable quality criteria. The development of such criteria for a qualitative research seems to be - according to literature on the topic - a challenging endeavor. Despite a long list of standards for qualitative social research, Lüders speaks of an irritating state of affairs as no definite consensus has been reached on which minimal standards are to be followed (Lüders, 2000, p634).

Steinke mentions three basic positions that can be defined in the discussion of criteria of qualitative research: (1) Quantitative criteria for qualitative research: It is characteristic for this position that the criteria of the quantitative research (objectivity, reliability, validity) are transferred to the qualitative research. According to popular opinion, one single set of standard criteria can be applied for the evaluation of any research project. Thus, quantitative research criteria are adapted to the requirements of the qualitative research by a revision and operationalisation of the criteria. (2) Own criteria of qualitative research: As a starting point, the sci-
ence-theoretical, methodological and special methodic features of qualitative research are used for the formulation of suitable criteria. According to Steinke, "communicative validation", "triangulation", "validation of the interview situation" and "authenticity" are discussed most frequently. (3) Postmodern rejection of research criteria: These representatives generally argue against the possibility of formulating quality criteria according to qualitative research (Steinke, 2000, p319-320). It is obvious that a qualitative research cannot exist without quality criteria. The rejection of criteria comprises the risk of the arbitrariness of qualitative research and therefore the problem of recognition of qualitative research results outside its scientific community. Furthermore, quantitative criteria are not suitable for the evaluation of qualitative research: They were developed for entirely different methods (e.g. tests, experiments) based on corresponding methodologies, scientific- and epistemological theories. It is the quantitative criteria in particular that cannot be transferred due to the comparably small possibility to formalize and standardize qualitative research (Steinke, 2000, p322). Strauss and Corbin comment that with regard to the evaluation of a research project, the following points of view have to be distinguished: validity, reliability and objectivity of the data (Strauss and Corbin, 1990, p216). Furthermore, Strauss and Corbin accentuate the importance of the "appropriateness of the research process" and the "anchoring of the results" in the data. Mayring also follows the approach of the creation of method-specific quality criteria: The quality criteria have to be suitable to the research methods (Mayring, 2002, p142). According to Steinke (Steinke, 2000, p322), and that is also the author's opinion, criteria for the qualitative research have to be developed which take into account the own profile of the research approach, that means the characteristics, objectives and science-theoretical and methodological starting points. In this case it is less important to formulate single criteria. In fact it is necessary to create a system of criteria, which covers many aspects of the evaluation of qualitative research (Steinke, 2000, p324).

While screening the literature for the most suitable quality criteria in connection with the DBA-research approach, the author was mostly confronted with the criteria by Mayring (see table 11.26), Steinke (see table 11.27) and Strauss and Corbin (see table 11.28). Since the author modifies the methodology of the GT (see 6.3.2 Method of Data Analysis) and adapts it to the research subject, the criterion cata-
logue by Strauss and Corbin does not completely fit any more. With regard to the statement that the quality criteria have to be adapted research-specifically in general (Steinke, 2000, p324), the criterion catalogues by Mayring and Steinke cannot claim any comprehensive validation. Hence, each catalogue has its weaknesses and strengths. The author applies all three criteria catalogues by Mayring, Steinke and Strauss and Corbin together (see table 11.26-11.28) for an entire evaluation of the DBA research project. Due to the application of the three selected quality criteria approaches, the quality of the thesis can be compared to the quality of other research studies and every interested reader can take advantage of it. The elaborated application of the quality criteria catalogues to the DBA research project is illustrated in appendix 10.3. From the onset of this research project, the author has attempted to consider these quality criteria. The objective was the proper application of the research techniques and the ensuring of the quality standard of research within the thesis. Consequently, the quality criteria demands by Mayring (see table 11.26), Steinke (see table 11.27) and Strauss and Corbin (see table 11.28) can be fulfilled.
7 OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS

Every science of intellectual or social interrelations is a science of human behaviour. Researchers intend to understand this behaviour and want to interpret its course of activity exhaustive (Weber, 1992, p300).

7.1 INTRODUCTION

The purpose of this chapter is to present the results of the data collection and analysis comprehensibly and in detail. In this case, description and explanation are closely intertwined. After the introduction 7.1 (Introduction) the chapter is subdivided into two basic fields: (1) 7.2 Formal Results of the Sampling and Coding Procedure and (2) 7.3 Research Results of the EFM-Field of Activity. Section 7.2 provides formal background information about the sampling and the coding procedure.

7.2 FORMAL RESULTS OF THE SAMPLING AND CODING PROCEDURE

In this section, the formal results of the DBA research project are briefly outlined in order to provide a comprehensible background for the presented qualitative results presented in section 7.3. All data are collected and analyzed in relation to the procedures outlined in section 6.3.1 and 6.3.2. Meth. appendix 17 gives an overview over the selection of cases from the given population of the start-up service enterprises (see meth. appendix 2: Population of the start-up service enterprises). Furthermore, it will be explained in detail why these service companies were chosen. Subsequently, the author illustrates the conformity of the units of analysis with the intended interview sample. For that purpose, the author relates the units of analysis according to their interview number (002 up to 009) to the specific features defined as the characteristics of the research object of this thesis in chapter 4: the "start-up enterprise in the service sector". As a result, all the investigated enterprises meet the demands as presented:
cm 7.1: The characteristics of the start-up service enterprises.

Result of the production process: management consulting
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: freelancer
- Date of foundation: 01.02.2010
- State of life cycle: start-up phase & early expansion phase

Result of the production process: legal advice
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (freelancer)
- Date of foundation: 07.04.2009
- State of life cycle: early expansion phase

Result of the production process: health counselling and massage
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (commercial operation)
- Date of foundation: 13.10.2009
- State of life cycle: early expansion phase

Result of the production process: financial services
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (commercial operation)
- Date of foundation: 01.03.2007
- State of life cycle: early expansion phase

Result of the production process: marketing consulting
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (commercial operation)
- Date of foundation: 15.03.2008
- State of life cycle: early expansion phase

Result of the production process: other services, logistic consulting
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (commercial operation)
- Date of foundation: 02.03.2010
- State of life cycle: start-up phase

Result of the production process: web design & print design
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: freelancer
- Date of foundation: 01.03.2010
- State of life cycle: start-up phase & early expansion phase

Result of the production process: other services
- Primary production factor: human resources
- Entrepreneurial form: start-up enterprise
- Size: micro-sized
- Entrepreneur + financial manager: given
- Location: Germany
- Legal form: individual enterprise (commercial operation)
- Date of foundation: 04.03.2009
- State of life cycle: start-up phase

Source: Based on field studies.

Within the process of data collection (interviews), 1,032 statements (questions and answers) are gained. Thus, 809 phenomena are identified and labelled with provisional denominations. In meth. appendix 18, the author details the duration of the interviews, the number of statements given in an interview, the number of phenomena and the amount of case-related open coding categories and case spanning categories. After processing all the primary and secondary data, the author presents the research findings to a group of start-up consultancy by means of a Microsoft Power Point Presentation to verify and enrich the output (see 6.3.2 Method of Data Analysis). Especially the transcription of this recorded team interview proved to be very time-consuming, because the participants partly spoke simultaneously (see meth. appendix 19). All in all, 313 interview statements were gained according to the research results of the DBA-thesis.
7.3 Research Results of the EFM-Field of Activity

Ezzy described it very precisely:

“The task is, rather, to develop an emergent fit between the data and a preexistent category that might work. The process of developing an ‘emergent fit’ involves negotiating between categories that emerge through data analysis and knowledge of categorical schemes utilised in relevant literature and theory” (Ezzy, 2002, p94).

Consequently, the author falls back on three sources of data: (1) the coded and analyzed interview answers of the founders of start-up services (collected data), (2) the current state of research (see chapter 3) and finally (3) the feedback from the start-up consultants according to the research results (in the following framed and abbreviated as “peer-debriefing”). “The research report, therefore, becomes part of an ongoing intentional dialogue” (Ezzy, 2002, p94) of how start-up persons in the service sector experience and practice entrepreneurial finance management. In order to answer the guiding research question as outlined above in detail the author subdivides this central question into five specific research questions (see 2.4 Research Questions). The sequence of answers to these research questions and therewith the set-up of this section takes a bearing on the organizational structure of the EFM-field of activity (see figure 5.1) as again presented in the following table:

Table 7.1: Set-up of answering the specific research questions.

<table>
<thead>
<tr>
<th>specific research questions</th>
<th>determining parameters of the EFM-field of activity (section)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) What are the financial (management) objectives and strategies of German start-up enterprises in the service sector with regard to the current financial barriers?</td>
<td>objectives of the field of activity (see 7.3.1 Research Results of EFM-Target Parameters)</td>
</tr>
<tr>
<td>b) Which qualities does an entrepreneurial finance manager have to possess and which are the tasks that have to be fulfilled in this position?</td>
<td>condition of the field of activity (see 7.3.2.1 The Financial Manager)</td>
</tr>
<tr>
<td>c) Which are the internal financial funding gaps/shortages that start-up enterprises in the service sector face within the start-up and first-stage phase of their business venture?</td>
<td>condition of the field of activity (see 7.3.2.2 Funding Requirements)</td>
</tr>
<tr>
<td>d) How do entrepreneurs in the service sector design their start-up financing in practice?</td>
<td>condition of the field of activity (see 7.3.2.3 Financing)</td>
</tr>
<tr>
<td>e) Which financial management methods and instruments exist and can be taken into consideration for a capital preventing development strategy in the German service sector?</td>
<td>design parameters of the field of activity (see 7.3.3 Research Results of EFM-Design Parameters)</td>
</tr>
</tbody>
</table>

Source: Based on present author.

Within the above-mentioned sections, the specific research questions are answered by outlining and critically evaluating the research findings according to (1) categories’ compaction and refinement, (2) case contrasting and case compari-
son, (3) comparison of the research findings with the current state of research and (4) the feedback of KfW-listed start-up consultants.

7.3.1 Research Results of EFM-Target Parameters

Analogous to the format of section 5.2, the following section illustrates the qualitative findings regarding the entrepreneurial finance management target parameters (start-up motives, financial management objectives and financial management strategies) of German start-up persons in the service sector with the objective to answer the first research question:

a) What are the financial (management) objectives and strategies of German start-up enterprises in the service sector with regard to the current financial barriers?

The author introduces the answer to this research question with the enumeration and classification of the start-up motives of founders of service companies that influence the financial management objectives (see section 5.2):

- **Start-up motives:**

  Within the coding process (categories compaction and refinement) three main groups of motives can be established around the core category “start-up motives” as the mainsprings of the entrepreneurial initiative:

  (1) **Opportunity-oriented start-up motives:** As the result of the coding procedure, “opportunity-oriented start-up motives” define themselves enumeratively by their sub-categories as motives to start-up a business, because of: “promotion through former employer (002/004)“, “start with some secure orders (003/063)“, “slid by chance (009/006)“ and “opportunity to earn more money“ (see cm 7.2: Start-up motives). In this way, one can define "opportunity-oriented start-up motives" as a cluster for motives, which result from a chance given to the business start-up persons in the service sector from outside.

  (2) **Occupational self-fulfilment motives:** denote motives, which aim at a satisfying, fruitful and worthwhile working life and imply the use of human talents and possibilities. The following sub-sub-categories result from the coding process: “flexible working model”, “need for recognition / proudness”, “job
satisfaction (002/002), (05/002), (008/002), (009/011)

sequence of the choice of the academic studies (002/002), (008/003)

independency (002/002), (007/004), (007/34), (009/004)

self-determination (002/010)

and “realisation of a concrete business idea” (see cm 3: Start-up motives).

(3) **Act-from-necessity motives:** This motive cluster is defined by motives that precede an emergency or certain problems. The following sub-sub-categories can be listed as the result of the coding process: “last chance to start something new (004/004)“, “did not like my old job; want to change something (005/002)“, “prevention of an imminent unemployment (004/002)“ and “way out of unemployment (002/002), (007/002)” (see cm 7.2: Start-up motives).

The following categories’ compaction map shows the collected qualitative start-up motives in form of a structured map:

Source: Based on field studies.
LATEX: \begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
\textbf{business start-up person (case no.)} & \textbf{motive clusters} & \textbf{motive clusters (no. of sub-sub-categories)} \\
\hline
A. D. (002) & self-fulfilment (11) & \\
& act from necessity (1) & \\
& opportunity-oriented (1) & \\
A. Du. (003) & self-fulfilment (8) & \\
& opportunity-oriented (1) & \\
A. S. (004) & self-fulfilment (3) & \\
& opportunity-oriented (3) & \\
A. P. (005) & self-fulfilment (5) & \\
D. P. (006) & self-fulfilment (11) & \\
& act from necessity (1) & \\
H. L. (007) & self-fulfilment (7) & \\
H. W. (008) & self-fulfilment (7) & \\
M. E. (009) & self-fulfilment (7) & \\
& opportunity-oriented (7) & \\
\hline
\end{tabular}
\caption{Business start-up persons and their motives.}
\end{table}

The motives of the founders of service businesses confirm in detail the general motives mentioned in the survey by Creditreform, KfW and ZEW which are explained in section 5.2 (Creditreform et al., 2009) (see figure 10).
reduced personal financial situation and business start-up persons, who act from occupational self-fulfilment motives and a sufficient financial situation.

- **Financial management objectives:**

  All interviewees primarily aim at securing their subsistence (financial security) by dint of their occupational self-employment (see table 7.3). They try to master the challenge of working as a self-employed person by risk reduction and intending to keep their financing requirements as low as possible. In this vein even inexperienced business start-up persons who do not feel inherently as entrepreneurs due to restricted knowledge, abilities and experiences (see cm 7.4: Self-evaluation of the financial competences) can successfully start a service enterprise in small and solid steps. Although the enterprises often start minimalistically (see cm 7.8: Calculated start-up funding requirements), this is also a solid way of doing so because it does not overtax the business start-up person. The four suggested categories for financial management objectives (classification) by Perridon and Steiner (Perridon and Steiner, 1995, p496) prove to be a good fit for the grouping of the gained financial management objectives for start-up enterprises in the service sector. All categories can clearly be assigned to one of the objective clusters:

Table 7.3: Financial management objectives of business start-up person.

<table>
<thead>
<tr>
<th>business start-up person (case no.)</th>
<th>objective clusters (no. of categories)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. D. (002)</td>
<td>• financial security (3)</td>
</tr>
<tr>
<td></td>
<td>• profitability (1)</td>
</tr>
<tr>
<td>A. Du. (003)</td>
<td>• financial security (3)</td>
</tr>
<tr>
<td></td>
<td>• independency (2)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (1)</td>
</tr>
<tr>
<td>A. S. (004)</td>
<td>• financial security (6)</td>
</tr>
<tr>
<td></td>
<td>• profitability (1)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (1)</td>
</tr>
<tr>
<td>A. P. (005)</td>
<td>• financial security (2)</td>
</tr>
<tr>
<td></td>
<td>• profitability (2)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (1)</td>
</tr>
<tr>
<td>D. P. (006)</td>
<td>• profitability (4)</td>
</tr>
<tr>
<td></td>
<td>• financial security (1)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (1)</td>
</tr>
<tr>
<td>H. L. (007)</td>
<td>• financial security (3)</td>
</tr>
<tr>
<td></td>
<td>• profitability (2)</td>
</tr>
<tr>
<td></td>
<td>• independency (2)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (1)</td>
</tr>
<tr>
<td>H. W. (008)</td>
<td>• liquidity (2)</td>
</tr>
<tr>
<td></td>
<td>• profitability (2)</td>
</tr>
<tr>
<td></td>
<td>• independency (2)</td>
</tr>
<tr>
<td>M. E. (009)</td>
<td>• profitability (3)</td>
</tr>
<tr>
<td></td>
<td>• liquidity (2)</td>
</tr>
<tr>
<td></td>
<td>• independency (2)</td>
</tr>
</tbody>
</table>

Source: Based on field studies.
Besides, "financial security", "profitability" is the second most important objective. That is also confirmed by the predominant short-time BEPs of the business start-up persons (see cm 7.13: Break-Even-Points of the start-up service enterprises). "Liquidity" and "independency" are accompanying financial objectives for the questioned founders of service businesses. Furthermore, they are very often mentioned as sub-category motives (see cm 7.2: Start-up motives). Apart from "occupational self-fulfillment", business start-up persons motivated by "opportunity-oriented start-up motives" quote "profitability" as the most important objective whereas founders who started a business because of "necessity-oriented motives" declare "financial security" as the most important objective. Within this research work, these differences between the objectives of service enterprises in contrast to goods producers can be confirmed neither in general nor specifically for start-up enterprises. Therefore, the author assumes that no important differences exist between the general company objectives of the various industrial sectors.

**peer-debriefing:**
The objective setting is confirmed (EXPERT/064).

**additional statements:**
- The consultants would be interested in learning if there is a correlation between the elected objectives and the success of the start-up enterprise (EXPERT/064, 076).

The author relates the financial objectives to the achievement of the BEP of the business start-up persons in the service sector - as a potential success factor -, but is not able to ascertain a correlation between them.

**Financial management strategies:**
The interviewees deny the use of any external classical financing instruments (debt financing). The answers range from the general assumption that a credit is something dangerous, which frightens the business start-up persons to the assumption that a founder of a service business would not get a credit anyway. As a financing alternative all interviewed founders of businesses say they pursue CPDS-strategies, not by name, but according to the contents: "increase the annual objectives"; start small and go up step by step (006/132)“, "building up in a step by step way (adjusting the expenditures to the gains) (007/038)“, "successive rise of the turnover (007/008)“, "hand-to-mouth procedure (003/031)".... (see cm 7.3: Financial management strategies for start-up service enterprises).
cm 7.3: Financial management strategies for start-up service enterprises.

Generally, financing capital consists of outside and inside capital. Because start-up persons in the service sector are not willing to or simply do not have the possibility (see cm 7.3: Financial management strategies for start-up service enterprises) to accept outside capital, the total amount of capital available for the start-up financing is reduced. This increases the pressure on the business start-up person to work cost covering: “If you start your business with less money you are under enormous pressure to earn money fast. The pressure increases if your financial means decline (008/058)” and “The costs of living are incurred, but one does not earn enough money to cover them. That’s not a good feeling. Starting with a comfortable buffer is the more relaxed variation (006/022)”.

On basis of these statements made by founders of service businesses, the author tries to visualise the interplay between the available start-up capital and the pressure to work cost covering in the following diagram. The diagram shows that the pressure to operate cost covering decreases for the business start-up persons with the rise of the capital equipment and vice versa. If the financial resources are exhausted, the business start-up person has to go out of business. The pressure is nothing else than the fear of failure with the involved economical and personal consequences. Furthermore, the degree of “pressure” can be expressed through “the span of time in which the business start-up person has to operate his or her
business cost covering”. Less pressure means that the founder of a service company has more time to operate cost covering because of sufficient financial resources, whereas high pressure implies that the business start-up person has no or only little time to operate cost covering due to missing or tight financial resources.

Figure 7.1: Start-up capital equipment vs. pressure to operate cost-covering.

According to the questioned founders of businesses, cost-covering means “the covering of the current costs of living and the operating costs by means of the current revenues”: “make a corresponding turnover to cover all my costs: standard of living and operative costs (004/024, 084)”. Since the current costs of living require a cost covering after tax, the current costs of living include personal taxes in our example. Furthermore, the net revenue is taken into account.

Figure 7.2: Point of cost covering (on a monthly base).
The graphical point of intersection of the sum of costs line and the net revenue line is called point of cost covering (brief: POCC) by the author. Thereby, the POCC describes the point at which the monthly net revenue covers the monthly total costs. The field to the right of the POCC is the cost-surplus-field. A cost-surplus improves the capital equipment of the founders of service enterprises. The field to the left of the POCC describes the cost-deficit-field. Cost-deficits reduce the capital equipment of the founders of services companies and the time until the break off of the start-up service enterprise. On the other hand, the amount of the current cost of living and of the current operating costs have an influence on how quickly the capital is used up as well as on the need to operate cost covering: "cause as little costs as possible, and then few savings can last quite long (002/106)". The following chart illustrates how rising total costs influence the use of capital:

Figure 7.3: Sum of costs vs. use of capital.

Source: Based on present author.

---

26 The term "cost of living" is defined very descriptively in the German Tax Law: According to § 12 No. 1 EStG (engl. Income Tax Law) the cost of living are defined as the expenditures of the daily need (the lifestyle) of the taxpayer and his or her family members. As a matter of principle, the cost of living is not tax deductible (Bundesministerium der Justiz, 2011). Therefore, these costs are a cost block including tax payments. Figure 7.2 shows the cost of living as a straight line. All types of costs are calculated on an annual basis and are broken down into monthly figures. Therefore, the cost of living is income-inelastically on an annual basis, but over the years the cost of living can be adapted to the income level. According to Keynes and his neoclassical theory, consumption in general is income-elastic (Radine, 2009, p4-7). This means that the costs of living will increase if the income level increases and vice versa.
The operative costs include all costs of the operative business activities of the start-up enterprises in the service sector. The operative costs are divided into a fix and a variable component, as represented in the following diagram:

Figure 7.4: Set-up of the operative costs.

The differentiation of the costs according to their costs behaviour refers to their change due to a certain reference value (Zupan, 2000, p125). With start-up enterprises in the service sector, the sales performance in the sense of the monthly generated units (output) is used as the reference value. This monthly output is usually calculated by means of the hourly rate (price) multiplied by the number of performed working hours.

(a) **Operative variable costs:**

Costs are variable if a change of the reference value leads to a change of the costs. In general, it is assumed that proportional-variable costs increase or decrease in the same proportional relation as the operative output. Sometimes, however, degressive (under-proportional) or progressive (disproportionate) costs-behaviours can be observed (Zupan, 2000, p125). Typical examples of variable costs of start-up enterprises in the service sector are customer acquisition costs, travel expenses, and marketing expenses (see table 7.5).

(b) **Operative fixed costs:**

Operative fixed costs are independent of the changes of the operating performance during a certain period of time (Zupan, 2000, p125). Fixed costs can be e.g. office expenses (rent) or infrastructure expenses (see table 7.5).
The ascertainment of the costs normally takes place on basis of a calculation and / or on basis of a planning procedure. Analogous to the costs adjustment, the development of the revenue is a further regulating screw. The business start-up person can reduce the pressure if he or she uses methods and instruments that either reduce the sum of costs (cost of living or operating costs) or increase the net revenue. The point of time at which the business start-up persons completely leave the loss area and enter the profit zone is determined by the Break-Even-Point. In general, the Break-Even-Point is described as the point at which the costs of the enterprise are equal to the generated revenues. At the Break-Even-Point, the entrepreneur makes neither profits nor losses (foerderland.de, 2011). Due to the close linkage between start-up enterprises in the service sector and its business start-up persons, the author expands the costs-BEP-definition. Therefore, the Break-Even-Point for founders of service businesses is the point at which the cost of living including personal taxes and operating costs are covered by the net revenues. The entrepreneur and their family must be able to make their living with the income of the start-up enterprise. That is one of the central assumptions for the economic sustainability of a start-up project.

Figure 7.5: Existence-securing Break-Even-Point

peer-debriefing:
Confirmation of the research results with regard to the Break-Even-Point of a start-up enterprise in the service sector (EXPERT/105, 106, 107).

The business start-up person’s aversion regarding debt financing and the missing access of start-up persons to debt capital (see cm 7.3: Financial management strategies for start-up service enterprises) determine the financial strategy for start-up
enterprises in the service sector. According to Nathusius, it is a strategy-determining concept (Nathusius, 2001, p.28) and the financing represents the decisive bottleneck for the arranging of the business concept. According to the criterion of availability of the own financial resources, Nathusius continues to subdivide the strategy-determining financing into a self-financing approach and an equity- and debt financing approach (see section 5.2). Regarding the research results, three interviewees start from a “subsistence level” with a complete self-financing approach (002, 003, 009), whereas five business start-up persons start from a “good position” and therefore with a debt- and equity financing approach (004, 005, 006, 007, 008) (see cm 7.14: Financial situation of the business start-up persons before the start-up). To sum it up, all interviewed founders of business start-ups in the service basically pursue the same implementation strategy - “a strategy-determining financing concept” - regardless of the financial management objectives and motives for the start-up. In view of the research findings, the use of a combined equity- and debt financing approach could not be located. The reasons for this are the debt financing aversion and the subsidies of the unemployment office (see cm 11.11: Financing sources). The result is an overview of the strategy determining financing concepts of the interviewed start-up persons:

Table 7.4: Strategy-determining financing concepts.

<table>
<thead>
<tr>
<th>personal financial situation before the start-up</th>
<th>start-up funding requirement of the business start-up persons in consideration of the subsidies of the unemployment office</th>
</tr>
</thead>
<tbody>
<tr>
<td>subsistence level</td>
<td>no additional financial need (only self-financing)</td>
</tr>
<tr>
<td>self-financing (002, 003)</td>
<td>debt financing (family credit) (009)</td>
</tr>
<tr>
<td>good position</td>
<td>self-financing (007, 008)</td>
</tr>
</tbody>
</table>

Source: cm 7.14: Financial situation of the business start-up persons before the start-up, cm 7.8: Calculated start-up funding requirements and cm 11.11: Financing sources.

Since founders of service businesses avoid borrowing external financial resources or do not get them - but nevertheless keep hold on to their business concept - they possess, of course, less total capital and have to operate cost covering more quickly. Thus, all founders of service companies share the necessity of getting along with the own financial resources and to operate capital preventing. Therefore, CPDS (bootstrap-financing) is the dominant financing strategy start-up persons in the service sector. The time that is needed to operate cost covering is influenced by the capital equipment (see figure 7.1), the amount of the monthly cost of living (see figure 7.3), the level of the monthly operating costs (see figure 7.4) and the
amount and early achievement of the turnover (see figure 7.5). In analogy to different determining factors, the above-mentioned founders of service enterprises use different instruments and methods (CPDS-instruments and methods) to work cost covering as quickly as possible.

<table>
<thead>
<tr>
<th>peer-debriefing:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmation of the research results (EXPERT/088, 092, 094).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>additional statements:</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ The relation between the amount of the financial buffer and the professional activity level can be confirmed regarding the practical consultancy experiences. The higher the financial buffer, the lower the activity level and vice versa (EXPERT/089, 093).</td>
</tr>
</tbody>
</table>

7.3.2 Research Results of EFM-Conditions

In this section the author describes and analyses the results of the data collection and coding procedure, considering the entrepreneur as financial manager (see 7.3.2.1 The Financial Manager), his or her funding requirements (see 7.3.2.2 Funding Requirements) and the arrangement of the start-up financing (see 7.3.2.3 Financing of Start-up Service Enterprises) as the influencing aspects of the action process.

7.3.2.1 The Financial Manager

This section portrays the financial competences of the interviewees and explains what they consider as their financial management tasks. The research question

b) Which qualities does an entrepreneurial finance manager have to possess and which are the tasks that have to be fulfilled in this position?

is answered by means of the analysis and outline of the corresponding interview questions results:

■ Financial competences of business start-up persons in the service sector:

In contrast to Dowling (2002, p17-28) or the study of VDI Nachrichten of the Baumgartner & Partner Management Consulting (Krauss et al., 2000) (see section 2.2), the interviewed founders of service enterprises evaluate themselves to be considerably more competent regarding their financial competences to manage
A start-up service enterprise. Only two business start-up persons have substandard competences as the following construct map shows:

Source: Based on field studies.

Peer-debriefing:

- Financial competences are often a question of perception. In general, business start-up persons do not possess the necessary management knowledge and business competences to manage a young company (EXPERT/152).

- Entrepreneurial finance management tasks to manage the flow of financial resources:

According to the definition of “finance process management” (see table 5.1) and the interview questions (see meth. appendix 1: Interview guide), the author subdivides the statements of the interviewees into four categories: (1) organization of the flow of the financial resources, (2) planning the flow of the financial resources, (3) monitoring the flow of the financial resources and (4) control of the flow of the financial resources. Afterwards, these statements are coded and grouped. According to the “early stage” of life-cycle development of the service enterprises, (see cm 2: The characteristic of the start-up service enterprises) it is the business start-up person who can best evaluate the planning tasks and their
effectiveness and efficiency. However, evaluating the reliability of the organization, monitoring and control of the flow of the financial resources is difficult in this stage due to the business start-up persons’ lack of experience. Thus, these results are not explained as detailed as the planning task:

**Planning of the flow of the financial resources:**

Regarding the categories’ compaction and refinement, the author shows the different answers to the planning tasks into a continuum description with regard to the degree of planning:

Figure 7.6: Degree of planning.

Regarding the planning methods of start-up persons, different approaches exist and this range from writing a complete business plan to not having a business plan at all. According to the depiction of a holistic, entrepreneurial finance management field of activity, the author intends to analyse which degree of planning is helpful for start-up persons in the service sector. In this DBA-thesis, no correlation can be ascertained within the case-related analysis between the creation of a complete business plan (high degree of planning) and a faster BEP-achievement and a higher successful economic viability of the business model and vice versa. However, a significant correlation is found between the own financial competences (see cm 7.4: Self-evaluation of the financial competences) and the degree of planning: The better the own competences, the higher the degree of planning. The poorer own financial competences, the lower the degree of planning. Up to now, the planning process as a success factor for start-up enterprises has hardly been examined scientifically. One of the few useful articles on this subject evaluates
the existing studies and says that empirical investigations do not prove the relevance of planning regarding the success of start-up enterprises. Furthermore, the article explains that planning instruments developed for greater enterprises are hardly applicable to small start-up enterprises. This is comprehensible because start-up enterprises are affected by a lack of personnel and by the business start-up person and his or her qualification (Rissler and Hildebrandt, 2004, p. 12). The results of the DBA-study consistently confirm these findings. Furthermore, the hypothesis is confirmed that the theory of planning and the practical realisation frequently fall apart. It is emphasized that the start-up of an enterprise can also be successful without a creation of a classical business plan. However, this is not an appeal to plunge thoughtlessly into a business start-up project. Small start-up enterprises also need careful preparation. However, this does not mean to write a detailed business plan, but to quickly achieve the first revenues according to a brief and structured business plan that is open and flexible at the same time (Rissler and Hildebrandt, 2004, p. 13).

 Peer-debriefing:  
 Confirmation of the research results with regard to planning of the flow of the financial resources (EXPERT/114).

 Additional statements:  
 - I can only confirm that a brief and structured, but open and flexible planning is what business start-up persons really need for their own orientation instead of a voluminous business plan (EXPERT/114, 124).
 - To transfer a stiff plan from another dimension is not beneficial to the business start-up person (EXPERT/124).
 - Instead of a stiff business plan, it is absolutely necessary to make a calculation to uncover the hidden costs and to ascertain the necessary turnovers, to make an analysis of the imputed entrepreneurial profit and to arrange a cash budget (EXPERT/148).
 - The founder of XING also mentions this in his last presentation within the Netzwerk Nordbayern. However, many consultants and financial institutions do not appreciate this different point of view (EXPERT/118).
 - Nevertheless, the financial institutions need/want to have a business plan for the assessment of the business start-up person’s creditworthiness (EXPERT/119, 121).

 Sarasvathy takes a further step and describes an effectuation decision model for entrepreneurs who intend to start a new business that is characterized through a high degree of uncertainty. Using the traditional planning approach - causal reasoning - the business start-up person has to begin with a specific goal and a given set of measures to reach it (Sarasvathy, 2001, p.243-244). In this DBA-thesis, this procedure is described as the classical planning/business planning by the founders of service enterprises (see 7.3.2.2 Funding Requirements). Acting according to Sarasvathy’s effectual reasoning, in contrast, the entrepreneur starts with only a
set of given means "they know who they are, what they know, and whom they know, their own traits, tastes, and abilities; the knowledge corridors they are in; and the social network they are a part of" (Sarasvathy, 2001, p250). While using them, goals gradually emerge. Moreover, causal reasoning ("to the extent we can predict future, we can control it" (Sarasvathy, 2001, p251)) and effectuation ("To the extent we can control future, we do not need to predict it" (Sarasvathy, 2001, p251)) varies in the basic assumption about the character of the future.

Organization of the flow of the financial resources:

According to the organization of the flow of financial resources, the author divides the start-up persons' statements into the following three sections:

(a) Turnover organization:

The organization of the turnover has an essential influence on the income situation of the enterprise. As essential tasks of the turnover organization the interviewees name: "permanent documentation of the revenues (003/045), (007/046)" and a "clear formulation of the periodic objectives (006/036)" (see cm 7.5: Organization of the flow of financial resources). Thus, the definition of clear objectives and their documentation are the essential tasks for the turnover success.

(b) Expenses organization:

Regarding the organization of the expenses the "permanent documentation of the expenses (003/045), (007/046)" also is a core element in combination with a general sensitive handling of the ongoing costs "act cost sensitive (focus on the essentials) (007/036)" (see cm 7.5: Organization of the flow of financial resources).

(c) Organization of the financial means:

Founders of service enterprises attach the greatest importance to the organisation of the financial means. Here, the author subdivides "the organization of the financial means" into "debtor organization" and "creditor organization". The debtor organization implies the active organization of the "quotation managements (002/050)“, "terms and conditions negotiation (002/054)“, " invoicing (002/050, 054)“ and the "dunning (002/050)". Concerning the creditor organization, it is essential for start-up persons to "meet VAT deadlines (002/054)“, since the German Tax Office reacts very quickly with penalties in case of delays. Construct
map 7.5 summarises the interviewees’ statements on the organization of the flow of the financial resource:

cm 7.5: Organization of the flow of financial resources.

Source: Based on field studies.

Cm 7.5 portrays a formation of interdependent organizational actions. The business start-up persons attempt to achieve their financial objectives through the organization of the flow of the financial resources. The interviewed business start-up persons operate with documentation, self-control, concurrent planning and with a main focus on debtor and creditor organization to optimize their financial equipment. It becomes particularly obvious that a tight organization of the flow of the financial resources helps reduce the capital scarcity of young service enterprises.

peer-debriefing:
*Confirmation of the research results with regard to the organization of the flow of the financial resources (EXPERT/132).*

**Monitoring of the flow of the financial resources:**

Analogous to the outline of organization of the financial means, the start-up persons’ statements concerning monitoring tasks are sorted into the same three categories: (1) turnover monitoring, (2) expenses monitoring and (3) financial means monitoring. The construct map below (see cm 7.6: Monitoring of the flow of financial resources) illustrates which positions are considered particularly relevant to the start-up persons:
cm 7.6: Monitoring of the flow of financial resources.

Source: Based on field studies.

For the interviewees, monitoring is mainly a way to secure their business procedures.

peer-debriefing:
Confirmation of the research results with regard to the monitoring of the flow of the financial resources (EXPERT/134).

additional statements:
- Business start-up persons should check the solvency of the customers before starting to avoid payment defaults (EXPERT/138, 139, 146).
- In general, customer payment defaults are one of the main risks for insolvency for business start-up persons (EXPERT/146).

Control of the flow of the financial resources:

The dominant element in the task field of the “control of the flow of financial resources” is the deviation-control. At this juncture, the planned figures (a planned figure for a start-up service enterprises can be the monthly POCC, among others) are compared with the actual ones. Consequently, positive as well as negative deviations are reflected and “adjusting measures” as well as “optimizing measures” are introduced (see cm 7.7: Control of the flow of financial resources). The interviewees also consider some adjusting and optimizing measures as CPDS control methods. As the author intends to avoid double naming, he assigns these measures / methods to the entrepreneurial finance management tasks and not to the CPDS-control methods. Moreover, the control of the flow of the financial resources contains the control of the turnover, the expenses and the financial means,
which are analysed by the founders of start-up enterprises in the service sector. In this way, they attempt to learn from their successes and mistakes. The following construct map offers an overview of the corresponding categories statements of the business start-up persons:

**cm 7.7: Control of the flow of financial resources.**

Use of a business plan (002/028, 058), (004/062), (005/013, 019)

- Permanent calibration between plan- and actual figures (002/060, 062)
- The monthly expenses define the necessary turnover (006/034)
- Adjusting measures
  - Adjusting the expenditures to the gains in a step by step way (007/038)
  - Searching for optimizing potential (008/074)
- Optimizing measures
  - Optimizing costs position which possess savings potential (008/025)
  - Reflect what runs wrong and what can be improved (004/227)
- Consistent conversion of the measures of improvement (004/221)
  - Try to improve the deviations as soon as possible (003/146)
  - Searching for optimizing potential (008/074)
- Building up a chart about the daily performance (turn over per customer) (006/036)

Control the turnover

- Sales statistics (006/048)
- Critical analysis of the customer meetings (bad consultancy, personal attitude) (006/040)
- Clear formulation of the annual objective (turn over) (006/036)
- Break down to monthly, weekly and even the necessary daily objectives (006/036)
- Keep an eye on the expenses (004/058)
  - Making the expenses aware to control them better (009/022, 102)
  - Analyse the fix and the variable cost structure (006/034)
- Costs statistics (006/048)

Control the expenses

- On time payment of the salaries and the national insurance contributions (008/020)
- Controlling by means of online banking (009/037)
- Active take care of the financial means (002/058)

Control the financial means

Source: Based on field studies.

**Peer-debriefing:**

Confirmation of the research results with regard to the CPDS-control methods (EXPERT/136).

Additional statements:

- The fixation of the term of payments is important to control the time of payments (EXPERT/136).
7.3.2.2 FUNDING REQUIREMENTS

In the following section, the research results on the internal financial funding gaps/shortages are presented. The research question

c) Which are the internal financial funding gaps/shortages that start-up enterprises in the service sector face within the start-up and first-stage phase of their business venture?

is answered by means of the analysis and outline of the corresponding interview questions results:

- **Calculated start-up funding requirements:**

  The interviewed start-up persons provide information on the funding requirements of their start-up projects (see cm 7.8: Calculated start-up funding requirements). The statements of the interviewees range from the requirement of "no additional financial need (002), (003/063), (007), (008/026)" to the need of additional "€6,000.00 (006/060)" start-up funding:

  cm 7.8: Calculated start-up funding requirements.

<table>
<thead>
<tr>
<th>Start-up funding requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>no additional financial need (002), (003/063), (007), (008/036)</td>
<td></td>
</tr>
<tr>
<td>€3,000.00 (004/072)</td>
<td></td>
</tr>
<tr>
<td>€5,000.00 (005/054), (009/071, 075, 077)</td>
<td></td>
</tr>
<tr>
<td>€6,000.00 (006/060)</td>
<td></td>
</tr>
</tbody>
</table>

  **Source:** Based on field studies.

  According to Kulicke (see section 5.3.2), the funding requirement for start-up enterprises in the service sector fluctuates between €10,737.10 and €255,645.94 (see table 5.2) and is therefore considerably higher than the requirements of the participants in this study. Rissler and Hildebrandt also mention that an inquiry among hundreds of of start-up consultancies shows an average capital requirement that lies between €2,000.00 and €7,000.00, and that credit institutions do not provide debt capital for these small amounts of money (Rissler and Hildebrandt, 2004, p6). Smaller start-up funding requirements and difficulties regarding a start-up financing by financial institutions emphasizes the importance of alternative financing sources.

  **Peer-debriefing:**
  A general delimitation of the start-up funding requirements for start-up service enterprises is seen as difficult since a start-up is nevertheless something individual (EXPERT/158).
- **Calculation methods (planning methods) of the funding requirements:**
After the interview questions about the required amount of money for the start-up of service enterprises were answered, it is necessary to find out how these amounts of money are determined. At this point, four calculation methods (planning methods) of the funding requirements can be extracted:

1. **Laissez-faire planning:** In a nutshell, laissez-faire planning means not to plan in the traditional sense, but rather to let the things happen as they come: “failed to calculate, I only wanted to start (00/063)”, “do not think about the next month (009/033)” and “somehow there is always a way”(009/033).”

2. **Concurrent planning / calculation:** The concurrent calculation analyses the current costs and revenues situation permanently or in short intervals: “plan what I have to earn monthly to work cost-covering and balance that with the orders (004/207)”. The findings are compared with the overall planning (business plan) or with individually fixed monthly financial objectives: “permanent calibration between plan- and actual figures (002/060, 062)”. Therefore, unexpected costs developments or declines in turnover can be recognised quickly and corrective measures can be taken (“ascertain measures with regard to deviations (006/038)”, “adjusting the expenditures to the profits in a step by step way (007/038)”

3. **Classical planning / business planning (partly or completely):** The founders of service enterprises calculate the total capital requirements in detail when writing the business plan: “everything is planned (006,089)”, “calculate in advance the complete equipment costs (006/052)” and “usage of a business plan (002/073), (004/062), (005/013, 019,038), (007/048) and (009/045)”.

4. **Delegation of the planning function:** The business start-up person does not ascertain / calculate the funding requirements on his or her own. Instead, he or she delegates this task to a third person. Two interviewees do this: “the wife is doing the financial planning (008/100)” and “draw on a start-up consultant (002/086, 073)”. The construct map below depicts the findings in detail as follows:
cm 7.9: Calculation methods of the funding requirement.

**calculation methods of the funding requirement**

- laissez-faire concept (003/063), (003/024), (009/033)
- concurrent planning
  - keep a to-do-list (003/126)
  - keep an order list for the next 2-3 month (003/126)
- classical/business planning
  - if one documents all things one is on top of the things (003/057, 059)
  - usage of a business plan (002/073), (004/062), (005/013, 019, 038), (007/048), (009/045)
  - integrate a safety margin in the business plan (005/032)
  - plan the annual placing of orders and take account of the seasonal specifications (003/041)
  - estimate the amount of existing contacts and how fruitful they will be (008/040)
  - calculate in advance the complete equipment costs (006/052)
  - excel-based annual planning (focus on turn over) (006/038)
  - plan what I have to earn monthly to work cost-covering and balance that with the orders (004/207)
  - everything is planned out (006/089)
- delegation of the planning function
  - the wife is doing the financial planning (008/100)
  - usage of a start-up consultant (002/086, 073)

**Source:** Based on field studies.

**peer-debriefing:**

*Confirmation of the research results with regard to the calculation methods of the funding requirements (EXPERT/165).*

After analysing and presenting the start-up funding requirements and the planning or calculation methods, the difficulties regarding the calculation / forecasts of the start-up funding requirements on the one hand, and the strategies used for the correct forecasting on the other hand will be outlined in two steps:

- **Difficulties according to the calculation of the start-up funding requirements:**
  In the following construct map, the start-up persons’ aggregated views on the difficulties connected with the estimation / planning of costs and turnovers are illustrated:

cm 7.10: Difficulties with the correct forecast of the funding requirements.

- marketing expenses are difficult to calculate in advance (004/097)
- sales prices are difficult to estimate (002/082)
- value of the own service at the market (002/082)
- difficult to calculate the annual tax payments in advance exactly (006/064)
- correct estimation of the customer demands (lower or delayed revenues) (005/064, 072)
- influence of private problems on the business development (009/055)

**Source:** Based on field studies.
Within the field of financial resource planning, the problems start-up persons have to face prove to be inherently multi-layered and the challenge is to correctly predict future occurrences. Unfortunately, a correct forecast is only rarely possible and often described as the general entrepreneurial risk\(^\text{27}\). Sarasvathy (2001) provides an alternative approach for entrepreneurs who start a new business under uncertain conditions that is briefly illustrated above.

### peer-debriefing:

 Confirmation of the research results with regard to the difficulties with the correct forecast of the funding requirements (EXPERT/179).

### additional statements:

- In general, the business start-up person is the company. Correspondingly, private problems have the strongest influence on the correct forecast of the funding requirements (EXPERT/179).
- Private problems can be health problems (EXPERT/182), problems around the person of the founder (EXPERT/180, 181) or his and/or her family (EXPERT/183).
- The imputed entrepreneurial profit is often miscalculated, and leads to the corresponding problems (EXPERT/184).

#### Reasons for the correct forecasting of the funding requirements:

The following construct map shows the reasons for the correct forecasts of the costs and turnovers positions.

Source: Based on field studies.

According to the research findings, the reasons for the correct forecasts of the funding requirements are well founded either in the entrepreneur him / herself or in the character of the service business and constitute the influencing parameters:

---

\(^{27}\) "Economists conceptualize risk as unanticipated and unpredictable movements in a variable of importance, typically income or revenue" (Folta, 2012).
Reasons well founded in the entrepreneur:

- Personal skills: “talent to handle money (personal skills) (007/044, 066, 014),
- EFM-competences (see cm 7.4: Self-evaluation of the financial competencies) due to experience and education: «"product-specific" work experience (002/014), "existing "entrepreneurial" competence (002/002), "product-specific" education (002/088)" and "previous testing of the business concept in a safe environment to gain experience (008/041, 044)."
- Good preparation: the business start-up persons have built up a stable customer / order base in advance. Thus, they simplify the forecast / calculation according to future turnovers and expenses: (see cm 7.11: Reasons for the correct forecasts of the funding requirements).

Reasons well founded in the service business: a reduced requirement of financial means simplifies the forecast / calculation of funding requirements. The “expenses are quite good to estimate (002/080), (005/058, 060), (007, 082)". Typical features of service enterprises (see def. appendix 7) are also mentioned as reasons for a correct forecast of the funding requirements by some of the interviewees: "hardly need for investments (002/080), "no wharehouse expenses (002/080)"

Peer-debriefing:
One of the biggest advantages in the service sector is the possibility to invoice the performance immediately (EXPERT/188).

Financial requirements regarding the life cycle stage:
Table 7.5 below presents the research findings concerning the different financing requirements in each of the development phases of the start-up service enterprises (interview question: “Were there different financing requirements in each of the development phases of your enterprise? If yes, which ones were there?”). The financing requirements are classified according to the division of costs into fixed operating and variable operating costs, initial financial requirements and the cost of living (see 7.3.1 Research Results of EFM-Target Parameters):
Table 7.5: Financial requirements regarding the life cycle stage.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Initial Investments</th>
<th>Operating Fixed Costs</th>
<th>Costs of Living</th>
<th>Variable Operating Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>seed phase</td>
<td>office equipment</td>
<td>office expenses (rent)</td>
<td>further education</td>
<td>customer acquisition</td>
</tr>
<tr>
<td></td>
<td>infrastructure</td>
<td>infrastructure</td>
<td></td>
<td>building up business contacts</td>
</tr>
<tr>
<td></td>
<td>expenses</td>
<td>expenses</td>
<td></td>
<td>travel expenses</td>
</tr>
<tr>
<td>start-up phase</td>
<td>office equipment</td>
<td>office expenses (rent)</td>
<td>further education</td>
<td>customer acquisition</td>
</tr>
<tr>
<td></td>
<td>infrastructure</td>
<td>infrastructure</td>
<td></td>
<td>travel expenses</td>
</tr>
<tr>
<td></td>
<td>expenses</td>
<td>expenses</td>
<td></td>
<td>marketing expenses</td>
</tr>
<tr>
<td></td>
<td>cost of living</td>
<td>cost of living</td>
<td></td>
<td>marketing expenses</td>
</tr>
<tr>
<td></td>
<td>travel expenses</td>
<td></td>
<td></td>
<td>taxes</td>
</tr>
<tr>
<td>early expansion</td>
<td>office expenses (rent)</td>
<td>infrastructure expenses</td>
<td>further education</td>
<td>customer acquisition</td>
</tr>
<tr>
<td>phase</td>
<td>infrastructure</td>
<td>cost of living</td>
<td></td>
<td>travel expenses</td>
</tr>
<tr>
<td></td>
<td>expenses</td>
<td>marketing expenses</td>
<td></td>
<td>taxes</td>
</tr>
</tbody>
</table>

Source: cm 11.10: Life cycle-related funding requirements.

Initial investments, operating fixed costs, cost of living as well as variable operating costs imply concurrent financial requirements or rather a corresponding outflow of money. Analogous revenues denote a synchronic inflow of money. In contrast to the typical financial requirements in the course of time mentioned by Nathusius (see table 5.3), the interviewed business start-up persons invest mainly in the seed and start-up phase. Investments in office equipment ("software investments (002/090)" and "technical equipment (005/027, 072)" (see cm 11.10: Life cycle-related funding requirements)) are carried out before the start-up. Moreover, the business start-up person often does a lot of work before the official start-up in order to be prepared and to start the revenue process faster. Furthermore, operating fixed costs and variable operating costs also accrue in the seed phase. Postponing issues in the seed phase can accelerate the start of the turnover process and can reduce the time needed to achieve the BEP.

peer-debriefing:
Confirmation of the research results concerning the financial requirements regarding the life cycle stage (EXPERT/203).

- Greatest financing requirements of start-up service enterprises:
Cm 7.12 shows the most important financing requirements of start-up enterprises in the service sector (interview question: "Where would you see the most important start-up enterprise financing requirements (e.g. salaries, rent, education, vehicle fleet, equipment, order financing,....?"): 

cm 7.12: Most important financing requirements of start-up service enterprises.

- **cost of living (003/067, 085), (004/151), (006/069), (009/043, 065, 67)**
- **social security (pension insurance, health insurance) (004/151)**
- **expenses for further education (003/067, 083), (007/070)**
- **hardware (002/100)**
- **software (002/100)**
- **office equipment**
- **operating costs (004/139), (007/094)**
- **current office expenses (007/072)**
- **current additional infrastructure expenses (008/046)**
- **business travel expenses (002/099), (003/083), (004/135)**
- **expenses to build up business contacts (005/072)**
- **expenses to gain customers (marketing expenses) (004/123), (006/064), (007/018)**
- **taxes (006/064)**
- **old debt burden to pay back (008/100)**

**Source:** Based on field studies.

The non-investive expenditures (operating expenses and the cost of living) are of great importance relating to the financing requirements, particularly in the first start-up phases. In contrast, the financial requirements for the initial configuration (fixed and current assets) for start-up enterprises in the service sector seem to be relatively low for founders of service companies. In the outcome, the start-up capital requirements are made up of the financial requirements for the initial configuration and the sum of the ongoing cost-deficits up to the BEP.

The ongoing cost-deficits can be caused either by:

1. Insufficient revenues to cover the sum of all costs,
2. Overcharged cost of living or / and by
3. Overcharged operating costs.

**peer-debriefing:**

Confirmation of the research results with regard to the most important financing requirements of start-up service enterprises (EXPERT/202) and the deductions regarding the cost-deficits (EXPERT/207).

- **Break-Even-Points of the start-up service enterprises:**

According to the study conducted by the Frauenhofer Institut für Systemtechnik und Innovationsforschung, the period of time needed to reach economic viability (BEP) of start-up service enterprises amounts to 18.20 months (see table 5.2). The business start-up persons interviewed in this study operate both "cost covering right from the start (003/079), (004/141), (006/087), (008/052)" and "still not cost-covering (005/068), (009/059)":

7.3.2.3 Financing of Start-up Service Enterprises

The purpose of this section is to evaluate and display the research findings according to the start-up financing of the interviewees. With regards to the field of activity, the start-up financing is defined (see figure 5.1) as a condition parameter. The objective is to investigate the start-up financing design and its influences on the methods and instruments of the operative EFM. The research question
d) How do entrepreneurs in the service sector design their start-up financing in practice?

is answered by an analysis and a depiction of the corresponding interview results:

Concerning the financial situation before the start-up of the enterprise, the interviewed founders of service companies see themselves as belonging to two categories: They start either on the “subsistence level” or from a “good” financial situation:

personal financial situation before the start-up of the enterprise (II.3.a.)

| Subsistence level (002/106), (003/087), (009/073) | Good (004/155), (005/072), (006/073), (007/100), (008/060) |

In the beginning, the author intended to ask the founders of service businesses detailed questions about their personal financial situation before the foundation of the enterprise (property: e.g. real estates, bank balance, gold, investments, additional income,... and liabilities: e.g. mortgage, consumer credits,...) (interview question: “II.3.a. Financial initial situation of the business start-up persons before
the foundation of the enterprise") (see meth. appendix 1: Interview guide). Already within the first few test interviews, the author, a native German, realized something new about German culture: Trying to ask people in Germany about their explicit property situation, he was also confronted with abashment and underlying queasiness, which endangered a stress-free conversational atmosphere. These questions seem to be a taboo because Germans obviously do not like to give away detailed information on their private financial situation (i.e. money). In addition, financial cleverness is even considered as morally questionable (Sinus Sociovision, 2004, p26). This is why the author prefers to ask the business start-up persons in the service sector for a more general and less intimidating self-assessment of their financial situations. The personal capital equipment of the founders before the foundation of their service enterprises (see cm 7.14: Financial situation of the business start-up persons before the start-up) affects the financial durability of their start-ups. Therefore, the author reasons: the higher the private capital equipment of the business start-up persons before the foundation of the enterprise, the smaller the pressure to operate cost covering within the start-up phase, since the business start-up persons can make additional private payments if they need to bridge the monthly cost-deficits for some time:

Figure 7.7: Private financial situation vs. pressure to operate cost-covering.

![Figure 7.7: Private financial situation vs. pressure to operate cost-covering.](source: Based on present author.)

**Peer-debriefing:**

Confirmation of the correlation between the private financial situation and the pressure to operate cost-covering (EXPERT/211).
As already shown and proved in section 7.3.1, (see cm 7.3: Financial management strategies for start-up service enterprises) founders of service businesses prefer to fall back on those types of financing that do not cause fatal consequences in case of the failure of the business model:

Figure 7.8: Financing sources used for the start-up financing.

![Image of bar chart showing financing sources]

Source: cm 11.11: Financing sources.

The interviewees consider self-financing, subsidies of the unemployment office and equity capital (savings) as the most important financing sources for start-up service enterprises. According to Kulicke (1999, p9) and Shane (2003, p133), the own resources are the dominant source of financing (see 5.3.3 Start-up Financing). Corresponding statements of the business start-up persons support this fact quite clearly: “prefer to live without debts (007/032)“, “too risky for me (007/029)“ and “would not start-up if the usage of a credit is necessary (004/175)“. In contrast to Dieterle and Winckler (1995, p179), the results of the survey show that self-financing is the most important source of financing for start-up service enterprises.

**peer-debriefing:**

Confirmation of the research results with regard to the financial requirements regarding the life cycle stage (EXPERT/215).

Additional statements:

- The use of a credit card is only possible if the business start-up person has one before the start-up and if he or she can keep it (EXPERT/215).
- In general, the financial institutions cancel your credit cards and your credit line if they learn that the business start-up person works self-employed or has lost his or her employment in Germany (EXPERT/217).
- Correspondingly, the information policy regarding the financial institutions is important. One should be honest, but careful with transparency (EXPERT/217, 218, 219).
The interview answers on the current enterprise financing sources (interview question: "How have you been able to guarantee the current enterprise financing?"; see figure 7.9) and the answers on the financing sources for start-up financing (interview question: "Which financing sources have you used for the ramp-up financing (e.g. savings, bank credits, family credits,..?"; see figure 7.8) only differ with regard to the application of CPDS-instruments and methods and regarding the usage of equity capital of the business start-up persons:

Figure 7.9: Current enterprise financing.

![Figure 7.9: Current enterprise financing.](image)

Source: cm 11.12: Current enterprise financing.

These differences result from the difficulties with correctly calculating / forecasting the start-up funding requirements (see cm 7.10: Difficulties with the correct forecast of the funding requirements) and the fact that the interviewees cannot inject fresh equity capital repeatedly due to their personal, often restricted financial situation (see cm 7.14: Financial situation of the business start-up persons before the start-up). Thus, alternative or rather creative new financing techniques have to be used because they underline the importance of the application of CPDS-instruments and methods within the current enterprise financing process: "management of the business with less money (005/038)".

**peer-debriefing:**

Confirmation of the research results with regard to the financial requirements regarding the life cycle stage (EXPERT/221,227).

**additional statements:**

- Before the foundation of the company, the start-up business person has in general a better chance to get a credit, e.g. to take a more salary-oriented consumer credit. But shortly after, the start-up business person can only use creative financing techniques (EXPERT/222).
- A consumer credit has as well as the advantage that it is not binded to a special restricted purpose (EXPERT/225).
According to the systematisation scheme by Perridon and Steiner (Perridon and Steiner, 1995, p314-320) (see 5.3.3 Start-up Financing), the financing sources used by the interviewed business start-up persons produce the following financing source profile:

Table 7.6: Financing source profile of business start-up persons.

<table>
<thead>
<tr>
<th>financing criteria:</th>
<th>research results:</th>
</tr>
</thead>
<tbody>
<tr>
<td>legal position of the capital provider:</td>
<td>▪ The interviewed founders of service businesses prefer to use equity sources - equity capital (see table 11.11) - of financing (see figure 7.8).</td>
</tr>
<tr>
<td>terms of the source of capital:</td>
<td>▪ The terms of the source of capital are not considered as extremely important, but in general business start-up persons prefer sources of capital that are flexible and provide open financing conditions, e.g. the usage of a credit card or a credit of a family member (see figure 7.8).</td>
</tr>
<tr>
<td>financial strength and financial requirements:</td>
<td>▪ According to the usual undercapitalisation of start-up service enterprises (see section 2.2) the founders of service businesses operate on edge between congruent-financing and undercoverage (see section 5.2 and cm 7.3: Financial management strategies for start-up service enterprises).</td>
</tr>
<tr>
<td>cause for financing:</td>
<td>▪ Start-up- and early expansion phase (see cm 7.1: The characteristic of the start-up service enterprises).</td>
</tr>
</tbody>
</table>
| source of funds:                        | ▪ Initial financial equipment: outside financing (see table 7.5).  
▪ Start-up and early expansion financing: primary inside financing and outside financing, whether the BEP is still not reached or extra capital is needed (see figure 7.8).

Source: Based on present author.

Above all, start-up business person of start-up service enterprises have to achieve the BEP as fast as possible (see figure 7.5). A quick cost-covering, even if the costs are only partly covered, is the most economic form of financing. Besides, self-financing, subsidies of the unemployment office (see 5.3.3.1 Outside Financing, (2) Subsidy financing, a) Equity capital aid of governmental programmes) is another main source of financing for business start-up persons in the service sector. This kind of subsidy is paid in order to secure the cost of living in the first nine months after the business start-up. The money cannot be repaid and supports the founders of businesses to achieve the BEP faster than under normal circumstances that is without financial support. This is illustrated in the following graph:
After the nine-month subsidy period, the artificially reduced BEP (BEP 2) shifts back to “BEP 1” again and the business start-up person has to compensate the shift with additional net revenue. Therefore, the business start-up persons can reach the BEP more quickly at the beginning.

Parallel to the empirical filling up of category systems, the author intends to identify financing types preferred by business start-up persons and their patterns of action. In doing so, he applies the concept of the “feature space” by Kelle and Kluge (2010, p96-97) in order to systematically and comprehensibly arrange in the following core categories: “start-up funding requirements” (see cm 7.8: Calculated start-up funding requirements), “financial situation before the start-up of the enterprise” (see cm 7.14: Financial situation of the business start-up persons before the start-up), “financing sources” (see cm 11.11: Financing sources), “current enterprise financing” (see cm 11.12: Current enterprise financing) and “BEP” (see cm 7.13: Break-Even-Points of the start-up service enterprises). The case-related core categories and their sub-categories are illustrated in the following multidimensional cross table:
Table 7.7: Financing types of business start-up persons in the service sector.

<table>
<thead>
<tr>
<th>business start-up persons</th>
<th>start-up funding requirement</th>
<th>financial situation before the start-up of the enterprise</th>
<th>financing source</th>
<th>current enterprise financing</th>
<th>BEP</th>
<th>type</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>no additional financial need</td>
<td>subsistence level</td>
<td>self-financing</td>
<td>self-financing</td>
<td>two-months</td>
<td>DCCB with subsidies</td>
</tr>
<tr>
<td>003</td>
<td>no additional financial need</td>
<td>subsistence level</td>
<td>self-financing</td>
<td>self-financing</td>
<td>cost covering right from the start</td>
<td>ICCB without subsidies</td>
</tr>
<tr>
<td>004</td>
<td>€3,000.00</td>
<td>good</td>
<td>subsidies of the unemployment office self-financing</td>
<td>self-financing</td>
<td>cost covering right from the start</td>
<td>ICCB with subsidies</td>
</tr>
<tr>
<td>005</td>
<td>€5,000.00</td>
<td>good</td>
<td>start with savings subsidies of the unemployment office self-financing</td>
<td>self-financing</td>
<td>still not cost-covering</td>
<td>SNCCB with subsidies</td>
</tr>
<tr>
<td>006</td>
<td>€6,000.00</td>
<td>good</td>
<td>self-financing</td>
<td>self-financing</td>
<td>cost covering right from the start</td>
<td>ICCB without subsidies</td>
</tr>
<tr>
<td>007</td>
<td>no additional financial need</td>
<td>good</td>
<td>start with savings additional €400.00 job subsidies of the unemployment office self-financing</td>
<td>self-financing</td>
<td>two years</td>
<td>DCCB with subsidies</td>
</tr>
<tr>
<td>008</td>
<td>no additional financial need</td>
<td>good</td>
<td>subsidies of the unemployment office self-financing</td>
<td>self-financing</td>
<td>cost covering right from the start</td>
<td>ICCB with subsidies</td>
</tr>
<tr>
<td>009</td>
<td>€5,000.00</td>
<td>subsistence level</td>
<td>start with savings family credits usage of the credit card self-financing</td>
<td>self-financing</td>
<td>still not cost-covering</td>
<td>SNCCB without subsidies</td>
</tr>
</tbody>
</table>

Source: cm 7.8: Calculated start-up funding requirements, cm 7.14: Financial situation of the business start-up persons before the start-up, cm 11.11: Financing sources, cm 11.12: Current enterprise financing and cm 7.13: Break-Even-Points of the start-up service enterprises.

Concerning the feature “space systematisation”, the author has identified three main financing types of business start-up persons and their patterns of action:

**Instant cost-covering business start-up person (ICCB)**:

This way of establishing a service company is characterized by the possibility to cover the obligations immediately and right from the start through the current revenues “right from the start cost-covering (003/079), (004/141), (006/087),
OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS

(008/052)" (see cm 7.13: Break-Even-Points of the start-up service enterprises).

Furthermore, the author subdivides ICCB into instant cost-covering concepts with and without “subsidies of the unemployment office (004/163), (008/064)” (see cm 11.12: Current enterprise financing):

(a) **ICCB without subsidies of the unemployment office:** Case 003 as well as case 006 apply instant cost-covering concepts without subsidies of the unemployment office. Due to the personal financial situation before the start-up of the enterprise, business start-up person 003 starts from the “subsistence level” and as a consequence the business model is constructed without “additional start-up funding requirements” (see table 7.7). In contrast, business start-up person 006 starts from a “good” level. The additional start-up funding requirements amounts “€6,000.00”. Both ICCBs are self-financed regarding the financing source and the current enterprise financing (see table 7.7).

(b) **ICCB with subsidies of the unemployment office:** The cases 004 and 008 apply instant cost-covering concepts with public subsidies. The advantages of the subsidies granted by the unemployment office are outlined in figure 7.10. These subsidies (see 5.3.3.1 Outside Financing: c) (Agentur für Arbeit)) supports business start-up persons in covering the total costs of the enterprise more quickly. In case 004, the subsidy fulfil exactly this task. Case 008 did not need the subsidies to cover the costs. Enough revenues were generated by the own strength (008/018) and the subsidies were used to build up a financial safety buffer (008/066).

**Delayed cost-covering business start-up person (DCCB):**

002 and 007 are “delayed cost-covering” business start-up persons in the service sector and get public subsidies (DCCB cases without subsidies granted by the unemployment office are possible, but in the sample of the DBA-thesis they happen not to be existent). Since business start-up persons are not in the position to earn enough money right from the start to cover the total costs, there is a certain demand regarding the financial bridging time until the BEP is reached. In this respect, savings, side jobs or alternative sources have to be integrated in order to compensate the running cost-deficits.

**Still-not cost-covering business start-up person (SNCCB):**
At the moment of the interview, the cases 005 and 009 operate in the loss area (see figure 7.5). In addition, both business start-up persons build up further monthly cost-deficits (see figure 7.2), due to the fact that the monthly net revenues are generally not large enough to cover the monthly costs. This leads to a further reduction of the available start-up time. Furthermore, the reduced and available total financing capital increases the pressure on the business start-up persons to work cost-covering (see figure 7.1). Case 005 started his service enterprise out of a "good" financial situation. Yet, before the start-up, the business start-up person assumed that reaching the BEP would take longer (005/070). The recruitment of initial customers was classified as above average time-consuming (005/072). In comparison, business start-up person 009 started his service enterprise from the "subsistence level" and has already used up his savings (009/023). The financial support of the family (family credits) helps the business start-up person to cover the cost-deficit (009/023).

In the author's opinion, other cost-covering scenarios are not conceivable in contrast to the above mentioned ones: instant achievement of BEP (ICCB), delayed achievement of the BEP (DCCB), BEP is still not achieved, but the business start-up person is still operating in the start-up service business (SNCCB) or the BEP is not achieved and the business start-up person has given up (former business start-up person (FB)). FBs who retire from the business start-up and give up their enterprises are not part of this DBA study. According to the different requirements of the financing types of business start-up-persons in the service sector (see table 7.7), the corresponding CPDS-methods and instruments have to be elected (see 7.3.3 Research Results of EFM-Design Parameters) by the business start-up person and start-up consultants who can minimize the capital requirements.

**Peer-debriefing:**
Confirmation of the research finding; well comprehensible (EXPERT/239).

**Additional statements:**
- The criteria "achievement of the BEP" is the most important one, especially in the start-up phase (EXPERT/239).

No correlation could be found between the financial situation before the start-up of the enterprise and the period of time needed to achieve economic viability (BEP). In the following table, the author lists BEPs, start-up funding requirements and calculation methods to analyse their interrelations:
Table 7.8: BEP, funding requirements and calculation method.

<table>
<thead>
<tr>
<th>business start-up person (case no.)</th>
<th>BEP</th>
<th>start-up funding requirements</th>
<th>calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. D. (002)</td>
<td>two-months</td>
<td>no additional financial need</td>
<td>classical planning</td>
</tr>
<tr>
<td>A. Du. (003)</td>
<td>cost-covering right from the start</td>
<td>no additional financial need</td>
<td>laissez-faire</td>
</tr>
<tr>
<td>A. S. (004)</td>
<td>cost-covering right from the start</td>
<td>€3,000.00</td>
<td>classical planning</td>
</tr>
<tr>
<td>A. P. (005)</td>
<td>still not cost-covering</td>
<td>€5,000.00</td>
<td>classical planning</td>
</tr>
<tr>
<td>D. P. (006)</td>
<td>two-months</td>
<td>€6,000.00</td>
<td>classical planning</td>
</tr>
<tr>
<td>H. L. (007)</td>
<td>cost-covering right from the start</td>
<td>no additional financial need</td>
<td>classical planning</td>
</tr>
<tr>
<td>H. W. (008)</td>
<td>cost-covering right from the start</td>
<td>no additional financial need</td>
<td>laissez-faire</td>
</tr>
<tr>
<td>M. E. (009)</td>
<td>still not cost-covering</td>
<td>€5,000.00</td>
<td>laissez-faire</td>
</tr>
</tbody>
</table>

Source: cm 7.13: Break-Even-Points of the start-up service enterprises, cm 7.8: Calculated start-up funding requirements and cm 7.9: Calculation methods of the funding requirement.

Business start-up persons in the service sector, who have calculated without or with less funding requirements, achieve the BEP considerably faster than business start-up persons with higher funding requirements do. Vice versa, all interviewed ICCBs have either no or only small financing requirements. Business start-up persons with higher financing requirements need more time to operate cost covering or are SNCCBs. A concrete interrelation between planning method / calculation method and the level of the start-up funding requirement or the BEP could not be found.

Peer-debriefing:
Confirmation of the research finding (EXPERT/239).

Additional statements:
- Less capital increases the pressure to work cost covering faster. This is why business start-up persons start more proactively right from the start and do not rely on a financial buffer (EXPERT/239).

The evaluation of the available financing options in Germany by the interviewed business start-up persons (interview question: “How do you judge the financing option / sources which are available to you for the financing of your enterprise in the service sector in Germany?”) is illustrated and sorted in the following:
The author can deduct from the research results that none of the interviewed business start-up persons of service enterprises uses debt financing (see cm 7.3: Financial management strategies for start-up service enterprises). Furthermore, the financing options available to finance start-up enterprises in the service sector in Germany are judged as rather negative by the business start-up persons who confirm the existence of the financial barriers outlined above (see 2.2 Outline of Purpose of the Research Problem).

Peer-debriefing:
In general, business start-up persons are often afraid of going into debt, also due to a lack of financial know-how (EXPERT/241, 243).

In this section, which deals with the research question “How do entrepreneurs in the service sector design their start-up financing in practice?”, a statement system (theory) was developed on the basis of the data gained and extracted. It can be summarised as follows:

- The higher the private capital equipment of the business start-up persons in the service sector before the foundation of the enterprise, the smaller the pressure on the business start-up persons to operate cost-covering within the start-up phase (see figure 7.7),
- Business start-up persons in the service sector prefer those kinds of financing types that in case of the breaking off of the business model do not cause fatal, existence-threatening consequences (see figure 7.8),
- According to the interviewed business start-persons, self-financing, subsidies of the unemployment office and equity capital (savings) are the most important financing sources for start-up service enterprises (see figure 7.8),
- Business start-up persons in the service sector cannot inject fresh equity capital repeatedly because of their personal, often restricted financial situation (see cm
7.14: Financial situation of the business start-up persons before the start-up. Therefore alternative or rather creative new financing techniques have to be used,

- Working cost-covering quickly, even if the costs are only partly covered, is the most economic form of financing,
- The author identified three different types of business start-up persons: (1) Instant cost-covering business start-up person (ICCB), (2) Delayed cost-covering business start-up person (DCCB) and (3) Still-not cost-covering business start-up person (SNCCB) (see table 7.7),
- No correlation could be found between the financial situation before the start-up of the enterprise and the period of time needed to achieve economic viability (BEP) of start-up service enterprises (see table 7.8),
- Business start-up persons of service enterprises, who have calculated without or with less funding requirements, achieve the BEP considerably faster than business start-up persons with higher funding requirements do. Vice versa, those with higher financing requirements need more time to operate cost-covering or are SNCCBs (see table 7.8),
- No interrelation could be found between planning method / calculation method and the level of the start-up funding requirement or the BEP (see table 7.8),
- On the basis of the research results, the author records that all interviewed business start-up persons of service enterprises do not use debt financing (see cm 7.3: Financial management strategies for start-up service enterprises) and
- the financing options available to finance start-up enterprises in the service sector in Germany are judged as rather negative by the business start-up persons (see figure 7.11) and they confirm the existence of certain financial barriers

7.3.3 RESEARCH RESULTS OF EFM-DESIGN PARAMETERS
The goal of this section is to depict and analyze the given action variations (CPDS-instrument and methods) concerning the capital preventing development strategies of business start-up persons in the German service sector. The research results provide alternative financing instruments and methods to finance start-up
service enterprises in Germany despite the various financial barriers for business start-up persons and their start-up consultants (see 2.2 Outline of Purpose of the Research Problem). Here, the leading research question is the following one:

e) Which financial management methods and instruments exist and can be taken into consideration for a capital preventing development strategy in the German service sector?

The capital preventing development of start-up enterprises in the service sector means a methodical reduction of additional capital requirements through particular financing methods and instruments. With regard to the field of activity, (see figure 5.1) CPDS-instruments and methods are defined as design parameters. Business start-up persons in the service sector can use them to design their financial needs for the initial configuration and to level ongoing cost-deficits in the everyday business. In general, the author supports Brettel et al.'s theory (Brettel et al., 2006, p1) regarding the importance of operational management (entrepreneurial finance management) for the business success of start-up enterprises in contrast to the overestimation of the planning function as success factor (see 7.3.2.1 The Financial Manager, planning of the flow of financial resources).

The author starts with the preparation of the CPDS-Instruments and sorts them in accordance with the interview questions and with regard to their influence on the cash flow. The author uses the stakeholder-oriented classification scheme based on Khaled (2009, p77) (see figure 5.4) for the grouping of the mentioned CPDS-instruments. The research results are then compared with the already existing and grouped instruments ascertained by Van Auken and Neeley (see def. appendix 18: CPDS-instruments classification):

- "III.a How do you attempt to keep the ongoing monetary requirements low in detail?".

With the purpose of keeping the ongoing requirements low, the author ascertains in total 28 CPDS-instruments according to external stakeholders and 29 CPDS-instruments according to internal stakeholders (in total 57):
OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS

Classification of CPDS-instruments - external stakeholders:

cm 7.15: business partners as an operational area to keep financial requirements low.

usage/creation of an infrastructure of business partners free of charge (008/036), (009/101)
organize common learning groups (know-how exchange) (007/132)
office sharing (006/103), (009/043)

business partners/ networking

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to “business partners” as an operational area to keep financial requirements low (EXPERT/251).

cm 7.16: vendors as an operational area to keep financial requirements low.

reduction of shipment expenses

- direct collection (002/150)
- collective order (002/150)

reduction of communication expenses (002/146)

- usage of email (002/146)
- usage of XING (002/146)
- usage of direct inward dialing (002/146)
- optimize the communications expenses, printing material and office equipment expenses (008/080)

vendors

- price reduction
  - ask always for discount (007/138)
  - usage of special offers (good quality for a cheap price) (009/111)

- the usage of a free book-keeper is cheaper than the usage of an tax adviser (009/083)

- optimizing terms of payment
  - equate due date of the creditors with due date of the customers (009/099)
  - postpone the own liabilities to pay so far as possible in the future (009/099)

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to “vendors” as an operational area to keep financial requirements low (EXPERT/253).

cm 7.17: family & friends as an operational area to keep financial requirements low.

the family has to reduce the consumption as well (support by the family) (007/122, 138)

family & friends

- save money and have lunch with the family (002/156)
- use a friend’s car (009/025, 057, 083)

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to “family & friends” as an operational area to keep financial requirements low (EXPERT/255).
cm 7.18: financial inst. as an operational area to keep financial requirements low.

- Organization of the financial means by having two bank accounts (smart bank account policy) (009/031)
- Usage of a bank account free of all charges (009/091), (009/119)

Source: Based on field studies.

**Peer-debriefing:**

Confirmation of the research results with regard to “financial institution” as an operational area to keep financial requirements low (EXPERT/257).

**Additional statements:**

- Nowadays, financial institutions are incalculable for business start-up persons (EXPERT/257).

cm 7.19: public inst. as an operational area to keep financial requirements low.

- Employment office: apply for the prolongation of the subsidies of the unemployment office (004/187)
- Careful handling of taxes; save at least 25% of the turnover (004/161)
- Tax office: usage of tax advantages
  - If possible, postpone private expenses to the business (usage of tax advantages) (009/083)
  - Use creative (permitted) tax planning (009/027, 045, 083, 085)
  - Optimization of the tax bracket (008/058)

Source: Based on field studies.

**Peer-debriefing:**

Confirmation of the research results with regard to “public institutions” as an operational area to keep financial requirements low (EXPERT/259).

cm 7.20: customers as an operational area to keep financial requirements low.

- Order handling: use every spare minute to search for new orders (003/041)
- Start with some orders; hence, the additional financial needs are low (003/063)
- Sales promotion is expensive, therefore it is important to carefully select the most adequate promotion instrument (007/150)
- Work for a reduced price and in return the customer provide a business offer free of charge (005/104)

Source: Based on field studies.

**Peer-debriefing:**

Confirmation of the research results with regard to “customers” as an operational area to keep financial requirements low (EXPERT/261).

**Classification of CPDS-instruments - internal stakeholders:**

cm 7.21: employees as an operational area to keep financial requirements low.

- Instruct employees to handle resources economically (008/084)
- Instruct employees to print double-sided (008/084)
Confirmation of the research results with regard to "employees" as an operational area to keep financial requirements low (EXPERT/265).

Confirmation of the research results with regard to "owners" as an operational area to keep financial requirements low (EXPERT/267, 268).

- "III.b How do you attempt to improve the money inflow in detail?".

With the purpose of improving the money inflow, the author ascertains 33 CPDS-instruments in total considering external stakeholders and 9 CPDS-instruments concerning internal stakeholders (in total 42):
**Classification of CPDS-instruments - external stakeholders:**

**cm 7.23:** business partners as an operational area to improve the money inflow.

If small and uninteresting jobs are the only result of business cooperations, it is better to give up this cooperation. (008/088)

build up multipliers (people with a lot of business contacts) (008/088, 098)

maintain the multipliers (periodical presence, have good conversations,...) (008/098)

start soon to create business networks (008/098)

**business partners / networking**

*Source:* Based on field studies.

**peer-debriefing:**

Confirmation of the research results with regard to “business partners” as an operational area to improve the money inflow (EXPERT/270).

**additional statements:**

- The professional handling of recommendations is important (EXPERT/270).

**cm 7.24:** vendors as an operational area to improve the money inflow.

usage of cheaper suppliers to improve the contribution margin (002/152)

**vendors**

*Source:* Based on field studies.

**peer-debriefing:**

Confirmation of the research results with regard to “vendors” as an operational area to improve the money inflow (EXPERT/271).

**cm 7.25:** family & friends as an operational area to improve the money inflow.

activate family members and friends (customer search) (007/140)

**family & friends**

*Source:* Based on field studies.

**peer-debriefing:**

Confirmation of the research results with regard to “family & friends” as an operational area to improve the money inflow (EXPERT/274, 275).

**cm 7.26:** financial inst. as an operational area to improve the money inflow.

current account plus direct access savings account (002/168), (003/123)

usage of special interest programmes (002/168)

usage of a credit card (009/037)

**financial institution**

*Source:* Based on field studies.

**peer-debriefing:**

Confirmation of the research results with regard to “financial institution” as an operational area to improve the money inflow (EXPERT/277).
cm 7.27: public inst. as an operational area to improve the money inflow.

Start further financial start-up support (007/138)

Public institutions ➡ VAT financing (009/109)

Source: Based on field studies.

Peer-debriefing:
Confirmation of the research results with regard to "public institutions" as an operational area to improve the money inflow (EXPERT/283).

cm 7.28: customers as an operational area to improve the money inflow.

Start business with already existing customers (004/108, 115) started with some orders, therefore, the additional financial needs are low (003/053)

Sell additional services (cross selling) and get an extra commission (009/107)

Sell customers additional products (cross selling) (009/089)

Start business with already existing customers (004/111)

Additional invoicing of current order modifications (002/160)

Write the invoices just-in-time (004/078)

Performance-close invoicing (002/050)

Quick invoicing (004/181)

At least after one week I ask if everything is fine with the invoice (004/185)

Care must be taken that the invoices are paid promptly (004/201)

Satisfy the customers with the objective to get new orders and recommendations (008/090)

Maximization of the turnover with the existing customer (004/048)

Stand by for customer requests (003/041)

Customer education (002/160)

Support service of existing customers

Acquisition parallel to the operational business (003/048) 60:40 is the current relation between operative work and acquisition (004/052)

Take the small jobs with the objective to put the big ones (mixed calculation) (008/088)

If the customer is confident, offer normal price conditions (005/124)

At the beginning it is necessary to accept also uninteresting clients (008/088)

Canvassing in a target group environment ( pym) (007/136)

Use every spare minute to search for new orders (003/041)

Try to attract new customers (008/098)

Source: Based on field studies.

Peer-debriefing:
Confirmation of the research results with regard to "customers" as an operational area to improve the money inflow (EXPERT/283).

Additional statements:
- Big pitfalls for business start-up persons exist especially in the beginning: Many business start-up persons stop to acquire new customers if they get their first long-term order. When the order is finished, they fall in a gap. It is very important to do professional customer acquisition and never stop it (EXPERT/287).
Classification of CPDS-instruments - internal stakeholders:

cm 7.29: employees as an operational area to improve the money inflow.

- motivate employees to generate as well as mandates (008/096)

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to "employees" as an operational area to improve the money inflow (EXPERT/289).

cm 7.30: owners as an operational area to improve the money inflow.

- take an additional €400.00 / month job to improve the financial situation especially in the start-up phase (007/026)
- from the beginning the turnover has to cover the expenses (003/079, 090)
- the existing resources have to be used optimally (009/081)
- invest a lot of time to achieve the objectives (005/013)
- use spare time to earn money (003/047)
- successful acquisition of new mandates next to the day-to-day business demands discipline and time. (008/098)

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to "owners" as an operational area to improve the money inflow (EXPERT/291, 292).

additional statements:
- The business start-up person’s personal attitude is the key factor for success (EXPERT/291).
- Start-up consultants stress the importance of the business start-up person’s personal attitude in relation to the business model 80:20 (EXPERT/292).

In the following table, the CPDS-instruments collected from small technology-based firms by Van Auken (2004) and those collected by Neeley from American product producers and service enterprises (2003) (abbreviation: NV-instruments) (see def. appendix 18: CPDS-instruments classification) are compared with the CPDS-instruments gained from German service enterprises in this DBA-study:
Table 7.9: Comparison of CPDS-instruments.

<table>
<thead>
<tr>
<th>stakeholders</th>
<th>results of the comparison</th>
</tr>
</thead>
</table>
| business partners / networking | • "business partners / networking" is a stakeholder entity newly added by the author and there is no counterpart by Neeley and Van Auken (NV) (see def. appendix 18: CPDS-instruments classification).
  • The author introduces it especially due to the CPDS-"networking"-statements of the interviewees and because of the increasing importance of "networking" as a modern form of co-working (Robers, 2010).
  • Thereby, founders of service businesses define business partners as an entity that works in a complementary business field. Thus, there is no risk of losing customers and orders to the business partner.
  • (NV- instruments: null in total; DBA-instruments: seven in total) |
| competitors           | • Regarding their competitors, the business start-up persons in the service sector refuse any kind of cooperation. They prefer business partners or the networking concept of working together.
  • (NV- instruments: two in total; DBA-instruments: null in total) |
| vendors               | • Differences are only small. The CPDSs-instruments mentioned by the business start-up persons and the NV-instruments can be used complementary.
  • (NV- instruments: twelve in total; DBA-instruments: twelve in total) |
| family & friends      | • The CPDS-instruments by NV are very similar to the classical financing instruments whereas the interviewed business start-up persons list more financial support instruments within everyday life situations. Both instruments can be applied interactively.
  • (NV- instruments: two in total; DBA-instruments: four in total) |
| financial institutions | • The CPDSs-instruments listed by the business start-up persons in the service sector and the NV-instruments can be used complementary. There is no duplication within the construct maps.
  • (NV- instruments: two in total; DBA-instruments: five in total) |
| state / public institutions | • In this field, the same CPDS-instruments are applied. There are no great differences between the instruments discussed within this DBA-thesis and the NV-instruments.
  • (NV- instruments: three in total; DBA-instruments: seven in total) |
| customers             | • With regard to one exception, which is typical for the goods industry (clients pay product development costs (Neeley, 2003, p38)) the instruments can be used bilaterally without restrictions.
  • (NV- instruments: 13 in total; DBA-instruments: 26 in total) |
| owner / business start-up person | • The named CPDSs-instruments mentioned by the business start-up persons and the NV-instruments can be used complementarily.
  • (NV- instruments: four in total; DBA-instruments: 35 in total) |
| employees             | • There are no congruent instruments; nevertheless, the NV-instruments can be used for the service sector and vice versa.
  • (NV- instruments: four in total; DBA-instruments: three in total) |

Source: Based on present author.

To sum it up, the CPDS-instruments ascertained by Van Auken and by Neeley as well as the instruments within mentioned in this DBA-study can also be used almost complementarily as capital preventing development strategies for start-up service enterprises. Generally, it makes sense to learn from different lines of business and to check if successful CPDS-instruments can be applied analogous to the service sector in order to expand the general range of possibilities for business start-up persons in the service sector and their start-up consultants.
In a second step, the author prepares the collected and coded CPDS-methods or principles that can discover the guidelines of the usage of the CPDS-instruments. Thereby, the following master interview question will be answered:

- "III.c. Which financing-methods respectively principles do you apply to manage the financial resources carefully?"

The CPDS-methods outlined below are categorized with a view to the optimal organization of the flow of financial resources within the enterprise, which means the planning, organization, control and monitoring of the flow of the financial resources (see table 5.1) and which are therefore subdivided into the four following interview questions. In total, the author identifies 92 CPDS-methods:

(a) **How do you plan to use your financial means to realise the enterprise objectives (planning-methods)?**

Regarding the CPDS-planning methods, the interviewed business start-up persons provide less information / statements (three CPDS-methods) because they do not see planning as a capital preventing method:

- the monthly investments should be income-orientated (005/146)
- plan what I have to earn monthly to work cost-covering and balance that with the orders (004/207)

*Source: Based on field studies.*

The business start-up persons 003, 006, 007, 008, 009 give no answer or negate the use of CPDS-planning methods. Just like the hypothesis, this supports the view that planning is not a critical factor of success for start-up enterprises in the service sector (see 7.3.2.1 The Financial Manager / planning of the flow of the financial resources). There are no overlaps with the research results by Bhidé (see def. appendix 19: CPDS-methods classification) regarding the CPDS-planning methods. Moreover, in the author’s opinion, Bhidé’s CPDS-methods can also be used for the start-up enterprises in the service sector.
peer-debriefing:
Confirmation of the research results with regard to the CPDS-planning methods (EXPERT/294).

Additional statements:
- An important method is the scenario planning - the assessment of the various options for the founder of a start-up (best cast, good case, worst case) (EXPERT/150)
- Many business start-up persons think that they can plan everything in their mind without documentation. However, the reality often looks different (EXPERT/294).

(b) How do you organize your financial means to save expenses (organization-methods)?

With the large number of CPDS-organization instruments (117 CPDS-methods) the business start-up persons in the service sector illustrate the particular importance of the organization of financial means to save expenses for the company’s success. In the corresponding statements, five CPDS-organization operation methods that business start-up persons in the service sector use to realise their start-up enterprises are dominant:

(1) Preparatory operation method:

Generally speaking, being prepared is one method for the interviewees to start the turn over process right from the beginning without losing valuable start-up time and to reach the point of cost covering from the beginning (see figure 7.2). Business start-up persons in the service businesses can use various approaches of preparing. The findings of the coding process are summed up in the following construct map:

Source: Based on field studies.
(2) Anticipatory operation method:

Business start-up persons in the service sector consider entrepreneurial risks in advance to prevent expenses and avoid additional capital requirements. The following construct map shows the research findings according to the anticipatory operation methods in three CPDS-organization methods groups:

![Construct Map](image)

<table>
<thead>
<tr>
<th>Action</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider risks in advance</td>
<td>002/172, 008/058</td>
</tr>
<tr>
<td>Consider seasonal variations</td>
<td>002/172</td>
</tr>
<tr>
<td>Consider sectoral variations</td>
<td>002/172</td>
</tr>
<tr>
<td>Only try what's possible. No experiments</td>
<td>003/019</td>
</tr>
<tr>
<td>No from the-hand-in-the-mouth concept</td>
<td>008/058</td>
</tr>
<tr>
<td>Put a fix proportion from the turnover aside for tax payments</td>
<td>006/064</td>
</tr>
<tr>
<td>Act cost-conscious (focus on the essentials)</td>
<td>004/044, 078, 177, 005/036, 038, 040, 144, 007/036, 044, 066, 058, 092, 134, 154, 008/016, 104</td>
</tr>
<tr>
<td>Be a penny pincher</td>
<td>004/177</td>
</tr>
<tr>
<td>Search for possible savings</td>
<td>004/044, 089, 008/026, 074</td>
</tr>
<tr>
<td>Optimize the terms of payment</td>
<td>002/054, 004/189</td>
</tr>
<tr>
<td>Postpone investments</td>
<td>002/130</td>
</tr>
<tr>
<td>Keep fix costs down</td>
<td>009/027</td>
</tr>
<tr>
<td>Negotiate prices</td>
<td>004/191</td>
</tr>
<tr>
<td>Generate a monthly surplus for the next month to prefinance the next project</td>
<td>005/148</td>
</tr>
<tr>
<td>Consider unsteady payments by customers</td>
<td>006/022, 032</td>
</tr>
<tr>
<td>Build up a buffer of at least 12 times the monthly fix costs</td>
<td>006/048</td>
</tr>
</tbody>
</table>

Source: Based on field studies.

Peer-debriefing:
Confirmation of the research results with regard to the anticipatory operation method (EXPERT/298).

Additional statements:
- In business life, you learn to avoid all forms of surprises (EXPERT/298).

(3) Customer-oriented operation method:

Customer-oriented operation methods are CPDS-methods, which influence the interrelation with the customers:
cm 7.34: CPDS-organization method: customer-oriented operation method.

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to the customer-oriented operation method (EX-PERT/302).

(4) Proactive operation method:

Proactive operation methods are CPDS-methods or rather principles or personal biases that present the work methodology of business start-up persons in the service businesses. The term “proactive” underlines the forward-orientation and activity level of the business start-up persons. The following construct map illustrates the proactive operation methods:
OUTLINE AND CRITICAL EVALUATION OF THE RESEARCH FINDINGS

168/323

cm 7.35: CPDS-organization method: proactive operation method.

industriousness (005/013), (006/130), (009/015, 119)

perseverance (004/080)

search permanently for orders and the possibility to earn money to stay solvent
(003/015, 037, 039, 041)

discipline (009/111), (004/197)

cut back private life (005/013, 030)

start quickly, do not rest in the start-up phase
(004/117)

motivation (006/079)

react immediately to upcoming problems (005/152)

improve continuously (006/130)

continuously check implementation (002/028)

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to the proactive operation method (EXPERT/304).

additional statements:
- The personal attitude is for the business success the most important key factor (EXPERT/304).

(5) Delegation-oriented operation method:

In this way the business start-up persons in the service sector take over the executive and control function and delegate operative financial management tasks to a third person. In the DBA-study, the business start-up persons in the service sector delegate operative financial management tasks either to family members, to employees or to external consultants:


delegation-oriented operation method

family

Wife does the financial planning (008/100)

Wife does the financial planning (008/100)

employees

Delegate the organisation of payments to a trustworthy employee (008/022)

With regard to the employees, no money should be saved. Quality in the service procedures is very important. (008/074)

use external consultant (007/018)

Source: Based on field studies.
Bhidé depicts the application of “cash-generating projects as a CPDS-operation method” (Bhidé, 1999, p160-161) (see def. appendix 19: CPDS-methods classification). In contrast to this, the author develops different CPDS-operation method concepts that the business start-up persons can apply complementarily or selectively. The following table illustrates the influence of the CPDS-organization methods on the success of the financing types:

Table 7.10: Financing types and organization methods.

<table>
<thead>
<tr>
<th>business start-up person</th>
<th>financing type of business start-up person in the service sector</th>
<th>organization-method (no. of categories)</th>
</tr>
</thead>
<tbody>
<tr>
<td>003</td>
<td>ICCB without subsidies</td>
<td>• anticipatory operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (03)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• preparatory operation method (02)</td>
</tr>
<tr>
<td>006</td>
<td>ICCB without subsidies</td>
<td>• anticipatory operation method (04)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (04)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (03)</td>
</tr>
<tr>
<td>004</td>
<td>ICCB with subsidies</td>
<td>• anticipatory operation method (08)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• preparatory operation method (06)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (03)</td>
</tr>
<tr>
<td>008</td>
<td>ICCB with subsidies</td>
<td>• anticipatory operation method (06)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• preparatory operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (04)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• delegation-oriented operation method (03)</td>
</tr>
<tr>
<td>007</td>
<td>DCCB with subsidies</td>
<td>• anticipatory operation method (08)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• preparatory operation method (04)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (02)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• delegation-oriented operation method (01)</td>
</tr>
<tr>
<td>002</td>
<td>DCCB with subsidies</td>
<td>• customer-oriented operation method (07)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• anticipatory operation method (06)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (01)</td>
</tr>
<tr>
<td>009</td>
<td>SNCCB without subsidies</td>
<td>• customer-oriented operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• anticipatory operation method (02)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (02)</td>
</tr>
<tr>
<td>005</td>
<td>SNCCB with subsidies</td>
<td>• anticipatory operation method (05)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• customer-oriented operation method (04)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proactive operation method (04)</td>
</tr>
</tbody>
</table>

The results can be summed up briefly as follows:

- Concerning the category-naming, all ICCBs indicate most frequently the anticipatory operation method as the most important one. Therefore, this method (to be ahead) seems to be essential for the instant cost-covering of the start-up service enterprises.

- The anticipatory as well as the customer-oriented method are mentioned by all interviewees. Customer-oriented methods are determined by e.g. order handling, acquisition, sales, support services, invoicing and collection (see cm 7.20: “customers” as operational area to keep financial requirements low and cm 7.28: “customers” as an operational area to improve the money inflow) and are therefore seen as a fundamental hand tool of all business start-up persons.

- ICCBs with subsidies see the preparatory method as second best. In contrast, ICCBs without subsidies mention the proactive operation method as the second most important one. On the one hand, this depends on the requirement that the subsidies from the German unemployment office need some bureaucratic preparations. On the other hand, business start-up persons in the service sector without subsidies have to be more focused on the own engagement as if to say: “help yourself otherwise no one helps you”.

- Regarding the sample size by DCCBs and SNCCBs, the author cannot observe special phenomena and therefore recommends to carry out further academic studies in order to analyze the relations between organization-methods and business success.

peer-debriefing:
Confirmation of the conclusions (EXPERT/300).

(c) How do you monitor / check the compliance of your financial planning (monitoring-methods)?

In comparison with Bhidé’s CPDS-monitoring methods (1999; see def. appendix 19: CPDS-methods classification), the gained CPDS-methods can be used complementarily or selectively; they speak for themselves as the following construct map shows:
cm 7.37: CPDS-monitoring methods.

Source: Based on field studies.

peer-debriefing:
Confirmation of the research results with regard to the CPDS-monitoring methods (EXPERT/306).
additional statements:
- The business start-up persons should not delegate the monitoring function at the beginning. They should learn to gain overview of their business (EXPERT/306).

(d) How do you handle found deviations or financial bottlenecks (control-methods)?

The following construct map shows the identified CPDS-control methods for start-up service enterprises:

cm 7.38: CPDS-control methods:

Source: Based on field studies.

In his study, Bhidé develops the principle “get operational quickly” (Bhidé, 1999, p159-160; see def. appendix 19: CPDS-methods classification) which is confirmed by the results of the DBA-research (009/105; see cm 7.38: CPDS-control methods). Moreover, the author could establish two further principles that are outlined in the construct map above.

peer-debriefing:
Confirmation of the research results with regard to the CPDS-control methods (EXPERT/310).

With regard to the special day-to-day business of entrepreneurial finance managers it is often difficult to determine what a normal entrepreneurial finance manag-
agement task is (see 7.3.2.1 The Financial Manager) and which tasks already count a CPDS-method. This borderline can only be defined individually by each of the business start-up persons in the service sector according to their personal expert knowledge. According to the collected answers, the author allocates the research findings either to the EFM-tasks or to the CPDS-methods. Finally, chapter 8 analyses the implementation of the research objectives and hints to areas requiring further research.
In this final chapter, the intended research objectives (see section 2.3) and research questions are summed up (see section 2.4). The implementation of the theoretical and pragmatic objectives, as well as the answering of the research questions are elucidated. The thesis is closed with the prospect. In this process, the author exposes various further research approaches as impulsion for other EFM-interested researcher.

Implementation of the theoretical objective:

As already mentioned, the present findings on entrepreneurial finance management are rather limited. In particular, restricted financial resources and inexpert financial management competences present the main obstacles for business start-up persons. However, no proven statements or business models for start-up specific financing models concerning the service sector exist. Within this research project the author develops an integrated entrepreneurial finance management field of activity for business start-up persons in the service sector (see figure 5.1) that contains the target parameters of business start-up persons in the service sector, the conditions and the design parameters regarding the financing of start-up enterprises in the service sector. This field of activity provides the description of the EFM-environment and the EFM-courses of action for business start-up persons who intend to implement their business model in spite of tight financial resources. The capital preventing development (CPDS) of start-up enterprises in the service sector implies the methodical reduction of additional capital requirements by means of particular financing methods and instruments. Therefore, the criticism expressed by Wolf was taken up. He claims that there are no explicit research studies in the field of capital preventing development strategies for start-up service enterprises in Germany (Wolf, 2006).
Implementation of the pragmatic objective:

The research results of this thesis very practically show the scope of design of the business start-up persons in the service sector regarding entrepreneurial finance management. It portrays how business start-up persons can use their tight financial resources mildly and adaptedly to develop the enterprise without being completely dependent on classical financing sources. As a matter of course, not all entrepreneurial finance methods and instruments can be presented in this DBA-thesis. However, studying of the research results might inspire business start-up persons and their start-up consultants with regard to the development of further entrepreneurial finance techniques and it can open them for it. While conducting the interviews, the author was able to observe that the business start-up persons have no clear consciousness for this field of activity and that e.g. the use of a home office can also be regarded as a financing instrument. The reason for this is that this form of alternative financing is not openly declared as such. In terms of financing, the business start-up person mainly thinks of the classical financial instruments and not of the use of his own creative strengths concerning the development of alternative financial techniques. This DBA-thesis intends to make a contribution to this research field by showing examples of entrepreneurial finance methods and instruments. He also provides an integrated frame of understanding to explain in detail the financial situation and the problems of business start-up persons in the service sector. Moreover, solution for these problems are given as well. To come to a conclusion, the author likes to repeat the quotation by Ridderstrale and Nordstroem that the new champions in economic life will be those who have ideas even if they do not have capital (Ridderstrale and Nordstroem, 2000).

Answering of the research questions:

In the end, entrepreneurial finance management must be seen as an integrated management approach. The challenge of this approach is based on the consequent focus on the essential tasks. Being only half-applied, EFM is not able to unfold its complete efficiency. Various individual techniques have to be applied in addition. If entrepreneurs in the service sector want to realize their business model despite of brief financial resources, the author recommends studying the entire thesis to better grasp the intrinsic problems of start-up financing in the service sector. In
the following, the author presents the research results guided by the specific research questions of this thesis. In order to capture the behaviour of business start-up persons in the service sector in an entrepreneurial finance model, motives, financial objectives and strategies, i.e. the target parameters have to be identified. The investigated start-up motives can be concentrated on a concise 3-motive-formula: I can (opportunity-oriented start-up motives), I want to (occupational self-fulfilment motives) or I have to (act from necessity motives). The motive most frequently mentioned by the entrepreneurs is the occupational self-fulfilment motive. However, it is exactly this proactive energy that a business start-up person requires to start an enterprise successfully. The following four financial management objectives are suitable for grouping the gained financial management objectives liquidity, profitability, security and independency. All interviewed business start-up persons aim to secure their subsistence (financial security) by dint of their occupational self-employment. They try to master the challenge of implementing their business start-up projects by means of risk reduction and by keeping the financing requirements as small as possible (start minimalistically). Due to the tight connection between start-up service companies and their business start-up persons, the author expands the BEP-definition to an "existence-securing Break-Even-Point". The entrepreneur and his or her family must be able to make their living on the income of the start-up company from the outset. Furthermore, all interviewed business start-up persons avoid borrowing external financial resources or do not get them. Nevertheless, they stick to their business concept. Thus, the business start-up persons in the service sector have to put emphasis on getting along with the own financial resources and to operate capital preventing. Therefore, CPDS (bootstrap financing) proves to be the best financing strategy for all of them.

After the target parameters of the business start-up persons are identified, the condition parameter of the EFM investigated with the purpose to frame the scope of activity of the business start-up persons in the service sector. The entrepreneurial financial management tasks are sub-divided into four areas: (1) planning, (2) organisation, (3) control and (4) monitoring of the flow of the financial resources:

Planning: No correlation can be ascertained between the creation of a business plan and a more successful economic viability of the business model. The founda-
tion of an enterprise can also be successful with a brief and structured, but open and flexible planning (milestones planning).

Organisation: The interviewed business start-up persons organize the flow of the financial resources by documentation, self-control and concurrent planning, and with a focus on debtor and creditor organization. It becomes particularly obvious that a tight organization of the flow of the financial resources helps reduce the capital scarcity of young service enterprises.

Control / monitoring: The dominant element in the task field of the “control of the flow of financial resources” consists in controlling by means of deviation-control. At this juncture, a comparison of the planned figures with the current ones is carried out. Positive as well as negative deviations are reflected and suitable adjusting measures and optimizing measures are introduced respectively. Moreover, the control and the monitoring of the flow of the financial resources contain the control / monitoring of the turnover, the expenses and the financial means, which are analysed by the business start-up persons in the service sector.

The financial funding gap of the interviewed business start-up persons unfolds a continuum that reaches from the requirement of no additional financial need up to the requirement of additional €6,000.00. Then, four calculation methods of the funding requirements could be established: (1) laissez-faire planning, (2) concurrent planning / calculation, (3) classical planning / business planning (partly or complete) and (4) the delegation of the planning function. Problems concerning the calculation of the start-up funding requirements focused on the correct prediction of future occurrences. Private problems of the business start-up persons have the strongest influence on the correct forecast of the funding requirements. In contrast, the reasons for the correct forecasts of the funding requirements are based either in the entrepreneur him or herself, or in the character of the service business. Start-up capital requirements are made up of the initial configuration and the sum of the ongoing cost-deficits up to the existence-securing Break-Even-Point. Thereby, non-investive expenditures are more important in relation to the financing requirements than investive expenditures.

Business start-up persons in the service sector prefer to apply those types of financing that do not cause existence-threatening consequences in case of the fail-
ure of the business model. Self-financing, subsidies of the unemployment office and equity capital (savings) are the most important financing sources for the questioned start-up service enterprises. Considering the factor "cost-covering", the author distinguished three different types of financing: (1) Instant cost-covering business start-up person (ICCB), (2) Delayed cost-covering business start-up person (DCCB) and (3) Still-not cost-covering business start-up person (SNCCB). In consideration of the different financial requirements connected with the financing types, the business start-up persons have to individually select suitable CPDS-methods in order to minimize the capital requirements. No correlation could be found between the financial situation before the start-up of the enterprise and the period of time needed to reach the economic viability of start-up service enterprises. Business start-up person in the service sector, who have calculated with less funding requirements, achieve the BEP considerably faster than business start-up persons with higher funding requirements and vice versa. The business start-up persons judge the financing options available in Germany rather negative. Thus, alternative or rather creative new financing techniques have to be applied and they underpin the importance of the application of CPDS-instruments and methods within the current enterprise financing process.

These CPDS-instruments and methods are the design parameters (action variations) within the CPDS-field of activity and determine the variable factor of the EFM-model that the entrepreneur in the service sector can use according to her or his requirements and bias. As the research result, the author identifies 99 CPDS-instruments and 92 CPDS-methods. These instruments and methods and their influence on the financial resources are supposed to give business start-up persons in the service sector and their start-up consultants starting points to keep the money requirements for the start-up service enterprises as small as possible and / or adjust them to the corresponding financial development. These techniques can be used exclusively or in combination and is also supposed to be stimulus for the business start-up persons in the service sector to expand the range of CPDS-instruments and methods. Only ethical and legal regulations as well as the cleverness and creativity of the business start-up person and the start-up consultant should pose the limitations for the development of techniques.
From the author's point of view, start-up service enterprises are ideal for the implementation of a capital preventing development strategy: service products can be introduced faster on the market than goods. This reduces the ramp-up phase and the production-to-cash-period of time. Additionally, a fast resource setup with limited access to financial resources from traditional sources is only possible through the generation of own turnover. The "production process" for services is generally much cheaper and less complex than the production of goods because they reduce the resource requirements. Furthermore, the offer of services increases the flexibility of start-up enterprises regarding the modification of the performance because the change of an immaterial performance can be realized with less resource input.

Further research requirements:

Generally speaking, answering one question leads to the next question. It is obvious that within a research project new research questions are born, some of which are outlined in the following. First, it would be quite interesting to verify the gained provisional hypotheses of the DBA-thesis within a quantitative inquiry. With regards to the gained research results, continuative questions of detail could be asked, which contain the potential for new research questions as for example "Which EFM-organization method is most decisive for the enterprise success of business start-up persons?" or "How important is the internal attitude of the business start-up person for the enterprise success?"... All the findings represent the starting point for new questions.

This research project is focused on entrepreneurial finance management activities of business start-up persons in the service sector. The object of research is defined clearly (see table 4.3). Further studies could be started with the variation of the attributes of the object of research. These variations might be found in the field of the result of the production process, in the use of production factors, in the entrepreneurial form, in the size of the start-up enterprise, in the person of the entrepreneur (business start-up person in the service sector), in the location of the enterprise, in the legal form of the start-up, in the age of the start-up enterprise or in the stage of life cycle. This procedure provides further investigation groups with the chance to gain further findings. To this effect, e.g. Mr. Eismann (see meth.
appendix 15), a KfW-listed start-up expert, gives the advice to analyze the start-up of the service enterprise in more detail with regard to the stage of life cycle (see figure 4.3) in order to obtain more stage oriented EFM-information (see Interview transcription book: Peer debriefing with start-up experts: 004, 006, 008, 010).

Moreover, it could be instructive to subdivide the business start-up persons in the service sector as one group into specific branches or occupational groups (e.g. lawyers, tax consultants, engineers, hairdressers or web-designers,...) with the purpose to analyze entrepreneurial finance management within these single entities to get a considerably deeper insight and to learn from the comparison between these specific entities. Entrepreneurial finance management is still a very young research discipline, and therefore, the general point of research satisfaction is hardly reached yet.
9 REFLECTIVE DIARY

"We learn through critical reflection by putting ourselves into the experience and exploring personal and theoretical knowledge to understand it and view it in different ways" (Tate and Skils, 2004, p.126).

This chapter describes the author’s personal impressions and experiences gained in the course of the DBA-programme at the University of Surrey.

Whenever we start something new, be it an enterprise or a project of any kind, the classical management logic suggests: (1) defining a goal first, (2) then preparing a plan as accurate as possible and (3) finally putting it into action.

According to this maxim, the author started to realize his dissertation project. In order to trace the progress of the own efforts both chronologically and content-oriented, the author programmes an own MS-Excel-tool based on the modern project management requirements. This programme served to subdivide the DBA-thesis into work packages on the basis of the first research proposal and its table of contents.

Table 9.1: MS-Excel project management tool.

<table>
<thead>
<tr>
<th>planning</th>
<th>milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>items</td>
<td>start</td>
</tr>
<tr>
<td>project start</td>
<td></td>
</tr>
<tr>
<td>1 Problem definition + research proposal</td>
<td>06.29.2008</td>
</tr>
<tr>
<td>2 Definition: information source</td>
<td>06.18.2008</td>
</tr>
<tr>
<td>3 Literature review</td>
<td>09.15.2009</td>
</tr>
<tr>
<td>5 Data collection &amp; analysis</td>
<td>10.31.2009</td>
</tr>
<tr>
<td>6 Peer debriefing with start-up experts</td>
<td>05.01.2010</td>
</tr>
<tr>
<td>7 Final data preparation &amp; analysing</td>
<td>08.01.2010</td>
</tr>
<tr>
<td>8 Closing &amp; formal requirements</td>
<td>10.01.2010</td>
</tr>
<tr>
<td>project end</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on present author.

Thereby, for every work package hour budgets and deadlines were defined in advance (plan (start / end)). It was not only very helpful to previously design a temporal and content-based planning model, but also to have planned / target figures as an orientation guide. These envisioned figures were constantly compared with
the DBA-progress (actual), in order to get, a self-controlling tool based on an on-going comparing procedure. It makes the progress measurable and moreover, corresponding corrective actions can be initiated in case of deviations in order to bring the thesis ahead with motivation again. The author’s aim was to make the dissertation process calculable, manageable and to speed it up. The project management tool was adapted to external and internal factors of influence at the same time. In this way, it turned into a valuable and reflection-supportive graduation attendant that guided the author through the whole process of planning and writing a thesis via the work packages (milestones). In retrospect, many stations up to the completion of this paper proved to be an essential discovery and maturity process for the author - both for the own theoretical research skills and for the profession-practical skills that the author considers as practised sciences.

What has happened since 2007? At the start of the DBA study programme, it was not possible to foresee the personal development that was triggered and affected by the attempt to write a DBA-thesis in order to achieve mastership in the entrepreneurial finance discipline. Sometimes it is demanding to localize the precise starting point of a personal development and to determine why something happened. However, the cause was obvious in this case: The author’s extensive occupation with the subject of the entrepreneurial finance management and the growing passion for this subject. It was this sedulous and intensive dealing with entrepreneurship that led to the development of an expertise that is today the author’s unique selling position in the start-up consultancy market. The author was led in particular by his intense belief that there is nothing more meaningful than to give humans individual support on their way to professional independence and creating new jobs.

In 2007, at the start of the DBA-programme, the author was working as a chief financial officer for a bigger supplier to the car industry. Today, he is a start-up business person himself and the principal shareholder of the largest start-up consultancy company in Bavaria / Germany with more than 300 start-up projects and
20 employees (four-quarters EXIST GmbH\textsuperscript{28}). Without the participation in the DBA-programme, the author would never have possessed the deep theoretical entrepreneurship knowledge that inspired him and that gave him the confidence to go a new professional way.

In 2010, the author co-founded the \textit{Bundesverband Deutscher Gründungsberater BDG e.V.} (German Federal Association for Start-up Consultants)\textsuperscript{29}, which is supposed to sustainably improve the quality of the German start-up consultancy market and which forms, moreover, the first speaking tube for this entity in Germany.

In 2011 / 2012, a state-accredited microfinance institution (mein-mikrofinanzierer GmbH)\textsuperscript{30} was founded with the purpose of financing start-up service enterprises that do not have access to classic bank credits. Up to now, 54 start-up projects in the service sector have been supported financially by the newly founded microfinance institution. Start-up persons are given the chance to realise their business models despite restricted financial resources.

In 2012, the author received a lectureship in business planning and entrepreneurship at the Georg-Simon Ohm University of applied Sciences in Nuremberg with the objective to teach students the meaning of becoming an entrepreneur.

Recapitulatory, start-up consultancy is nothing to make a fortune. However, it is so meaningful and fulfilled with human gratitude that it goes beyond very financial reward. The author is grateful that he was given the chance to find his professional mission.

The following section describes the external and internal factors that the author faced when preparing his DBA-thesis.

\textit{External factors involved:}

- Social recognition of the dissertation project by people outside of the subject area:

\textsuperscript{28} http://www.gründungsberater.com.
\textsuperscript{29} http://www.bdg-ev.de
\textsuperscript{30} http://www.mein-mikrofinanzierer.de
An important factor for the graduation success is the support of the family, partners, colleagues and friends. Only few persons outside the university can comprehend why doctoral candidates need four or five years to write of a thesis. This sympathy of my environment became increasingly smaller from the second year. In part, the author had the feeling to live isolated in his own world.

- The importance of developing expertise networks:

In the course of the dissertation process, the author was in contact with many entrepreneurship experts. Therefore, the quick development of a personal entrepreneurship competence network was possible. The author recommends to establish and to maintain competence networks as it helps to develop and mature the own expertise by merely interacting with other experts.

- Strokes of fate:

Suddenly, everything changed. In the course of implementing his dissertation project, the author lost his father through cancer. Of course an immediate shift of priorities took place. However, the author also noticed that the writing of a thesis proved to be an escape into another world that was helping him to not think about illness and death permanently. That is why, in this phase, working at the DBA-thesis had an almost releasing effect on the author.

- Mentoring by supervisors:

The mentoring of the doctoral candidate by the supervisors is presumably the most important source of intellectual inspiration and leadership on the way to graduation. In an iterative process with the supervisors, the DBA-thesis was developed through discussions and references to scientific articles. At this point the own thinking was challenged and infected with new pattern of thoughts. The research approach and the subject of research are enriched and refined by these questions. The author was very thankful for this form of intellectual leadership, since it had a high value for the implementation of the DBA-thesis.

*Internal factors of influence:*

- Time management and self-motivation:

Precise time management and structuring the workload are indispensable even for a one person-project like a dissertation. It was important to find and to keep a personal balance between time for work, time for partnership, time for family and
friends, for sportive activities (physical strength and health), for self-reflection and of course time for the dissertation project. At the same time, the author always felt he was doing too little for the DBA-thesis. He often got the impression of not moving forward, because he hardly perceived these little steps in a great project. This feeling led to an unhealthy one-sidedness and the life-balance did not fit anymore. Finally, the time for the DBA-thesis competed with everything else and therefore permanently demanded many sacrifices at the expense of the own motivation to finish the dissertation. Already in the beginning of the graduation time, he caught himself, continuously questioning the time spent with friends or his girlfriend. Even worse, due to his guilty conscience, he often had no fun at alternative activities anymore, which almost turned him into a hermit in certain phases.

The graduation time implies many challenges. In this field, a high self-reflection is very useful: Where, how and when can I work best? What motivates me to write the thesis? How does my ideal life-balance look like? How do I gain the most effective distance to the dissertation? The graduation procedure is like an emotional roller coaster ride: Sometimes, stagnation leads to demotivation. And then there are those days when you are inspired by the euphoria of the progress of the own development.

- Development of expert knowledge:

The development of fundamental research and expert knowledge in a special field as well as the knowledge of how to implement a research project in practise are the greatest gains of the DBA-programme. The own development into a “researcher” is initiated within the framework of the modules taught at the beginning of the DBA-programme and is further developed by the own reflections e.g. by means of the preparation of an own research diary (see meth. appendix 4: Excerpt of the Research Diary). Next to the study of the research methodology and instruments, the subject ”philosophical underpinnings of management research” was a valuable contribution to understand the core philosophical underpinnings of the research endeavour. Particularly the analysis of the own research personality and the own attitude within the research project led the author to a deeper research understanding. The author learned how to present management problems and how to analyse them critically in the context of scientific publications in order to de-
rive correspondingly research questions and research objectives from it. Furthermore, he learned how to conceptualize the right research design and how to choose the right research strategy, methodology and instruments to implement the doctoral project.

- Lectureship:

Within the framework of various workshops and lectures at the Georg-Simon-Ohm University of Applied Sciences in Nuremberg, the author was able to gain pedagogic experiences and teach students entrepreneurial knowledge. Working as a lecturer at the university has taught the author, among other things, how to deal with different people, to teach confidently and to practise free speech. The author particularly enjoys working and interacting with young people.

It was indeed an exhausting and challenging time for the author, however very satisfying and mind-expanding at the same time. In total the planning and writing of this DBA-thesis was a fabulous time, although there were not only highs but certainly many lows as well. However, the author is very thankful for having been given the chance to make this wonderful, enriching experience.
10 REFERENCES


Audretsch, D. et al. (2001) Understanding entrepreneurship across countries and
over time, a note on entrepreneurship, small business and economic growth, research paper, Erasmus Research Institute of Management (ERIM), Rotterdam.


REFERENCES


REFERENCES


REFERENCES


Denzin, N. K. / Lincoln, Y.S. (1994) Handbook of Qualitative Research, Thou-
REFERENCES


REFERENCES


Ellrich, M. (2013) Infoblatt Europäische Metropolregionen in Deutschland, Dei


EX-Site (2009) Existenzgründerportal der Fachhochschule Augsburg,


Förderkreis-Gründungsforschung e.V. (2012) Entrepreneurship-Professuren an öf


REFERENCES


REFERENCES


Goss, D. (2010) E-mail Meth. appendix 3, Progress Report + DBA (Research
REFERENCES

Formation), 01/13/2010, Faculty of Management and Law, University of Surrey, GU2 7XH.


GUM (2008) Unternehmensprofil, Gesellschaft für Unternehmensberatung und
REFERENCES


Hemmnisse und Erfolgsbedingungen der Gründung industrieller innovativer Unternehmen, IfM Schriften zur Mittelstandsfor- schung, (16), Stuttgart: Schäffer-Poeschel.


Juristischer Informationsdienst (2008) dejure.org, Mannheim,
Fallkontrastierung in der qualitativen Sozialforschung, 2nd. ed.,
vol. 15, Wiesbaden: VS Verlag für Sozialwissenschaften Wies­
baden GmbH.

Directions, New York: Quorum Books.

KfW Bankengruppe (2007) KfW-Research, Existenz- und Unternehmens-
gründungen in Deutschland - Aktuelle Entwicklungen. In:
Wirtschaftsobserver online, (24), June 2007, http://www.kfw.de/
DE_Home/Service/Online_Bibliothek/ Research/ PDFDoku-
mente_WirtschaftsObserver_online/2007/WOB_online_2007-
06.pdf, accessed: 02/21/2008.

KfW Bankengruppe (2008) Förderangebot für gewerbliche Kunden,
http://www.kfw.de/DE_Home/Service/Foerderprogramme_auf_-
einen_Blick/Foerderangebot_fuer_gewerbliche_Unternehmen.jp
accessed: 02/20/2009.

Rezession - Talfahrt auch im Mittelstand, Frankfurt a.M.: KfW
Bankengruppe.

KfW Mittelstandsbank (2009a) Merkblatt Gründercoaching Deutschland,
/Service/ Kreditantrag_und_Formulare/Merkblaetter/ Bertung

KfW Mittelstandsbank (2009b) KfW, Frankfurt am Main, http://www.kfw-
mittelstandsbank.de/EN_Home/Loans/The_individual_loan

KfW Mittelstandsbank (2009c) KfW, Frankfurt am Main, http://www.kfw-
mittelstandsbank.de/EN_Home/Loans/The_individual_loan

Greenwood, Publishing Group, Inc.
REFERENCES


Unternehmensgründung in der Net Economy, Wiesbaden: Gabler Verlag.


REFERENCES


Matschke, M. J. (2000) Risikokapitalmärkte für innovative technologieorientierte
Gründungsunternehmen, Vortrag im Rahmen der X. Betriebs- 
wirtschaftlichen Tage zu Schwerin, Ernst-Moritz-Arndt-
Universität Greifswald, Schwerin.

zu qualitativem Denken. München: Psychologie Verlags Union.

ative in den Regionen Deutschlands, http://www.ifm-
bonn.org/assets/documents/NUI-Regionenranking-2011.pdf, ac­
cessed: 14/02/2013.


Bootstrapping: Methods Entrepreneurs, really use to start a 
business; a holistic view, Middle Tennessee State University.

tices in North America: A Literature Review”, Journal of Small 

Unternehmensführung, Konzepte - Instrumente - Praxisbeispiele, 
9th ed., Wiesbaden: Verlag Dr. Th. Gabler GmbH.

- Methoden, Wiesbaden: Verlag Dr. Th. Gabler GmbH.

Merriam, S. B. (2002) Qualitative research in practice: examples for discussion 
and analysis, ed. 1, San Francisco: Jossey Bass.

Meyers Taschenlexikon (1985a) in 10 Bänden, Husa - Lagr, vol. 5, 
Bibliographisches Institut, Mannheim / Wien / Zürich: Mann­
heimer Morgen Großdruckerei und Verlag GmbH.

Meyers Taschenlexikon (1985b) in 10 Bänden, Lagu - Nabu, vol. 6, 
Bibliographisches Institut, Mannheim / Wien / Zürich: Mann­
heimer Morgen Großdruckerei und Verlag GmbH.

Meyers Taschenlexikon (1985c) in 10 Bänden, Sech - Trud, vol. 9,
Bibliographisches Institut, Mannheim / Wien / Zürich: Mannheimer Morgen Großdruckerei und Verlag GmbH.

Mindjet (2010) What is Mindjet? Research, San Francisco,


Muckel, P. (2007) Historical Social Research, Encyclopaedia Britannica,
http://www.britannica.com/bps/additionalcontent/18/25092048/


REFERENCES


REFERENCES


Schneck, O. (2007) Lexikon der Betriebswirtschaftslehre, 3500 grundlegende und


REFERENCES


Strauss, A. L. (1987) Qualitative Analysis for Social Scientists. New York: Cam-
Sozialforschung, Weinheim: BELTZ, Psychologie Verlags Union.


Strauss, B. (2008) Dienstleistungsmanagement, Lehrstuhl für Dienstleistungs-
management, http://www.kueichstaett.de/Fakultaeten/WWF/

Struck, J. (2001) Zur Eigenkapitalausstattung junger Unternehmen in
Ostdeutschland, KfW-Research. Mittelstands- und Strukturpoli-
tik, (23), KfW Bankengruppe, Frankfurt a. M.

bedingungen für Existenzgründungen - ein Ländervergleich, 1st

tipps/abschlussarbeit-stress/abschlussarbeit-
zeitmanagement.html, accessed: 02/29/2012.

Wild, J. (ed.) Unternehmensführung, Festschrift für E. Kosiol zu
seinem 75. Geburtstag, Berlin.

Szyperski, N. / Nathusius, K. (1977) Probleme der Unternehmensgründung,
eine betriebswirtschaftliche Analyse unternehmerischer Startbe-
dingungen, Stuttgart: Schäffer-Poeschel.

Profession, Higher Education Authority, London.

Technische Universität München (2009) KfW Endowed Chair in Entrepreneurial
REFERENCES


REFERENCES


Wendt, P. U. (2004) Selbstorganisation Jugendliche und Selbstorganisationsförderung in der kommunalen Jugendarbeit, Dissertation zur Erlangung des sozialwissenschaftlichen Doktorgrades der Sozialwis-
senschaftlichen Fakultät der Georg-August-Universität Göttingen.


Wiedemann, P. M. (2009) PP Präsentation „Qualitative und Quantitative
References


REFERENCES


Some facts support the understanding of the thesis and include clarifications and extensions of the research project. However, due to their extensiveness, they would often interrupt the flow of reading within the thesis. Therefore, the author inserts them into the appendix and divides it into a definitional and a methodological part to emphasize their origin. Essential definitions, classifications, characteristics, additional evaluations and explications are outlined in the definitional appendix 10.1. In the methodological appendix 10.2, data collection and analysis specifications, regulations, excerpts of interviews, memos and diagrams, coding lists, principles, guidelines and methodological supplements in general are illustrated.

11.1 DEFINITIONAL APPENDIX

Def. appendix 1: German legal "entrepreneur" definitions.

- **German Civil Code (German: BGB):**
  The German Civil Code defines the German "Untemehmer" in §14 para. 1 BGB as follows:
  
  "An entrepreneur is a natural or legal person or a partnership with legal personality who or which, when entering into a legal transaction, acts in exercise of his or its trade, business or profession" (Bundesministerium der Justiz, 2008a).

  This regulation of the entrepreneur was added to the adaption of several EC-guidelines through the law, which came into force on June, 2000, and have affected the consumer rights since June 30, 2000, when they were finally included into the BGB (Juristischer Informationsdienst, 2008). Therefore, the BGB-definition of the entrepreneur delimits the entrepreneur with reference to the consumer (§13 BGB). The legislator intends to strengthen the consumers' rights in particular and which does not apply to entrepreneurs. With regard to an entrepreneurial definition, the aspect of the business activity is only highlighted.

- **Income Tax Act (German: EStG):**
  According to §15 para. 1 EStG (Bundesministerium der Justiz, 2008b), the shareholder of the enterprise is seen as "Unternehmer". According to §15 para. 2 EStG,
the entrepreneurial activities consist of four criteria: (1) operate sustainably, (2) intention to make profit, (3) unaffiliated and (4) participation in the general economic life.

- **Value Added Tax Act (German: UStG):**
  As can be learnt from §2 para. 1 UStG (Bundesministerium der Justiz, 2008c), an "Unternehmer" is someone who: (1) operates sustainably, (2) unaffiliated and (3) undertakes an activity to obtain income; the intention to make profit is not necessary.
Def. appendix 2: Timeline of the “entrepreneur” development.

Table 11.1: Timeline of the “entrepreneur” development.

<table>
<thead>
<tr>
<th>Year</th>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1755</td>
<td>Richard Cantillon</td>
<td>Entrepreneur as a risk taker; tenant as a prototype: fixed lease for the landlord on the one hand, unsure wage on the other; at one's own risk and account; also beggars and robbers are entrepreneurs.</td>
</tr>
<tr>
<td>1758</td>
<td>Francois Quesnay</td>
<td>Entrepreneur as a rich and intelligent operator of a large farm; statics: given output, given prices and production factors; physiocratic-materialistic tradition: only the ground as the productive factor.</td>
</tr>
<tr>
<td>1766</td>
<td>Anne-Robert Jacques Turgot</td>
<td>Entrepreneur / manufacturer as industrial capital investor and employer; “laissez faire, laissez aller”.</td>
</tr>
<tr>
<td>1776</td>
<td>Adam Smith</td>
<td>Undertaker as a capitalist and capital investor; laissez faire: self-interest as the condition for general prosperity (invisible hand of the market as natural order).</td>
</tr>
<tr>
<td>1793</td>
<td>Jeremy Bentham</td>
<td>Project manager for new and innovative projects; distributes the “spirit of novelty” within the national economy; typical: “Government Contractor”.</td>
</tr>
<tr>
<td>1815</td>
<td>Jean-Baptiste Say</td>
<td>Entrepreneur as user and unifier of productive services and user / producer for the market; “good rating” as the main quality factor: intermediary for the fulfillment of needs.</td>
</tr>
<tr>
<td>1859</td>
<td>John S. Mill</td>
<td>Entrepreneur as a capitalist, risk taker and supervisor; recipient of interest on capital, risk bonus and entrepreneurial profit.</td>
</tr>
<tr>
<td>1860</td>
<td>Léon Walras</td>
<td>“Entrepreneur” as a combiner of productive services; regenerator of the equilibrium within the static system: “faisant ni benefice ni perte”.</td>
</tr>
<tr>
<td>1876</td>
<td>Francis A. Walker</td>
<td>Entrepreneur as the “captain of industry” / employer; capitalist through its function; Leader of the social progress: organizer and energetic person.</td>
</tr>
<tr>
<td>1899</td>
<td>John B. Clark</td>
<td>The entrepreneur makes labor and capital productive. Realization of ideas: socialization tendency of entrepreneurship.</td>
</tr>
<tr>
<td>1912</td>
<td>Joseph A. Schumpeter</td>
<td>Entrepreneur as the central factor for any economical activity; creative-innovative organizer; active realization of new combinations on the market (Schumpeter, 1997, p110).</td>
</tr>
<tr>
<td>1921</td>
<td>Frank H. Knight</td>
<td>Entrepreneur as a broker of new technologies; judge of human nature; bearer of responsibility; bearer of not measurable uncertainty. (Knight, 1964, p3).</td>
</tr>
<tr>
<td>1928</td>
<td>Charles A. Tuttle</td>
<td>Entrepreneur as the owner of the enterprise; delimitation of capital- and freehold property as well as labor.</td>
</tr>
<tr>
<td>1936</td>
<td>John M. Keyes</td>
<td>Entrepreneur as the owner and decision maker; uncertain expectations: mixed game out of ability and coincidence (“Animal Spirit”).</td>
</tr>
<tr>
<td>1940</td>
<td>Ludwig von Mises</td>
<td>Any active human is an entrepreneur (dynamic economy): democratization of the concept: “Promoter” as particular ingenious entrepreneur.</td>
</tr>
<tr>
<td>1949</td>
<td>Arthur H. Cole</td>
<td>Entrepreneur as a business start-up person, preserver, developer of a profit-oriented enterprise; Innovation, management and adaptation according to external circumstances.</td>
</tr>
<tr>
<td>1949</td>
<td>Leland H. Jenks</td>
<td>Entrepreneur as a role taker; business unit as a system of entrepreneurial and non-entrepreneurial roles.</td>
</tr>
<tr>
<td>1968</td>
<td>Harvey Leibenstein</td>
<td>Entrepreneur as a user of inadequacy.</td>
</tr>
<tr>
<td>1982</td>
<td>Robert F. Herbert and Albert N. Link</td>
<td>Entrepreneur as a maker of history, “but his guide in making it is his judgment for possibilities and not a calculation of certainties” (Herbert and Link, 1882).</td>
</tr>
<tr>
<td>1983</td>
<td>Israel M. Kirzner</td>
<td>Entrepreneur as an actor within an imperfect market; with capabilities to bundle up resources (Kirzner, 1983, p287).</td>
</tr>
<tr>
<td>1986</td>
<td>Robert D. Hisrich</td>
<td>Entrepreneur as a creator of a process in which something special and valuable can be produced; bearer of the process risks: financial, social and psychological risks. In case of success there are monetary and personal rewards (Hisrich, R. D., 1986, p96).</td>
</tr>
<tr>
<td>1990</td>
<td>Kent A. Calvin</td>
<td>Entrepreneur as an “agent of change” (Kent, 1990).</td>
</tr>
<tr>
<td>2008</td>
<td>William J. Baumol and Melissa A. Schilling</td>
<td>“An entrepreneur is an individual who organizes, operates, and assumes the risk of creating new businesses. There are two types. A replicative entrepreneur organizes a new business firm that is, like other firms, already in existence. An innovating entrepreneur provides something new – a new product or process, or a new type of business structure, a new approach to marketing, and so on. These innovations needs to be productive or beneficial” (Baumol and Schilling, 2008, p874).</td>
</tr>
</tbody>
</table>

Def. appendix 3: Entrepreneurship definitions.

Table 11.2: Entrepreneurship definitions.

<table>
<thead>
<tr>
<th>year</th>
<th>(author)</th>
<th>definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>(Robert D. Hisrich)</td>
<td>Entrepreneurship; the process through that something special, valuable is created, when one also invests the necessary time and effort (Hisrich, 1986, p96).</td>
</tr>
<tr>
<td>1997</td>
<td>(Sven Ripas)</td>
<td>Entrepreneurship; the recognition of market opportunities and the successful realization through the start-up enterprises. The existence of an innovation is seen as success-deciding (Ripsas, 1997, p12).</td>
</tr>
<tr>
<td>1998</td>
<td>(Jeffrey A. Timmons)</td>
<td>Entrepreneurship means the ability to set up and build something out of practically nothing; it is therefore an elementarily human, creative act. In this regard, it should be made clear that an entire area of entrepreneurship has always given and continues to give great weight to the creative aspect of developing an entrepreneurial idea&quot; (Timmons, 1998, p153).</td>
</tr>
<tr>
<td>1998</td>
<td>(Günter Faltin)</td>
<td>Entrepreneurship is the recognition, creation and use of market opportunities. With such start-ups, the technological innovation plays an important but not only the single role. The recognition of social trends is just as important for the development of entrepreneurial ideas (Faltin, 1998).</td>
</tr>
<tr>
<td>1998</td>
<td>(Donald F. Kuratko and Richard M. Hodgetts)</td>
<td>“Entrepreneurship is more than the mere creation of business. Although that is certainly an important facet, it’s not the complete picture. The characteristics of seeking opportunities, taking risk beyond security, and having the tenacity to push an idea through to reality combine into a special perspective that permeates entrepreneurs” (Kuratko and Hodgetts, 1998).</td>
</tr>
<tr>
<td>1999</td>
<td>(P.D. Reynolds, M. Hay and S.M. Camp)</td>
<td>Entrepreneurship means „any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals or an established business” (Reynolds/Hay/Camp, 1999, p3).</td>
</tr>
<tr>
<td>2000</td>
<td>(Scott Shane and Sankaran Venkataraman)</td>
<td>“(...) we define the field of entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited. Consequently, the field involves the study of sources of opportunities; and the set of individuals who discover, evaluate, and exploit them” (Shane and Venkataraman, 2000, p218).</td>
</tr>
<tr>
<td>2001</td>
<td>(Murray B. Low)</td>
<td>“Entrepreneurship is the process of identifying, valuing and capturing opportunity. This typically occurs under conditions of uncertainty and tight resource constraints and is driven by individual initiative”(Low, 2001, p21).</td>
</tr>
<tr>
<td>2002</td>
<td>(Kevin G. Hindle and Susan M. Rushworth)</td>
<td>Entrepreneurship is an activity which leads to the creation and management of a new organization designed to pursue a unique, innovative opportunity (Hindle and Rushworth, 2002).</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Def. appendix 4: Bootstrap definitions.

Table 11.3: Bootstrap definitions.

<table>
<thead>
<tr>
<th>year</th>
<th>author</th>
<th>definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Freear J. et al.</td>
<td>“Highly creative ways of acquiring the use of resources without borrowing money or raising equity financing from traditional sources” (Freear et al., 1995, p394) which seems to be the most common form of financing in general.</td>
</tr>
<tr>
<td>1992</td>
<td>Bhidé, A.</td>
<td>“Launching new ventures with modest personal funds” (Bhidé 1992, p110). Bootstrap financing is a variety of ingenious methods that find resources, maximize their efficient use, and minimize their explicit costs associated with using these means whether they are found inside the business, obtained from other people, or provided by other companies and organizations” (Bhidé, 1992). Furthermore, Bhidé depicts that growth capital “comes from creative deals struck with vendors, customers and employees. &quot;Cheap&quot; is a good word many entrepreneurs can identify with. They restrict spending, find inexpensive ways to build the required assets, and manage their growth to conserve cash” (Bhidé, 1999, p223).</td>
</tr>
<tr>
<td>2001</td>
<td>Winborg, J. and Landström, H.</td>
<td>“Methods for meeting the need for resources without relying on long term external finance from debt holders and / or new owners” (Winborg and Landström, 2001, p235).</td>
</tr>
<tr>
<td>2003</td>
<td>Neeley, L.</td>
<td>Neeley points out that many “entrepreneurs have used a variety of bootstrap financing methods to satisfy their ventures’ resource needs. These techniques, which may be a combination of social and economic transactions, have included purchasing used rather than new equipment, getting the “best” possible terms from suppliers, forgoing salary withdrawals from the business, bartering for goods and services, and sharing equipment with other businesses, to name only a few options” (Neeley, 2003, p1).</td>
</tr>
<tr>
<td>2003</td>
<td>Shane, S.</td>
<td>Shane describes “bootstrapping” as “a type of self-funding often applied in a current business, which can reduce costs from the current operation and overhead.” Furthermore, Shane depicts bootstrapping as a creative approach, as a business process optimization method to strengthen the position of the enterprise “to qualify for additional financing” (Shane, 2003, p135).</td>
</tr>
<tr>
<td>2005</td>
<td>Lahm, R.J.</td>
<td>Lahm shows in his studies that bootstrapping in the context of business start-ups refers to the use of creative techniques to launch and operate a business. Furthermore, he contrasts the bootstrapping concept as an individual way of creative and entrepreneurial financing to the traditional business plan preparation for bankers, investors, and lawyers as external auditors (Lahm, 2005, p1).</td>
</tr>
<tr>
<td>2009</td>
<td>Rifai, K.S.</td>
<td>Bootstrapping describes the start of a system without having sufficient resources for this project. He defines bootstrapping as an operational management concept and as a partial quantity of the financing instruments of new established enterprises. The considered instruments are characterized through a subordinate profit orientation by their resource providers and that they are not subject to an obligation to provide information or special external determination rights. Furthermore, bootstrap-instruments do not have to have monetary character in the first place (Rifai, 2009, p1).</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Def. appendix 5: The development of the service definition.

Services are very difficult to define due to their complexity (Brockhaus, 1997, p418) and particularly due to the heterogeneity of the tertiary sector. Activities such as selling, consulting, care, brokerage and teaching can be summarized in a common category in a rather limited way. The German Brockhaus only provides a very general definition of "services" according to which they are seen as economic goods for the satisfaction of human needs. In contrast to real assets, "services" are determined by immateriality, transience (not stockable), and dependency on a location (not transportable). Moreover, production and consumption are synchronized (Brockhaus, 1997, p418).

The numerous approaches to define "services" can be divided into three sections: (Corsten, 1997, p21):
(1) Negative definition,
(2) Enumerative definition and
(3) The definition about the extraction of constitutive criteria.

The fact that no single definition is valid for all kinds of services leads to the result that services are described as the sum of all economic goods that are not regarded as agrarian or industrial (following the model of the three sectors - see 2.2 Outline of Purpose of the Research Problem). This negative definition of "services" is the most common one, both nationally and internationally. However, it is only moderately satisfactory due to its rather small informative value (Bieberstein, 2006, p455).

Strauss defines "services" more pragmatically (Corsten defines it as a enumerative definition) as an external offer from organisations which are service providers or persons providing a certain service, according to official statistics (Strauss, 2008). The author exemplary depicts the enumerative definition given by the Federal Statistical Office of Germany (Statistisches Bundesamt Deutschland, 2008): The entire service area covers the following economic sections:
- Trade and hospitality industry,
- Communications and information transmission,
Credit business and insurance industry,
- Real estate, renting of moveable goods, provision of other economic services,
- Regional authorities and social security,
- Education and teaching,
- Health care, veterinarian- und social services as well as
- Other state and private services.

Furthermore, services can be divided into three dimensions that can be assigned different **constitutive features**: (1) capability, (2) the process and (3) the result of the service:

**Figure 11.1: Derivation of constitutive criteria.**

Source: Based on Corsten (1997, p26).

“Services” are products that need the direct contact between provider and customer and that need turn out to be mainly intangible before, during and after the contact (Hentschel, 1992, p26). According to Hentschel’s definition of the term “service”, “intangibility” is based on a physical or an intellectual level whereas the direct contact is based on a spatial, temporal, functional and or social level (Hentschel, 1992, p29).

Finally, combining the above-mentioned characteristics with the service dimensions leads to quite a comprehensive definition, like that of Meffert and Bruhn (2006): Services are independent, marketable services which are joined by the
provision (e.g. insurance benefits) and / or the use of service capability (e.g. hairdresser services) (capability orientation). Internal (e.g. offices, human resources, equipment) and external factors (not in the sphere of influence of the service provider) are combined within the creation process (process orientation). The factor combination is applied with the objective to achieve benefit-donating effects for people (e.g. customers) and their aims (Meffert and Bruhn, 2006, p8). According to this understanding, the term “service” is outlined in such a way that only marginal fuzziness remains, which must be overcome in a pragmatic way. That is a good reason for the author to apply this definition approach in this DBA research project.

Def. appendix 6: German “entrepreneurship” translations.
The definition of “self-employment” is derived from §7 para. 1 of the German Social Security Code IV. It contains definitions intended to facilitate drawing a line between self-employed activities and dependent employment. According to §7 para. 1 SGB IV, self-employment is characterized through the own business risk, the possibility of power over the own work and the almost freely arranged activity and working time. The beginning of a self-employed work is also described as existence founding.

The expression “Existenzgründer / existence founder” describes the change from dependent employment or unemployment to professional self-employment; apart from the original business start-up person, this concept also includes the enterprise successor or the derivative business start-up person (foundation through the take-over / management-buy-out / in) (Russo, 2005, p171). In general, it is a question of the creation of the personal existence of the business start-up person. The term “existence” represents the risk closely combined with an existence business start-up person’s step into independence. If the self-employment fails, the personal existence of this person is also endangered. According to the protection of the survival - at least the economical survival - it depends very strongly on the general conditions of the environmental level. If the general conditions are of disad-
vantage for business start-up persons, the business start-up person will strongly consider whether he wants to base his existence on that (Tom, 2005, p9-10).

The expression *Unternehmensgründungen / company foundations* refers to the new foundation of an enterprise unit. In this case, this is not necessarily an independent unit. The enterprise can be founded by natural as well as by juristic persons (Struck, 2005, p 21).

According to the German law, there is a difference between the terms “company” - and “existence founders”:

<table>
<thead>
<tr>
<th>English Translation</th>
<th>Freelancer (Freiberufler)</th>
<th>Commercial Operation (Gewerbebetrieb)</th>
</tr>
</thead>
<tbody>
<tr>
<td>company founders / -foundation</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>existence founders / -foundation</td>
<td>either a freelancer or a commercial operation</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on present author.

The legal definition of the term “freelancer” is described in the German Tax Law Act § 18 EStG. Freelance works are self-employed scientific, artistic, teaching, educational and similar activities that are not subject to the German Trade, Commerce and Industry Regulation Act. Free professions still have the following further features: They are based on special professional qualification or creative talent and they contain the provision of services of a higher kind (and indeed in more personal, more self-dependent and professional independent manner) in the interest of the customers and the general public. § 18 para. 1, no.1 EStG provides a catalogue-similar overview of the activities that belong to the free professions (e.g. medical scientist, psychologists, lawyers, tax advisors, management consultants, engineers, artists etc.). Freelancers possess a couple of tax and regulation advantages in the German Tax Act (*Bundesministerium der Justiz*, 2008b).

The “commercial operation” depicts a concept in the German Trade Law (§ 14-52 GewO, § 55-61a GewO, § 64-71a GewO) and German Commercial Law (§ 1 para. 2 HGB). Commercial operations are all the enterprises in trade, craft, industry and traffic. A commercial operation is each permitted activity, aimed at making profits, that is carried out permanently and independently. It is not initial production, free profession or the administration of the own property. The German
Trade Law contains essential regulations for the management of a business. In terms of the income, corporation and trade tax, a commercial operation is an independent activity, lasting and focused on profit and carried out in the general economical traffic. Neither agriculture and forestry nor self-employed work or pure property administration are possible (Kollmann, 2005, p163-164).

Def. appendix 7: Business ratios: Service enterprises vs. goods producers.

Within this appendix the author explains the typical organization structure of a service company. A comparison of the essential balance sheet and profit and loss account ratios depicts the configuration of service enterprises in contrast to goods producers. The secondary statistical data are provided by a special statistic edition of published by the German Central Bank (Deutsche Bundesbank, 2007, p20-197). According to the constitutive criteria (see def. appendix 5: The development of the service definition), the author chooses two branches of the economy as substitutes for service enterprises from the provided statistical data (1) “provision of economic services” and (2) “data processing and data banks”. Moreover, he chooses two branches of the economy as substitutes for goods producers from a group of thirty-two branches (1) “producer of metal goods” and (2) “producer of furniture, jewellery and other products”. It is important to elect only those branches of the economy which provide only services or goods, if possible, but no or only less combinations (so called hybrid goods) to get a clear picture of the organization structure of the service enterprises. As a supportive resource, the author uses a detailed classification of the branches of the economy provided by the German Statistical Federal Office (Statistisches Bundesamt, 2003). He analyses (goods producers and service enterprises) two branches in each case and generates arithmetic means based on the provided data in order to compare them (see figure 11.2). The classical comparison of the branches according to Riebell takes place on basis of business ratios. An important precondition is that all the comparable values are investigated along the same basic principles. A further precondition for the comparison of branches is the assignment of the companies to the correct branch. For this purpose, the object of the enterprise - with their precise activity and possible secondary activities - has to be analyzed exactly. In addition, attention must be paid to the allocation of the correct size, because small-, medium-
sized and large enterprises differ in general (Riebell, 1974, p63-65). The comparison, based on statistical data from the Deutsche Bank, considers 19,264 enterprises in total whose turnover is smaller than two million Euros. All legal forms of a company are considered. The reference year is 2004 (Deutsche Bundesbank, 2007, p9).

Figure 11.2: Preparation of the business ratios.

<table>
<thead>
<tr>
<th>service enterprises:</th>
<th>goods producers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. provision of economic services (Entwicklung von wirtschaftlichen Dienstleistungen)</td>
<td>1. producer of metal goods (Herstellung von Metallerzeugnissen)</td>
</tr>
<tr>
<td>2. data processing and data banks (Datenverarbeitung und Datenhaltung)</td>
<td>2. producer of liminal jewellery and other products (Herstellung von Schmuck und sonstigen Erzeugnissen)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(as % of the total amount)</th>
<th>1. service enterprises</th>
<th>2. goods producers</th>
<th>average</th>
</tr>
</thead>
<tbody>
<tr>
<td>current receivables</td>
<td>27.2%</td>
<td>29.5%</td>
<td>28.3%</td>
</tr>
<tr>
<td>long-term receivables</td>
<td>5.7%</td>
<td>5.7%</td>
<td>5.7%</td>
</tr>
<tr>
<td>cash and cash equivalents</td>
<td>12.5%</td>
<td>17.0%</td>
<td>14.6%</td>
</tr>
<tr>
<td>stock capital</td>
<td>27.4%</td>
<td>27.4%</td>
<td>27.4%</td>
</tr>
<tr>
<td>utilities</td>
<td>5.6%</td>
<td>7.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>long-term liabilities</td>
<td>1.3%</td>
<td>4.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>tangible assets</td>
<td>43.9%</td>
<td>43.9%</td>
<td>43.9%</td>
</tr>
<tr>
<td>(as % of the aggregate operating performance)</td>
<td>1. service enterprises</td>
<td>2. goods producers</td>
<td>average</td>
</tr>
<tr>
<td>operating profit margin</td>
<td>9.9%</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>change in inventory of finished goods and work in progress</td>
<td>6.4%</td>
<td>6.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>change in inventory of purchased materials and services</td>
<td>30.6%</td>
<td>30.6%</td>
<td>30.6%</td>
</tr>
<tr>
<td>interest expense</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>profit before income tax (EBIT)</td>
<td>4.1%</td>
<td>5.3%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Source: Based on Deutsche Bank (Deutsche Bank, 2007, p20-197).
All the ratios are provided in a relative form. In this case, the differences can be analyzed and conclusions can be drawn on the basis of different aspects:

Table 11.5: Depiction of balance sheet ratios.

<table>
<thead>
<tr>
<th>(in % of the total assets)</th>
<th>goods producers</th>
<th>service enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>property, plant and equipment</td>
<td>29.7%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Inventories</td>
<td>29.5%</td>
<td>12.7%</td>
</tr>
<tr>
<td>trade and other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ short-term receivables</td>
<td>28.0%</td>
<td>40.2%</td>
</tr>
<tr>
<td>▪ long-term receivables</td>
<td>1.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>cash and cash equivalents</td>
<td>8.1%</td>
<td>16.5%</td>
</tr>
<tr>
<td>equity capital</td>
<td>18.1%</td>
<td>22.0%</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ short-term liabilities</td>
<td>71.9%</td>
<td>60.4%</td>
</tr>
<tr>
<td>▪ long-term liabilities</td>
<td>43.9%</td>
<td>47.1%</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on Deutsche Bank (2007, p20-197).

The production of goods and the provision of services requires different elementary production factor (see figure 4.1) combinations. The modern manufacturing of goods is based on a capital-intensive production process, accentuated by material- and operating resources. This is in a contrast to the service sector, which is based on a human-intensive production process. Thus, the balance sheet and the profit and loss account ratios depict a clear profile of the different production processes.

Table 11.6: Depiction of profit and loss accounts ratios.

<table>
<thead>
<tr>
<th>(in % of the aggregate operating performance)</th>
<th>goods producers</th>
<th>service enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>revenues</td>
<td>99.8%</td>
<td>99.7%</td>
</tr>
<tr>
<td>changes in inventory of finished goods and work in progress</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>cost of purchased materials and services</td>
<td>41.2%</td>
<td>29.5%</td>
</tr>
<tr>
<td>personnel expenses</td>
<td>33.9%</td>
<td>41.7%</td>
</tr>
<tr>
<td>interest expense</td>
<td>2.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>profit before income tax (EBT)</td>
<td>5.1%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

Source: Based on Deutsche Bank (2007, p20-197).

The results of the analysis of this comparison are outlined in itemization form within chapter 4.
Def. appendix 8: Characteristics of small businesses.

Table 11.7: Unique characteristics of small businesses by Ang.

<table>
<thead>
<tr>
<th>features</th>
<th>descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>agency problems</td>
<td>• Between owner/manager vs. other stakeholders (created e.g. by “the absence of publicly traded shares, the risk taking tendency of entrepreneurs, the lack of management depth, the problem of succession, and the limited personal wealth of owners). • Partnership with several partners (where several partners are actively involved in the business, unlimited liability)</td>
</tr>
<tr>
<td>outside stakeholders face several information problems</td>
<td>• asymmetric information • The quality of the generated data by small businesses for review the stakeholders are in general lower as with regard to large firms. • Different expectations: “Owners / entrepreneurs are expected to be more optimistic about the firm’s prospect than outside stakeholders” (Ang, 1991, p6).</td>
</tr>
<tr>
<td>small firms have higher failure costs than large firms</td>
<td>• “The probability of failure might increase with the risk taking entrepreneur, incomplete management team, limited alternative sources of financing, lack of alternative measures of value due to the absence of traded securities, agency conflicts and succession problems.” • “Small businesses face higher costs of market imperfections and frictions such as higher proportional legal, accounting, trustee and auctioning fees.” • “lack of effective limited liability” • “Owners integrate the consequences of failure at both the firm and the personal levels.”</td>
</tr>
<tr>
<td>different taxation of small businesses vis-à-vis large businesses</td>
<td>• “The progressiveness of corporate and personal taxation at certain low income levels is relevant to small businesses and not to large businesses” • “Owners would integrate business and personal incomes to compute the marginal tax rates on business investment and financial decisions” • “Estate tax considerations and the lack of market valuation might affect the type of financial decisions made.”</td>
</tr>
<tr>
<td>Small firms have higher transaction costs than large firms</td>
<td>• The price of high transaction costs precludes small businesses from certain financial choices or services. • “High fixed costs of preparing a public issuance of securities, high costs of compliance to government regulations, the costs of securing the service of top notch investment bankers or financial consultants, or even the costs of investigation to be incurred by potential stockholders could all prevent the company from accessing financial and product markets, as well as types of investors.”</td>
</tr>
</tbody>
</table>

Source: Based on Ang (1991, p4-7).

Def. appendix 9: Enterprise-objective classification concepts.

In the following figure, the author presents the enterprise-objective classification concept by Kubicek et al.:

Figure 11.3: Characteristics of enterprise objectives.

Source: Based on Kubicek et al. (2007, p5).
Kubicek divides the differentiation criteria of objectives into “individual objectives” and “objective systems”. The individual objectives are differentiated according to content (see detailed figure 11.4), the scale of objective fulfillment (maximization, optimization and satisfying) and the temporal dimension (short-term, middle-term and long-term). The objective system is subdivided into relationship with each other (compatible and conflicting objectives) and ranking (superior-, intermediate- and subordinate objectives). In addition, the author illustrates the classification of enterprise objectives by Jung:

Figure 11.4: Classification of enterprise objectives.

<table>
<thead>
<tr>
<th>formal objectives</th>
<th>content objectives</th>
<th>company internal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>productivity</td>
<td>turnover</td>
<td>economic efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>profitability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>shareholder value</td>
</tr>
<tr>
<td>performance objectives</td>
<td>management- and organisational objectives</td>
<td>financial objectives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>social- and ecological objectives</td>
</tr>
</tbody>
</table>

Source: Based on Jung (2006, p32).

Def. appendix 10: Financial objectives by Peridon and Steiner.

Figure 11.5 intends to illustrate the relationships between financial objectives. It is important to understand that all the objectives cannot be reached simultaneously because they conflict with each other (-). Furthermore, objectives can be compatible (+) in some situations, that means they can support each other mutually, e.g. liquidity and security. Some objectives such as profitability and independence behave competing (-). Others are indifferent, such as profitability and independence (~).

Figure 11.5: Relationships between the main financial objectives.

Source: Based on Perridon and Steiner (1995, p496).
This illustration is comparable to the well-known economic magic quadrangle (Bofinger, 2003, p236).

Def. appendix 11: The role of the entrepreneurial finance manager. Figure 11.6 shows that the entrepreneurial finance manager has to deal with financial sources as well as with the firm’s operations. Therefore, the financial manager must understand the correlation between the firm’s operations, the stock / sources of the financial resources and the cash flows within the enterprise:

Figure 11.6: The role of the entrepreneurial finance manager.

The entrepreneurial finance manager manages the flow of cash which starts when the start-up capital is introduced (arrow 1 in the figure). The cash is used to purchase assets used for the firm’s actions (arrow 2). Later, if the firm does well, the assets / firm’s operations generate own cash inflows (arrow 3). Finally, the cash is either reinvested (arrow 5) or returned to the investors (arrow 1) (Brealey and Meyers, 1991, p1-2).
Def. appendix 12: Definition of fixed and current assets and the operational costs.

Def. appendix 12 defines fixed and current assets and the operational costs and their onset with regard to start-up service enterprises as groundwork for further consideration within the analysis of the research findings: Items of the "fixed assets" (see table 11.8) are available for the enterprise on a long-term basis (at least > than one year). Fixed assets are consumer durable which means that the item can be used several times. Apart from that, this term is used in accountancy for assets and property which cannot easily be converted into cash (Schneck and Preis, 2007, p45). The following investments can accumulate typically and must be financed on a long-term basis (Dieterle and Winckler, 1995, p273):

Table 11.8: Fixed assets items.

| (1) | real property, corporeal rights in real property and buildings, including structures on real property of third parties, |
| (2) | technical equipment and machines, |
| (3) | other equipment and office furniture and fixtures, |
| (4) | other fixed assets. |

*Source: Based on Peltzer and Voigt (2003, p163).*

The provision of services generally needs less fixed assets due to their human-intensive production process (see def. appendix 7: Business Ratios: service enterprises vs. goods producers.). Therefore, service enterprises have a lower need of property, plant and equipment, etc.

It is characteristic for the "current assets" (see table 36) that they are changeable. Current assets items are commodities which means there is a one-time utilization through consumption, evaluation or sale (Schneck and Preis, 2007, p45). Investments in current assets should enable the young entrepreneur to realise the turnover process without any problems. The financial means, necessary for the financing, are tied relatively short-term. They are turned over several times per year and can be provided at short notice (up to 1 year); normally, these financing means are continuously prolonged by the respective creditor. With regard to the total assets, the current assets part is smaller for goods producers than for service enterprises (Dieterle and Winckler, 1995, p274). The current assets can be depicted as follows:
Table 11.9: Current assets items.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>inventories (raw materials, supplies and operating materials),</td>
</tr>
<tr>
<td>2</td>
<td>stock assets (work in progress and finished goods and products),</td>
</tr>
<tr>
<td>3</td>
<td>receivables for deliveries and services,</td>
</tr>
<tr>
<td>4</td>
<td>other current assets and</td>
</tr>
<tr>
<td>5</td>
<td>liquid assets (deposits, cash,...).</td>
</tr>
</tbody>
</table>

*Source: Based on Peltzer and Voigt (2003, p163-164).*

Service enterprises have a very low need for inventories and stock assets due to their production process. But concerning their very short return on performance cycles, their degree of liquidity and receivables is high and / or higher than the one of goods producers (see def. appendix 7: Business Ratios: Service Enterprises vs. goods producers.). Therefore, the cash-management and the management of receivables, as a part of the entrepreneurial finance management, are very important drivers to ensure the long-term success of the company.

"**Costs**" is a term of the internal accounting system and is defined as the financial assessed operational consumption and / or use of goods and services for the production and sale of the output within a certain period (Jost, 1996, p21). Costs arise during the start-up phase of an enterprise and especially afterwards. An amount that is the same as the costs must be preserved as a liquidity reserve and should build an asset within the current assets. The operational expenditures are financing requirements which are frequently underestimated due to the arising starting losses within the start-up- and first-stage phases. Depending on the type of the business start-up, an amount of between three- and six months of expenditures is regarded as a reference point for the liquidity reserve (Dieterle and Winckler, 1995, p274). With regard to the following expenditure categories, the financing requirement can be determined exemplarily:

Table 11.10: Operational costs items.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>material costs,</td>
</tr>
<tr>
<td>7</td>
<td>fuel, energy,</td>
</tr>
<tr>
<td>8</td>
<td>personnel costs,</td>
</tr>
<tr>
<td>9</td>
<td>maintenance, various performances,</td>
</tr>
<tr>
<td>10</td>
<td>tax, fees, insurance premiums and suchlike,</td>
</tr>
<tr>
<td>11</td>
<td>lease, rent, advertising, communication costs, travel and vehicle expenses and entertainment expenses and such-like,</td>
</tr>
<tr>
<td>12</td>
<td>interest and commissions and</td>
</tr>
<tr>
<td>13</td>
<td>other operational costs.</td>
</tr>
</tbody>
</table>

*Source: Based on Dieterle and Winckler (1995, p274).*
The personnel costs are of course the main cost drivers within a service enterprise (see def. appendix 7: Business Ratios: Service Enterprises vs. goods producers.

Def. appendix 13: Differences between the type of capitals.

Table 11.11: Differences between equity- and debt capital.

<table>
<thead>
<tr>
<th>criteria</th>
<th>equity capital (EC)</th>
<th>debt capital (DC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>legal position</td>
<td>EC originates a share-ownership ratio.</td>
<td>DC originates an obligation.</td>
</tr>
<tr>
<td>responsibility</td>
<td>Equity investors are liable according to the legal form at least with his or her individual deposits, optionally with his or her personal assets.</td>
<td>There is no responsibility for outside creditors.</td>
</tr>
<tr>
<td>recompense</td>
<td>Equity investors partially participate in the profits and losses.</td>
<td>Outside creditors have an entitlement to interest generally.</td>
</tr>
<tr>
<td>co-determination</td>
<td>Equity investors have the general right to co-determination.</td>
<td>Outside creditors do not have the general right to co-determination.</td>
</tr>
<tr>
<td>availability</td>
<td>EC is temporal unlimited available.</td>
<td>DC is temporary available.</td>
</tr>
<tr>
<td>Tax</td>
<td>Profit is fully taxable.</td>
<td>Interest of DC is tax deductible.</td>
</tr>
<tr>
<td>extent</td>
<td>EC is limited through the capacity of the equity investor.</td>
<td>DC is infinite available if the risks are calculable and there are financial securities.</td>
</tr>
<tr>
<td>interest</td>
<td>Equity investors are interested in the preservation of the enterprise.</td>
<td>Outside creditors are interested in the preservation of the capital.</td>
</tr>
</tbody>
</table>

Source: Based on Olfert and Reichel (1999, p18).

Def. appendix 14: Financing forms according to the source of funds.

Figure 11.7: Financing forms according to the source of funds by Lechner.

Source: Based on Lechner (1996, p207).
Def. appendix 15: The suitability of outside financing for business start-up person. Outside financing is an external flow of financial means into the enterprise from enterprise-external investors. In this case the following features have to be considered: financing costs, term of financing, influence of the investors, financial structure and the securing options for the financing. Outside financing can basically be relevant in two enterprise situations: (1) Often, the economic growth cannot be financed on basis of the own inside financing sources and (2) companies can only be founded by means of outside financing (Müller-Stewens et al., 1996, p1). In the following section, outside financing forms are presented and checked individually for their suitability for start-up service enterprises. Attention is not only paid to the fundamental applicability, but also to whether the use of these instruments is reasonable. According to the type of investor, outside financing is grouped into the following financing forms:

(1) **Credit financing (debt financing):**

According to the *Gabler Wirtschaftslexikon* a “credit” can generally be defined as the provision of cash and real values against a reward in form of interests (Gabler Wirtschaftslexikon, 1988b, p3048-3049). The legal differences between debt financing and equity financing can be seen in table 11.11. The various debt financing instruments can be distinguished with regard to their creditors, terms, payment and repayment modalities, interests, law of obligations treatment and their collaterals (Übelhör and Warns, 2003, p91). Thus, it is clear that there are many different forms of credit financing. In the start-up context, credit financing instruments are distinguished with regard to the terms of financing, which include the duration of the possible temporal usability of the single financing instruments (Übelhör and Warns, 2003, p95; Hölscher, 2002, p216):

| types of financing with regard to the term according to §268 para. 1 and §285 no. 1 HGB |
|---------------------------------|---------------------------------|---------------------------------|
| short-term (< 1 year)           | medium-term (1 to 5 years)      | long-term (> 5 years)           |

Source: Based on Peltzer and Voight (2003, p168 and p183).

According to the HGB, financing instruments can be subdivided into short-, medium- and long-term debt financing instruments:
Table 11.13: Short-, medium- and long term financing instruments.

<table>
<thead>
<tr>
<th>short-term financing</th>
<th>medium-term financing</th>
<th>long-term financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>short-term bank credit</td>
<td>medium-term bank credit</td>
<td>long-term bank credit</td>
</tr>
<tr>
<td>overdraft credit</td>
<td>medium-term personal credit</td>
<td>long-term personal credit</td>
</tr>
<tr>
<td>short-term personal credit</td>
<td>guaranteed credit</td>
<td></td>
</tr>
<tr>
<td>credit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on present author.

a) Bank credit (short-term, medium-term, long-term):

A “bank credit” is a credit that enterprises are provided with by banks as well as by private households or public authorities (Gabler Wirtschaftslexikon, 1988a, p549). In general, credit capital participates neither in profits nor losses of the start-up service enterprise. Either a fixed or a flexible interest is arranged over the credit period of time. The interest and the repayment are a steady liquidity charge that can lead to financial difficulties in the case of turnover decreases.

Evaluation:

Basel II changes the terms of external financing. Until 1999, banks in Germany had to deposit equity capital as a security for credits independent of the company’s credit rating. Basel II changed that and demands to deposit equity capital now depend on the company’s credit rating class. So far, rating had only been relevant for large capital market orientated national and international enterprises. Now, however, all enterprises have to give away information on their creditworthiness by means of a rating system. Among other things, the rating is mainly grounded on securities, previous annual statements and proven management competences (Becker, 2001, p174). Start-up service enterprises normally do not have corresponding securities. Start-up projects are often considerably risk-afflicted due to a lack of management competence of the business start-up persons and due to the uncertain development of the business concept. Thereby the coverage of the financial requirements with debt capital of start-up service enterprises in Germany - which possess a naturally higher loss risk - will be considerably more expensive and more complicated. In addition, start-up enterprises hardly represent lucrative customers for most banks since their support causes relatively high costs in comparison to their possible net yields (Europäische Kommission, 1993, p43/44). In addition, start-up service enterprises have a special requirement for immaterial
goods and working capital. Banks usually only finance with the provision of an equity capital of at least 30% (Hölscher, 2002, p209). To sum it up: a bank credit can potentially be used as financing instrument, but only if business start-up person in the service sector can provide the necessary equity capital securities (min. 30%).

**Overdraft credit as special form of the short-term credit:**
An overdraft credit / current account credit (Kontokorrentkredit) is a credit which the applicant can use within a set term through decrees over his or her account up to the agreed credit line. For entrepreneurs, the overdraft credit is a working capital credit that can be used to finance the provision of the service and / or the production of goods and is not bound to a special purpose (§ 356 HGB and § 607 BGB) (Gabler Wirtschaftslexikon, 1988b, p2952).

**Evaluation:**
One major disadvantage of the overdraft credit is the relatively high costs that mainly depend on the interest situation within the cash- and capital market, the risk of the applicant for the credit and on the importance of the customer for the credit institution. Furthermore, it is disadvantageous that the interest rate can be adapted to the changing market conditions. Therefore, business start-up persons have to pay attention to using the overdraft credit and only use it for the coverage of the short-term financial needs. Another disadvantage is the fact that overdraft credits can be terminated at any time. Particularly in situations of crisis, credit institutions do usually not prolong overdraft credits. These disadvantages are in opposition to the considerable advantages of this form of financing. The overdraft credit increases the freedom of disposition of the start-up service enterprise. That is, the business start-up person can use the credit frame whenever and for whatever he or she wants. The use of the credit frame only causes costs according to the extent of the amount used. If no credit is used, no interest costs accrue. The extent of the overdraft credit not exploited represents a liquidity reserve available at any time (Hoelscher, 1999, p42). These advantages and disadvantages are valid for start-up service enterprises as well as for goods producers. Nowadays it is not a matter of course to get an overdraft credit in Germany. It also depends on the business start-up person’s personal creditworthiness. According to the experience
of the author, many start-up service enterprises do not get an overdraft credit in the first years.

b) **Personal credit (short-term, medium-term, long-term):**

Personal credits can be short-term, medium-term and long-term credits. These kinds of credits are granted by family members or friends and can be employed very flexibly. Moreover, they are normally given without a credit rating check (Hölscher, 2002, p217).

_Evaluation:_

Credits from family and friends are probably the most beneficial form of debt financing:

- The credits are often free of interest,
- The payback conditions are more flexible in contrast to bank credits,
- No securities, business plans or due diligences are necessary to get the personal credit and
- The credits are uncommitted.

Therefore, this type of credit is an optimal financing instrument if available.

c) **A special form of medium-term financing:**

_Guaranteed credit (Avalkredit):_

A guaranteed credit - "Avalkredit" in German- is a credit that is given by a bank through the takeover of a guarantee (§765 BGB) by a third party by order of a customer. In this case the bank does not use own financial means, but the own creditworthiness (Kreditleihe). The customer / business start-up person as the credit user remains the principal debtor of the credit. Thus, the bank is only needed if the applicant for the guaranteed credit does not pay. The financing function of a guaranteed credit consists in its modality because the intake of other credits or financial means is substituted and free for other applications (Gabler Wirtschaftslexikon, 1988a, p520-521).
Evaluation:
The guaranteed credit can be used by smaller enterprises and/or start-up service enterprises. It is e.g. reasonable if such a guarantee is bought for rented offices instead of a rent deposit. Thereby the saved financial means can be used for alternative purposes. The guaranteed credit does not provide an inflow of liquidity for the start-up service enterprise but helps to avoid a liquidity drain. The credit commission for the bank that has to be paid amounts between 0.50% and 2.00% of the guaranteed sum per annum (infopunkt-kredit.de, 2008). All things considered, it can be said that the guaranteed credit represents an interesting possibility for the minimization of the capital costs due to its low costs and its flexibility for service enterprises.

(2) Subsidy financing:
Financial government aid is an essential basis for many start-up service enterprises (see table 5.4). Since strict conditions are often tied to government aid, a potential business start-up person should be informed early about the possibilities of the promotion programmes. The state supports business start-up persons and start-up enterprises in different ways. According to the European Union Law, the decisive criterion for the definition of the governmental promotion programmes is the procuration of competitive advantages compared to others who do not receive this promotion (Dieterle and Winckler, 1995, p384-385). Below, the author exemplary denominates some important financial support programmes for business start-up persons and depicts their usability for start-up service enterprises. The author adds a short listing of the established support programmes for start-up enterprises to the def. appendix 17 (see def. appendix 17: Support programmes for start-up service enterprises.) which are particularly supportive for start-up service enterprises.

a) Equity capital aid of governmental programmes:
It depends on the credit itself whether it has equity capital character (see table 11.11) although it is actually debt capital. The character of equity capital is defined by the applicant by not having to set material collaterals (but the applicant for the credit is liable with his or her personal assets) and in case of bankruptcy he or she is fully/personally responsible. However, the credits have debt capital
character. In this respect they must be paid back and interests have to be paid (Deutsche Ausgleichsbank, 2009). The Deutsche Ausgleichsbank (DtA) - exemplarily named here - provides credit programmes similar to equity capital (see def. appendix 17: Support programmes for start-up service enterprises).

Evaluation:

If a start-up service enterprise cannot finance investments on its own strength, the equity capital aid of governmental programmes is an interesting option with regard to the fund-raising possibility particularly for service enterprises. Service enterprises can also be defined by a reduced need for fixed assets and therefore have low material collaterals (see chapter 4 CHARACTERISTICS OF THE OBJECT OF RESEARCH). In view of this circumstance, the presented financing concept is a real financing alternative. A further stimulus is that in general the credit conditions are considerably better than the normal long-term bank credits. Apart from the capital participation of the shareholders, programmes of the state institutions are the only access to equity capital in the start-up phase of an enterprises development and are usually the cheapest alternative.

b) Promotional loans:

Promotional loans are long-term credits from state institutions with fixed interest rates that have some special features: often there are interest-free years (normally between 2 and 3) as well as repayment-free years (up to 10). In this case, the interest rates that have to be paid are lower than those of the standard bank credits. There are specific promotional loan programmes for different purposes: business start-ups, investments in economically weak regions, investments into environmental protection and into energy saving-purposes etc. (KfW-Mittelstandsbank, 2009b).

Evaluation:

If start-up service enterprises need to cover capital requirements with outside capital, the promotional loans can offer a valuable support for the business start-up persons. With regard to flexibility, they can be evaluated analogous to the classical bank loans. The advantages are the favorable conditions and the smaller risk of credit line deletion in case of an enterprise crisis (as it is often the usual bank
practice in Germany). Public programmes are provided independently of the legal form and size. However, they are considerably more important for small and new companies than for larger well-established enterprises because of their access to long-term bank credits. In contrast to service enterprises, goods producers also have an advantage here: working capital is generally supported worse than fixed assets or a combination of both (see KfW Mittelstandsbank, 2009c). But in spite of that, promotional loans are really helpful for start-up service enterprises.

c) **Subsidies from the German unemployment office (Agentur für Arbeit):**

In Germany, an unemployed person who wants to start his / her own business receives the so-called “Gründerzuschuss according to §57 SGB III” (engl. business start-up person grant) or “Einstiegsgeld according to §29 SGB II” (engl. introduction pay). The governmental objective is to promote self-employed activities / business start-ups in Germany as an alternative to unemployment. The Gründerzuschuss / Einstiegsgeld is calculated on basis of the unemployment benefit (Arbeitslosengeld (ALG I/ALG II)) and is paid to secure the cost of living in the first months after the business start-up. The money is a non-repayable subsidy. For more detailed information the author suggests the webpage of the German unemployment office:

- Information about the “Gründerzuschuss”: http://www.arbeitsagentur.de/nn_26400/Navigation/zentral/Buerger/Hilfen/Existenzgruendung/Existenzgruendung-Nav.html and
- Information about the “Einstiegsgeld”: http://www.arbeitsagentur.de/zentraler-Content/A01-Allgemein-Info/A015-Oeffentlichkeitsarbeit/Publikation/pdf/Arbeitshilfe-Einstiegsgeld.pdf

**Evaluation:**

This programme is valid for all business fields. Since Gründerzuschuss and Einstiegsgeld are non-repayable subsidies, business start-up persons should apply for it at any rate (Gründerzuschuss.de, 2009).

(3) **Owner’s capital- / participation financing (equity financing):**

Owner’s capital- / participation financing means the supply of equity capital by the owners, whereas the financial resources flow into the enterprise from outside
Within classical equity financing, the sole proprietor or the shareholder (Gesellschafter) provides the capital as own means in form of their capital contribution (Wöhe and Bilstein, 2002, p35). This capital contribution is different with regard to the legal form and represents a rise of the nominal equity capital:

Table 11.14: Owner’s capital- / participation financing.

<table>
<thead>
<tr>
<th>individual enterprise and partnerships</th>
<th>AG (plc)</th>
<th>GmbH (bd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>capital contribution out of the personal assets</td>
<td>capital increase</td>
<td>increase of share capital</td>
</tr>
<tr>
<td>intake of new partners</td>
<td></td>
<td>subsequent capital contributions</td>
</tr>
<tr>
<td>intake of a silent partner</td>
<td></td>
<td>capital increase paid by the shareholders</td>
</tr>
</tbody>
</table>

Source: Based on Peltzer and Voight (2003, p266-p267).

Regarding individual enterprises, equity financing occurs through an incorporation of private capital contribution (supply of equity capital through the entrepreneur). Partnerships design the participation financing through the incorporation of new shareholders or through a rise of the capital contribution of the existing owners (supply of equity capital through the co-entrepreneurs). The possible equity capital sources for business start-up persons are own savings (owner’s capital financing) and participation financing in the early development phases:

**a) Owner’s capital financing:**

With regard to the financing with the owner’s capital, contributions in cash and contributions in kind with regard to the foundation of the service enterprise can be distinguished. In view of the formation with contributions in cash, the owners / shareholders provide their contribution in form of the lawful money. The extent of the necessary contribution at the start-up depends on the kind of the legal form (Schneck, 2007, p94). The financial means can originate from savings, stock sales or mortgages on real property. The business start-up person’s own means normally flow into the start-up enterprises first (Hölscher, 2002, p212). In contrast to the formation with contributions in cash, the formation with contributions in kind is defined by the owners / shareholders providing the contribution / equity capital for the foundation entirely or in parts through fixed assets (e.g. real property, machines, intangible assets) (Schneck, 2007, p809).
Evaluation:
Investigations point out that service enterprises are subject to a significantly higher liability to insolvency than goods producers. Against this background, equity capital financing is of great importance for start-up service enterprises. Equity capital provides a buffer for unexpected developments so that at least short-term troubles can be absorbed (Gebhardt et al., 1993, p393). Since service enterprises have less material, securities support the importance of equity capital. Particularly for service enterprises it is more crucial to take measures to strengthen the equity capital basis. The equity capital procurement on the basis of going public postulates a certain stage of development of the emitting enterprise and is therefore reasonable for start-up service enterprises in later stages of the enterprise-life-cycle (Fischer, 2004, p13). Hölscher recommends that business start-up persons in the service sector have an equity ratio of at least 33% (Hölscher, 2002, p530).

b) Participation financing (Beteiligungsfinanzierung):
Participation financing is a collective name for all forms of shareholders’ equity procurement by new shareholders of the enterprise. The participations are not tradeable at organized securities exchange. The investors can be private or institutional investors. Generally, venture capital- / private equity firms are bank-like institutions that do not provide credits but equity capital (Perridon and Steiner, 1995, p353). The possible legal consequences of the participation are the potential collaboration in the management, profit and loss participation as well as a liability for the obligations. All of these are differently regulated by law (according to the legal enterprise form) or to agree by contract (Gabler Wirtschaftslexikon, 1988a, p709).

In the industrial sector - strongly shaped through America and England - two particular financing forms can be distinguished for different products, markets and customer groups: venture capital financing and private equity financing. The difference is depicted in the following table:
Table 11.15: Comparison of private equity- and venture capital financing.

<table>
<thead>
<tr>
<th>criterion</th>
<th>private equity financing (PEF)</th>
<th>venture capital financing (VCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>degree of risk of the participa-</td>
<td>depend on the single enterprise, but lower</td>
<td>high</td>
</tr>
<tr>
<td>tion / investment</td>
<td>than venture</td>
<td></td>
</tr>
<tr>
<td>extent of participation</td>
<td>mostly majority participation</td>
<td>mostly minority participation</td>
</tr>
<tr>
<td>capital flow</td>
<td>to the seller</td>
<td>into the company</td>
</tr>
<tr>
<td>degree of influence</td>
<td>influence on the operational business</td>
<td>high influence on the operational business</td>
</tr>
<tr>
<td>focus of the participation</td>
<td>established SMEs; to some extent large enter-</td>
<td>young and innovative high-growth company</td>
</tr>
<tr>
<td>holding period of the participa-</td>
<td>between three and five years</td>
<td>between five and seven years</td>
</tr>
<tr>
<td>tion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>use of debt capital</td>
<td>high</td>
<td>rather low</td>
</tr>
</tbody>
</table>

Source: Based on Ex-Site (2009).

Business angels are a further special form: They are wealthy private persons or entrepreneurs who do not only provide participation capital but additionally individual consultancy (Hölscher, 2002, p213) (e.g. Business Angels Netzwerk Deutschland: http://www.business-angels.de/). Business Angels are especially interesting for business start-up persons in the service sector because they provide capital very early and offer sub-marginal small amounts between €25,000.00 and €250,000.00 in contrast to institutional investors. Furthermore, business angels generally have lower return on investments demands (Hölscher, 2002, p214).

Evaluation:

Regarding the different foci of the participation (see table 11.15) it becomes clear that start-up service enterprises are not in the focus of private equity- and venture capital firms.

Wolf depicts that in contrast to the USA participation financing is not very popular in Germany and does not have a wide public acceptance (Wolf, 2006, p29). The author refers to the public reputation-damaging discussion about the locust plague (private equity enterprises) initiated by the former chairman of the SPD party Franz Müntefering: We have to support the entrepreneurs who are focused on their enterprises’ sustainability and ability to survive and the interest of their employees against the irresponsible locust plague (private equity enterprises) that measures success every four months, sucks substance and destroys companies after they have cropped them (stern.de, 2008). Wolf mentions that venture capital firms generally want bigger participation volumes to cover their evaluation and
monitoring costs. With regard to a higher rate of return demands within the early-phase, financing venture-capital companies are generally focused on innovative high-growth companies and not so much on start-up service enterprises (Wolf, 2006, p29). Therefore, business angels seems to be the best possible participation financing model for start-up service enterprises particularly due to the possible smaller financing volumes and because of the additional consulting and support services e.g. in the field of financial management.

Def. appendix 16: The suitability of inside financing for business start-up person. Inside financing is the classical main item of the corporate financing since concrete statements about the self-financing strength of an enterprise can be derived from it. Inside financing means the refinance of the enterprise from the own strength - either out of the own turnover process (financing out of depreciation and amortization, financing out of profit and financing out of accruals and provisions) or out of assets regroupings (Übelhör and Warns, 2003, p34).

(1) Financing out of the turnover process (self-financing): The turnover process is the common capital source for revenues out of (a) deprecinations and amortizations, (b) accruals and (c) profits. Fundraising refers to every income out of the turnover process as long as the earned financial resources are bigger than the ongoing costs. Financing out of the turnover process can be described as a raise of the stock of potential factors without regress to equity- or debt capital up to the point of time of the necessary expenditure (replacement investment). This effect is also named “Lohmann-Ruchti-effect / Marx-Engels-effect” (Hanke, 2001).

a) Financing through depreciation and amortization: In Germany, depreciation and amortization are briefly summarized as “Abschreibungen”. The term “Abschreibungen” is defined as a method to determine the amount that describes the decrease in asset value of the single capital items caused by the wear and tear over the useful economic life. Therefore the “Abschreibungen” amount is entered in the profit and loss statement as expense. The ability to depreciate and amortize capital items only refers to the limited-life items of the fixed assets. These can be intangible as well as tangible items. The entered
acquisition on the assets side and production costs (according to the German law) are shortened every year by a certain partial amount for the gathering of the loss of value due to wear and tear within the accounting period (GABLER Wirtschafts Lexikon, 2008a). These „Abschreibungen“ are involved as costs within the pricing and are earned through the turnover. They reduce the profit and therefore the profit-dependent payments (e.g. taxes).

Evaluation:
The method of financing through depreciation and amortization (=Abschreibungen) is basically applicable to all enterprises. But before an enterprise can be financed via „Abschreibungen“, limited-life assets have to be bought. For start-up service enterprises with a low fixed assets intensity, „Abschreibungen“ can only be a small additional financing instrument due to the small amounts that can be depreciated and amortized. This is the reason why there are only marginal parts of „Abschreibungen“ within the turnover (Fischer, 2004, p13). The financing power that results for the here considered start-up service enterprises cannot be very significant within the framework of the entire start-up service enterprise financing mix.

b) Financing out of accruals:
Similar to depreciation and amortization, accruals can lead to a financing effect, too. Accruals are set up according to §249 para.1 HGB for demands against the enterprise whose extent and / or point of maturity is uncertain. Therefore, accruals are allocated to the liabilities with regard to the equity and liabilities side of the balance sheet (Übelhör and Warns, 2003, p58). The formation of accruals represents an expense in the period of creation, whereas the corresponding payments are mainly effected on the due-date. Thereby one can distinguish between:
(a) Short-term accruals (e.g. tax accruals or accruals for neglected maintenance),
(b) Medium-term accruals (e.g. accruals out of outstanding contracts or for indemnity bonds) and
(c) Long-term accruals (e.g. accruals for pensions).


Evaluation:

According to the research of the Deutsche Bank (2007), the following table shows that service enterprises - up to 2 million Euro annual turnover - set up more accruals than goods producers (reference year: business year 2004). In particular the accruals for pensions seem to be one of the important self-financing sources of service enterprises:

Table 11.16: Accruals: goods producers vs. service enterprises.

<table>
<thead>
<tr>
<th></th>
<th>goods producers</th>
<th>service enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>up to 2m € turnover</td>
<td>up to 2m € turnover</td>
</tr>
<tr>
<td>accruals (in % of the balance sheet sum)</td>
<td>9.75</td>
<td>16.60</td>
</tr>
<tr>
<td>therefrom accruals for pensions (in % of the balance sheet sum)</td>
<td>3.80</td>
<td>5.90</td>
</tr>
</tbody>
</table>

Source: Based on Deutsche Bank (2007,p94-192).

Accruals of pensions are accruals for obligations out of the company pension scheme. The term “accruals of pensions” derives from §6 EStG and refers to the German tax balance sheet (Bundesministerium der Justiz, 2008d). Accruals for pensions are reported within the equity and liabilities side of the balance sheet. The setup occurs within the profit and loss statement in form of expenses. It has to be mentioned that merely the setup of a stock of accruals has a financing effect. The more the supply of the accruals and the usage of the accruals diverge temporarily, the larger is the financing effect. Therefore, with regard to the accruals of pensions, a large financing effect does indeed exist partially. The character of the investigated service enterprises - they are very HR-oriented - discloses the available financing possibilities according to accrual for pensions and is valid independently of the size and the legal form of an enterprise. Indeed, this financing source increases with the setup of the work force and can therefore develop an increasing importance for start-up enterprises in the service sector.

c) Financing by profit:

Financing by profit implies financing through the leave of the profits within the enterprise. In general, the term “profit” describes the positive success of an autonomous individual economic activity. The profit is the positive operating result. It results from the difference between expenses and revenues and is seen as the profit for the period or as unit profit (GABLER Wirtschafts Lexikon (2008b).
Evaluation:

It has to be pointed out that financing by profits offers many advantages:

- The independence of the capital market,
- No change within the creditor structure,
- No dependence on capital from outside creditors (entrepreneurial independence can be preserved),
- Increase of the substance which makes the enterprise more insensitive to crises,
- No interest payments for credits,
- Strengthening equity capital leads to an increase of the creditworthiness of the enterprise (Übelhör and Warns, 2003, p34).

The service enterprises - considered in this work generally have a low stock of fixed assets. Thus, the possibility relating to credit collateralization is often missing to a considerable extent. Since credit and capital markets are not or only inadequately accessible, self-financing provides the most important financing form. Additionally, ongoing costs should ideally be covered out of the turnover process. Since services enterprises are very HR-oriented, the meaning of the self-financing is obvious. But it has to be considered that the self-financing power of start-up service enterprises is caused by the missing profits in the first years as well by restricted profits in general (Fischer, 2004, p13).

(2) Financing out of assets regrouping:

The liquidation of assets has a financing effect which is denominated as “financing out of assets regrouping” in the scientific literature. This kind of financing refers to the release of fixed- and / or current assets and not to financing out of the turnover process (Schiller, et al., 2002, p21). In this case it is mainly a question of the sale of unnecessary operational asset parts. Invested capital is solved for the benefit of liquidity.

a) Capital release within fixed assets:

The fixed assets are on the left side of the balance sheet (see table 3.2) and contain items such as real property, technical equipment and machines. They are used for the fulfillment of the company’s objectives. In case of a tight liquidity position, the company can sell assets to increase the liquidity position. The sale becomes
problematic if the objects of the company are endangered (Übelhör and Warns, 2003, p66). Thus, only those assets should be sold which have no negative influence on the performance and the market position of the company.

\textbf{b) Capital release within current assets:}

The current assets are also on the left side of the balance sheet (see table 3.2) and contain items such as inventories, receivables for deliveries and services or other securities. In contrast to the fixed assets, the current assets remain only short-term within the enterprise. According to the short notice of the current assets, the financing effect is also short-termed. However, due to the considerable volume of the current assets, an enormous financing potential can be built up. Factoring and forfeiting gain special importance (Übelhör and Warns, 2003, p67)

\textit{Evaluation of financing out of assets regrouping:}

Independent of the size and branch of an enterprise, the management should always aim at an optimization of the structure of the items of property. Therefore, the business start-up person has to control regularly whether the company funds are invested in the correct assets. Since those start-up service enterprises are considered whose initial situation is characterized through the lack of partially (acceptable as collateral) fixed assets, the low financing potential resulting from fixed assets regroupings becomes apparent. Contrarily, the financing out of capital release within current assets is more significant for start-up service enterprises, since a decrease of receivables has a direct and positive effect on the cash situation of a company. Therefore, the business start-up person should use the instruments of the classical debtors’ management to optimize the cash position / management.
Def. appendix 17: Support programmes for start-up service enterprises.

- Bundesagentur für Arbeit; http://www.arbeitsagentur.de,
- Bundesamt für Wirtschaft und Ausfuhrkontrolle (BAFA); http://www.bafa.de,
- Bundesministerium für Wirtschaft und Technologie, http://www.bmwi.de,
- Deutsche Ausgleichsbank (DtA); http://www.dta.de,
- Kreditanstalt für Wiederaufbau Mittelstandsbank (KfW); http://www.kfw-mittelstandsbank.de,
- Industrie- und Handelskammer (IHK); http://www.ihk.de and
- LfA Förderbank Bayern (LfA); http://www.lfa.de.
Def. appendix 18: CPDS-instruments classification.

Source: Based on field studies.
Def. appendix 19: CPDS-methods classification.

Source: Based on field studies.

- Get operational quickly (Bhidé, 1999, p159-160)
- Look for quick break-even (Bhidé, 1999, p160-161)
- Keep growth in check (Bhidé, 1999, p165-167)
- Offer high-value services that can sustain direct personal selling (Bhidé, 1999, p161-164)
- Focus on cash, not on profits, market shares, or anything else (Bhidé, 1999, p167-168)
- Cultivate banks before the business becomes creditworthy (Bhidé, 1999, p168-169)
- Don’t try to hire the crack team (Bhidé, 1999, p164-165)
- Cash-generating projects (Bhidé, 1999, p160-161)
Information asymmetry according to Scott creates “four obstacles to capital acquisition” (Scott, 2003, p165-166): (1) **Non-disclosure difficulties**: describes a target conflict. On the one hand, the entrepreneur has to provide information on his or her business concept to convince the potential capital provider to invest. On the other hand, by providing information, the entrepreneur increases the risk of the resource provider exploiting the opportunity alone because the investor has the adequate financial resources to self-finance the exploitation of the entrepreneurial opportunity. (2) **Opportunism**: After the investment, the entrepreneur can use his or her information advantage to his or her private economical benefit and to the disadvantage of the resource provider. The “information asymmetry that the entrepreneur possesses makes it possible for him or her to act opportunistically towards capital providers” (Scott, 2003, p165). (3) **Excessive risk taking**: The information asymmetry between the investor and entrepreneur might stimulate the entrepreneur to carry out risky projects with the investor’s resources. “As a result, the resource provider will need to compensate for the risk of default by offering fixed rate financing at a high interest rate” (Scott, 2003, p165). Vice versa the entrepreneur might prefer more risky projects with higher profits. (4) **Adverse selection**: Some investors have problems to distinguish between entrepreneurs who have discovered poor quality opportunities and entrepreneurs who have discovered high quality opportunities. This deficit might lead to an adverse selection and therefore to investments in weak business concepts instead of investments in the beneficial ones.
Def. appendix 21: Uncertainty - capital acquisition obstacles by Scott.

Regarding uncertainty, Scott describes “three obstacles to capital acquisition” (Scott, 2003, p 166-167): (1) **Inability to evaluate:** According to the evaluation of start-up enterprises, the traditional method set (e.g. discounted cash flow approach, net assets value approach, multiplier approach) provides only inadequate results. The outcome is the risk of incorrect decisions caused by missing past data, negative cash flows or predominantly intangible assets.

“If the entrepreneur does not have an observable product or service or a historical track record, the resource provider must make her financing decision on little more than her own judgment about the value of a potential resource combination” (Bhidé, 2000).

(2) **Bargaining problems:** “mean that the net present value of the new venture’s profit stream cannot be objectively evaluated” (Scott, 2003, p 167) and that the resource provider and the entrepreneur can have different rating scales of the value of the opportunity. (3) **Need to collateral:** If you have nothing you get nothing. Resource providers prefer to invest in business ventures with additional collaterals.
Def. appendix 22: Motive definitions.

Drosdowski defines "motives" as the reasons that determine humans' actions (Drosdowski, 1996, p505). Schröder states that motivation is the entity of the effective motives within an individual structure. Motivation as a summary construct is the entity of the factors influencing the behaviors which manifest themselves, above all, as needs. These can be needs of desire (appetence) or needs of avoidance (aversion) (Schröder, 1985, p 210). Odenbach describes motivation (lat. movere; to move) as the stimulus of a motive and the driving force of the will (Odenbach 1974, p326). The motive also is some inner urge that causes a person to do something or to act in a certain way. The motives and interests of business start-up persons are very important for the overcoming of the entrepreneurial task.

If the motives and interests of the business start-up person are in accordance with the peculiarities of the task, he or she carries out the necessary activities with greater engagement, greater effort and assiduity. Which motives are decisive for the decision to start a business? McClelland (1987), the classical author of the motive psychology, distinguishes three basic motives of the human being:

(1) Need of achievement,

(2) Need for power and

(3) Need for affiliation (a person's need to feel a sense of involvement and belonging within a social group) vs. the need of autonomy and independence.

Klandt proves that the motive "need of achievement" is decisive for the business start-up person. The typical business start-up person is very ambitious. It is important for him to be a little bit better, faster and / or to do things with less effort than others. He or she searches for situations in which their personal working power can compete with the working power of others (Klandt, 1990). There are no matching discoveries about whether an obvious striving for power is an advantage. business start-up persons are strongly concerned about their independence. They search for possibilities of self-awareness without constrictions through inflexible structures of large and established organizations (Kollmann, 2003, p156). In addition, the psychological literature distinguishes push and pull-motives as the mainspring to start an own business. Some persons start their business out of need (because there are no alternatives) while others are interested in their enterprise task (Stoner and Fry, 1982, p39-44). The motives of the business
start-up person are decisive for the initial establishment of the enterprise. Hummel explains that the mapping of the human motives is supposed to help illustrate the objective generation and decision process (Hummel, 2007, p71).
Def. appendix 23: Motive and objective classification by Maslow.

The hierarchy begins with physiological motives, followed by safety motives and social motives up to the esteem motives. Self-realization motives are at the top of the hierarchy (mostly represented as a motive pyramid).

Table 11.17: Motive classification and objectives according to Maslow.

<table>
<thead>
<tr>
<th>motive classification</th>
<th>examples of objective states</th>
</tr>
</thead>
<tbody>
<tr>
<td>self-realization (growth) motive</td>
<td>deployment of the own possibilities and skills.</td>
</tr>
<tr>
<td>esteem motives</td>
<td>self-confidence, self-respect, independence, strengh, performance, power, competence, recognition, prestige, fame, dignity, status,...</td>
</tr>
<tr>
<td>social motives</td>
<td>love, friendship, human contacts, belonging,...</td>
</tr>
<tr>
<td>safety and security motives</td>
<td>being safe, financial precautions, order, stability, protection, ...</td>
</tr>
<tr>
<td>physiological motives</td>
<td>food, drinking, sleep,...</td>
</tr>
</tbody>
</table>

Source: Based on Maslow (1977).

When somebody intends to realise him or herself by starting-up a business, they will only do it and will only be motivated if the so-called "existential needs" of the enterprise are guaranteed (Hummel, 2007, p71). In the first place these existentional needs are (Hummel, 2007, p71-72):

**Profitability:** On a long-term basis, an enterprise must work profitably, since otherwise it does not find any investor and / or the privately owned capital is eaten up through losses. This can lead to over-indebtedness or illiquidity with the consequence of bankruptcy. Therefore, the enterprise activity must bring a benefit.

**Liquidity:** Solvency must be safeguarded at any time, because illiquidity means bankruptcy. Therefore, cash comes first.

**Enterprise growth:** Hummel explains that, in the long run, profitability and liquidity can only be attained through the foundation of a growth-oriented economic order.

**Predictability:** Thereby, he understands reliable general conditions (e.g. legal system, contact liberty and so forth). Broadly speaking, he also refers to the scope of decision making and social acceptance.
11.2 METHODOLOGICAL APPENDIX

Meth. appendix 1: Interview guide.

**Interviewleitfaden (interview guide):**

The interviews are only carried out in German because the start-up service enterprises and their business start-up persons are located there. Therefore, the interview guide is designed in German and in the following translated for the English reader.

---

**Doktorarbeit von Florian Roski:**

*(Doctorial thesis written by Florian Roski)*

"Das Finanzmanagement von deutschen Gründungsunternehmen im Dienstleistungsbereich*

*(Entrepreneurial Finance Management in the German service sector)*

---

Texte, die in Anführungszeichen (""") gesetzt sind, werden dem Interviewten mit dem Ziel vorgelesen, mögliche Kommunikationsfehler im Vorfeld auszuschließen und die Reliabilität zu verbessern.

*(Texts that are set in quotes (""") are read out to the interviewee with the objective to exclude possible communication errors in advance and to improve the reliability of the gained data.)*

"Der sparsame Umgang mit finanziellen Mitteln zählt zu den wichtigsten Disziplinen, um die Überlebensfähigkeit von jungen Dienstleistungsunternehmen in Deutschland sicher zu stellen. Ziel dieses Interviews ist es, den praktischen Umgang von jungen Dienstleistungsunternehmen mit ihren finanziellen Mitteln so genau wie möglich zu erfassen, um damit einen Handlungsrahmen bzw. ein Schema für andere Gründer zu entwickeln, wie sie mit ihren finanziellen Mitteln weise (im Sinne der Realisierung ihrer Unternehmensziele) umgehen können."

*("The economical handling of financial means is one of the most important disciplines to ensure the survivability of young service enterprises in Germany. The purpose of this interview is to capture the practical handling of their financial means of young service enterprises. The aim is to carve out a framework of activity and to develop a scheme for other business start-up persons that shows them how they can deal with their financial means wisely (in the sense of the realization of their enterprise objectives.")*
Deckblatt zum Leitfadeninterview
Angaben zum Gründer / Unternehmen

/code sheet for the guided interview/
/information on the business start-up person / the start-up service enterprise/

Kode-Nummer (code number):

Angaben zur Person des Gründers (personal data of the start-up business person):

1. Name, Vorname (last name, first name):
2. Anschrift (address):
3. Alter, Geschlecht (age, gender):
4. Höchster Bildungsgrad (highest level of education):
6. Position / Aufgabengebiet im Unternehmen (position / range of tasks):

Angaben zum Unternehmen (data of the enterprise):

1. Prüfung, ob ein Dienstleistungsunternehmen vorliegt (testing if the enterprise is a service enterprise):
   a. In welcher Dienstleistungsbranche sind sie tätig? (In which economic service section are you active?)
   □ Handel und Gastgewerbe (trade and hospitality industry)
   □ Verkehr und Nachrichtenübermittlung (communications and information transmission)
   □ Kredit- und Versicherungsgewerbe (credit business and insurance industry)
   □ Grundstücks- und Wohnungswesen, Vermietung beweglicher Sachen, Erbringung von sonstigen wirtschaftlichen Dienstleistungen (real estate, renting of moveable goods, provision of other economic services)
   □ Gebietskörperschaften und Sozialversicherungen (regional authorities and social security)
   □ Erziehung und Unterricht (education and teaching)
   □ Gesundheits-, Veterinär- und Sozialwesen (health care, veterinarian- and social services)
   □ Sonstige öffentliche und persönliche Dienstleistungen (other state and private services)
   b. Welche Produkte bieten Sie neben der Dienstleistung noch an? (Which products do you offer in addition to the service products?)

2. Prüfung, ob ein Start-Up Unternehmen vorliegt (testing if the enterprise is a start-up enterprise):
   a. Ist Ihr Unternehmen unabhängig von Dritten (z.B.: kein Tochterunternehmen)? (Is your enterprise independent of a third party (e.g. no subsidiary enterprise)?)
   b. Ist Ihre Geschäftsidée eigenständig (z.B.: kein Spin-off, kein Franchise Unternehmen, kein Lizenzvertrag, keine VC Initiative)? (Is your business idea self-contained (e.g. no spin-off, no franchise enterprise, no licence agreement, no venture capital initiative)?)

3. Feststellung der Unternehmensgröße (Determination of the size of the enterprise):
APPENDICES

267 / 323

a. Anzahl der Mitarbeiter (inklusive Gründer) (Number of employees (business start-up person included)):

4. Wer organisiert in Ihrem Unternehmen die Finanzen? (Who organizes the financing in your enterprise?)

5. Sitz der Gesellschaft (location of the enterprise):

6. In welchem Auftragsverhältnis stehen Sie zur Wirtschaftssozietät four-quarters? (Which is the contractual relation between your company and the company four-quarters?)

7. Rechtsform der Gesellschaft (legal form of the enterprise):

8. Gründungsdatum der Gesellschaft (date of foundation):

9. In welcher Unternehmensentwicklungsphase befindet sich das Unternehmen? (In which stage of life cycle is your start-up enterprise?)

Der Interviewte soll durch die Vorlage des Schaubildes die Entwicklungsphase seines Unternehmens bestmöglich bestimmen.
(The interviewee is supposed to determine the development phase of his enterprise in the best possible way through the presentation of the following stage of life cycle overview.)

Phasen der Unternehmensentwicklung (stages of the enterprise life cycle):

Entwicklungsphasen neugegründeter Unternehmen

<table>
<thead>
<tr>
<th>Gründungsvorbereitung</th>
<th>Gründungs-Konzeption</th>
<th>Konzeptumsetzung</th>
<th>Markteneinführung</th>
<th>Marktetablierung</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Herausbildung des Gründungspapiers</td>
<td>• Formulierung von Konzept und Geschäftsplan</td>
<td>• Ressourcenbeschaffung und -integration</td>
<td>• Produktionsstart</td>
<td>• Ablauf und Pflege des Kundenkontakts</td>
</tr>
<tr>
<td>• Verwaltung und Buchhaltung</td>
<td>• Bereitstellung des Vorhabens</td>
<td>• Selbständigkeit</td>
<td>• Marktintegration</td>
<td>• Angebotstreue und Abrechnung</td>
</tr>
<tr>
<td>• Personal</td>
<td>• Entwicklung und Vermarktung</td>
<td>• Erfolg</td>
<td>• Ausbau der Produkte</td>
<td>• Qualitätsgarantie und Kundenservice</td>
</tr>
<tr>
<td>• Rechnungslegung</td>
<td>• Produktverkauf</td>
<td>• Innovation</td>
<td>• Ausbau der Produkte</td>
<td>• Markenentwicklung</td>
</tr>
<tr>
<td>• Rechtliche und verwaltungsrechtliche Beratung</td>
<td></td>
<td></td>
<td></td>
<td>• Ausbau der Vertriebsorganisation</td>
</tr>
<tr>
<td>• F&amp;E-Arbeiten</td>
<td></td>
<td></td>
<td></td>
<td>• Ausbau des Vertriebsnetzes</td>
</tr>
</tbody>
</table>

Dr. Jutta Muschen, E&I 2 Entrepreneurial Marketing, Wien, 6.-8.6.2002

☐ Aktuelle Phase (active stage) ☐ Aktuelle Phase (active stage) ☐ Aktuelle Phase (active stage) ☐ Aktuelle Phase (active stage) ☐ Aktuelle Phase (active stage)

translation:

seed phase start-up phase (realization phase) early-expansion phase (ensuring / stabilisation phase and enterprises development phase) expansion phase

Information- and orientation phase conception phase
Einverständniserklärung zur Datenverwendung (declaration of consent for the use of data):

Der Interviewte erklärt sich damit einverstanden, dass die Daten, die im Rahmen dieses Interviews erhoben werden, von Herrn Florian Roski frei für wissenschaftliche und publizistische Zwecke verwertet werden dürfen. Er erklärt sich des Weiteren damit einverstanden, dass die Daten akustisch aufgezeichnet werden mit dem Ziel der späteren Transkription.

(The interviewee agrees to the unrestricted use of the data gained within this interview for scientific and publication purposes. Furthermore, he agrees to the recording of the data with the objective of a later transcription.)

Gründer (business start-up person):

Datum, Ort (date, place):

Unterschrift (signature):

Beginn des Interviews (start of the interview):

Ende des Interviews (end of the interview):
Gestellt werden hauptsächlich die fett gedruckten Fragen. Die entsprechenden Unterpunkte (>) können ergänzend verwendet werden. Die gekästelten Fragen dienen nur zur Orientierung. Die Fragestellungen können als Module betrachtet werden, die flexibel je nach Proband Anwendung finden.
(The questions written in bold are asked mainly. The corresponding subitems (> ) can be used supplementarily. The enframed questions are used for orientation only. The formulation of questions can be considered as modules that are flexibly applied according to the respective proband.)

Fragenliste zum Leitfadeninterview (list of questions for the guided interview):

**Die Zielparameter des Finanzmanagements von Gründerunternehmen**
(The Target Parameters of the Entrepreneurial Finance Management)

<table>
<thead>
<tr>
<th>Welches sind die finanziellen Ziele und Finanzstrategien von deutschen Gründungsunternehmen im Dienstleistungssektor unter Berücksichtigung der aktuellen finanziellen Barrieren?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Which are the financial (management) objectives and strategies of German start-up enterprises in the service sector with regard to the current financial barriers?)</td>
</tr>
</tbody>
</table>

**I.a. Die (Finanz-)ziele des Unternehmens** ((Financial) management objectives):

Was hat Sie eigentlich dazu veranlasst, Ihr Unternehmen zu Gründen?
(Could you tell me something about your reasons for founding the enterprise?)

➢ Erzählen Sie von Ihrer Motivation / den persönlichen Zielen für Ihre Unternehmensgründung? (What motivated you to establish your new enterprise?)

➢ Warum haben Sie sich bei Ihrer Unternehmensgründung gerade für den Dienstleistungsbereich entschieden? (Why did you decide to start a business especially in the service sector?)

Nennen Sie Ihre generellen Unternehmensziele im Detail? (Please name your general enterprise objectives in detail?)

Welche Ziele würden Sie als spezielle Finanzziele Ihres Unternehmens definieren? (Would you please define the specific finance objectives of your enterprise?)

**I.b. Die Finanzstrategien des Unternehmens** (Financial management strategies):

„Vielen Dank für die Darlegung Ihrer Ziele. Der nächste Block beschäftigt sich mit Fragen zur Umsetzung der Ziele bzw. der Vorgehensweisen, die Sie anwenden, um Ihre Ziele zu erreichen.“ (“Thank you very much for the explanation of your objectives. The next block deals with the conversation of the objectives and with the procedures you use to reach your objectives.”)

Wie wollen Sie Ihre Ziele im Detail umsetzen? (How do you intend to realize your objectives in detail?)

Welche Rolle spielen bei der Umsetzung Ihre Ziele folgende Faktoren:
(How important are the following factors for the achievement of your objectives:)

➢ Liquidität (liquidity)
➢ Umsatz (turnover)
II. Die Einflussfaktoren des Finanzmanagements von Gründungsunternehmen
(The Conditions of the Entrepreneurial Finance Management)

II.1. Der Unternehmer als Finanzmanager (The entrepreneur as financial manager)

<table>
<thead>
<tr>
<th>Was sind die Aufgaben eines Start-Up Finanzmanagers?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(What are the tasks of an entrepreneurial finance manager?)</td>
</tr>
</tbody>
</table>

Bitte beschreiben Sie Ihre Aufgaben als Finanzmanager im Detail. (Please describe your tasks as an entrepreneurial finance manager in detail?)

Welche Aufgaben stellen sich Ihnen im Hinblick auf die:

- Organisation der Finanzmittel? (organization of the flow of the financial resource?)
- Planung der Finanzmittel? (planning of the flow of the financial resource?)
- Kontrolle der Finanzmittel? (monitoring of the flow of the financial resource?)
- Steuerung der Finanzmittel? (control of the flow of the financial resource?)

Gibt es Besonderheiten, die sich speziell aufgrund Ihres Dienstleistungsge-schäftes ergeben? (Are there any special features that are caused by your service business especially?)

Angenommen Sie sollten Ihre persönliche Kompetenz im Umgang mit den Unternehmensfinanzen beurteilen, wie würde diese Beurteilung ausfallen? (Please assume you were to judge your personal competence in the field of enterprise finance. How would this judgement turn out?)

Wo sehen sie in diesem Bereich Ihre persönlichen Stärken? (Please depict your personal strengths in this field?)

II.2. Finanzierungsbedürfnisse von Gründungsunternehmen im Dienstleistungsbe-reich (Funding requirements of start-up service enterprises)

<table>
<thead>
<tr>
<th>Welche inneren Finanzierungslücken / finanzielle Unterdeckungen haben Dienstleistungs-Start-Up Unternehmen innerhalb der Gründungs- und Frühphase ihrer Unternehmung?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Which internal financial funding gaps / shortages are start-up service enterprises faced with in the start-up and firststage phase of their business venture?)</td>
</tr>
</tbody>
</table>

Mit welchem Betrag hatten Sie den Finanzierungsbedarf für Ihre Unternehmensgründung vor Start des Unternehmens angesetzt? (Could you please name the amount of money that you calculated for the entire financing of the new enterprise?)
Wie konnten Sie den Finanzierungsbedarf ermitteln? (Please explain what helped you to determine the financing need?)

Hatten Sie Ihren Finanzierungsbedarf aus heutiger Perspektive zureichend eingeschätzt? Warum hatten Sie Ihren Finanzierungsbedarf zureichend / anders eingeschätzt? (Did you assess your financing requirement appropriately from the present perspective? Why did you assess your financing requirement appropriately / differently back then?)

Welche Kosten (z.B. Personalkosten, Mietzahlungen,...) waren für Sie am Schwierigsten einzuschätzen? (Which concrete expenses (e.g. personal expenses, rents,...) were most difficult to estimate?)

Warum waren diese Kosten am Schwierigsten einzuschätzen? (Why were these expenses most difficult to estimate?)

Konnten Sie Ihren Umsatz richtig einschätzen? (Were you able to estimate your turn over correctly?)

Wenn ja: Welche Strategien würden Sie auf Basis Ihrer Erfahrungen empfehlen, um zutreffende Finanzplanung umzusetzen? (If yes: Which strategies would you recommend for a successful forecast according to your experience?)

Wenn nein: Welche Faktoren waren für die abweichende Umsatzplanung verantwortlich? (If no: Which factors were responsible for a differing turn over forecast?)

Gab es in den jeweiligen Entwicklungsphasen Ihres Unternehmensaufbaus unterschiedliche Finanzierungsbedarfe? Wenn ja, welche waren das? (Were there different financing requirements in each of the development phases of your enterprise? If yes, which ones were there?)

- Gründungsvorbereitung / Gründungskonzeption (seed phase)
- Konzeptumsetzung (realization- / start-up phase)
- Markteinführung (early-expansion phase)
- Markttablierung (expansion phase)
- (Grafik: Phasen der Unternehmensentwicklung vorlegen) (figure: Stages of the enterprise life cycle should be presented to the business start-up person for a better orientation):

Wie lange hat es gedauert bis Sie Ihr Unternehmen kostendeckend betreiben konnten? (How long did it take for your enterprise to operate cost-covering?)

Hatten Sie persönlich den Zeitpunkt der Kostendeckung eher früher / später oder passgenau angesetzt? (Did you personally schedule the time of the cost covering sooner / or later?)

Welche Gründe machen Sie für eine passgenaue / frühere / spätere Kostendeckung verantwortlich? (Which reasons are responsible for your precise/ earlier / later point of time of cost-covering?)

Wo liegen die größten Finanzierungsbedürfnisse Ihres Unternehmens (z.B. Gehälter, Miete, Ausbildung, Fuhrpark, Betriebs- und Geschäftsausstattung,
Auftragsfinanzierung,...? (Where would you see the most important start-up enterprise financing requirements (e.g. salaries, rent, education, vehicle fleet, equipment, order financing,...)?)

II.3. Gründungsfinanzierung (Start-up Financing)

Wie gestalten Entrepreneure im Dienstleistungssektor ihre Gründungsfinanzierung in der Praxis? (How do entrepreneurs in the service sector design their start-up financing in practice?)

II.3.a. Finanzielle Ausgangssituation des Gründer vor Gründung (Financial initial situation of the business start-up person before the foundation of the enterprise)

Wie würden Sie Ihre persönliche finanzielle Situation vor dem Unternehmensstart beurteilen? (How would you evaluate your personal financial situation before the start-up of the enterprise?)

➢ Vermögen: z.B. Immobilienvermögen, Bankguthaben, Gold, Beteiligungen, zusätzliches Einkommen,... (Property: e.g. real estates, bank balance, gold, investments, additional income,...):

➢ Verbindlichkeiten: z.B. Hypothekendarlehen, Ratenkredite,...

   Liabilities: e.g. mortgage, consumer credits,...):

II.3.b. Der Aufbau der Start-Up Finanzierung (The set up of the start-up financing):

Wie haben Sie die Finanzierung Ihres Finanzbedarfs gestaltet? (How did you arrange the financing of your start-up enterprise financing requirements?)

➢ Welche Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z.B. Ersparnisse, Bankkredit oder Familienkredit,...)? (Which financing sources did you use for the ramp-up financing (e.g. savings, bank credits, family credits,..?)

➢ Wie haben Sie die laufende Unternehmensfinanzierung sicherstellen können? (How were you able to guarantee the current enterprise financing?)

➢ Wie würden Sie die Entwicklung der Finanzausstattung Ihres Unternehmens beurteilen von der Gründung bis heute? (How would you assess the development of the finance equipment of your enterprise from the foundation up to today?)

➢ Welchen Einfluss hatte Ihre Finanzmittelausstattung auf den Geschäftsverlauf Ihres Unternehmens? (Which influence did your financial means equipment has on the business course of your enterprise?)

➢ Wie beurteilen Sie die Finanzierungsmöglichkeiten / Quellen, die Ihnen zur Finanzierung Ihres Unternehmens im Dienstleistungsbereich in Deutschland zur Verfügung stehen? (How do you judge the financing options / sources which are available to you for the financing of your enterprise in the service sector in Germany?)

➢ Welche Probleme traten bei der Finanzierung Ihres Unternehmens auf? (Which problems concerning the financing of your enterprise?)
### III. Finanzmanagement-Gestaltungsparameter für Gründungsunternehmen

(\textit{The Design Parameters of the Entrepreneurial Finance Management})

<table>
<thead>
<tr>
<th>Welche finanziellen Methoden und Instrumente kommen für eine kapitalschonende Unternehmensentwicklung im deutschen Dienstleistungssektor in Betracht?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Which financial management methods and instruments can be taken into consideration for a capital preventing development strategy in the German service sector?)</td>
</tr>
</tbody>
</table>

\textbf{Entrepreneurial Finance Management-Instrumente und Methoden:}

(\textit{Entrepreneurial finance management instruments and -methods}):


(“Business start-up persons normally attempt to keep their money requirements as small as possible and / or to adjust them to the financial development of their enterprise. To do so, they use different financial instruments and methods. Examples are the initial use of the private apartment as a business office or the use of the private car for business travels to save money, and the construction of liquidity plans or the set up of certain principles when dealing with money. The task of the following question block is to find out about these alternative financing instruments and methods, no matter how absurd or creative they seem to be at first sight.”)

#### IIIa. Wie versuchen Sie, den laufenden Geldbedarf im Detail gering zu halten? (How do you attempt to keep the ongoing monetary requirements low in detail?)

\textbf{Welche Maßnahmen wenden Sie dabei an im Umgang mit:} (Which methods do you apply with regard to:)

- Kunden? (customers?)
- Staatlichen Institutionen? (public institutions?)
- Finanzinstituten? (financial institution?)
- Freunden & Familie? (family & friends?)
- Lieferanten? (vendors?)
- Mitbewerbern? (competitors?)
- Mitarbeitern? (employees?)
APPENDICES

➢ sich selber? (yourself (owners)?)
➢ Sonstigem? (others?)

III.b. Wie versuchen Sie Ihren Geldeingang im Detail zu verbessern? (How do you attempt to improve the money inflow in detail?)

Welche Maßnahmen wenden Sie dabei an im Umgang mit: (Which methods do you apply with regard to:)

➢ Kunden? (customers?)
➢ Staatlichen Institutionen? (public institutions?)
➢ Finanzinstituten? (financial institutions?)
➢ Freunden & Familie? (family & friends?)
➢ Lieferanten? (vendors?)
➢ Mitbewerbern? (competitors?)
➢ Mitarbeitern? (employees?)
➢ sich selber? (yourself (owners)?)
➢ Sonstigem? (others?)

III.c. Welche Methoden bzw. Grundsätze wenden Sie an, um mit Ihrem Geld möglichst gut auszukommen? (Which financing methods and principles do you apply to manage the financial resources in the best possible way?)

➢ Wie planen Sie die Verwendung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methoden)? (How do you plan to use your financial means to realize your enterprise objectives (planning-methods)?)
➢ Wie organisieren Sie Ihre Geldmittel um Kosten zu sparen (Organisations-Methoden)? (How do you organize your financial means to save expenses (organization-methods)?)
➢ Auf welchem Weg beobachten / überprüfen Sie die Einhaltung Ihrer Finanzplanungen (Kontroll-Methoden)? (How do you monitor / check the compliance of your financial planning (monitoring-methods)?)
➢ Wie gehen Sie mit festgestellten Abweichungen oder finanziellen Engpässen um (Steuerungs-Methoden)? (How do you handle deviations or financial bottlenecks (control-methods)?)
➢ Welche sonstigen Methoden wenden Sie an, um die finanzielle Situation Ihres Unternehmens sicher zu stellen? (Which other methods do you apply in order to secure the financial situation of your enterprise?)
Table 11.18: Population of the start-up enterprises.

<table>
<thead>
<tr>
<th>sl. no.</th>
<th>company</th>
<th>location</th>
<th>business start-up person</th>
<th>date of foundation</th>
<th>size</th>
<th>economic service section</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>ARTIST Kommunikations GmbH</td>
<td>Nuremberg</td>
<td>Torsten Vilfinger</td>
<td>2005</td>
<td>micro</td>
<td>health care consulting</td>
</tr>
<tr>
<td>002</td>
<td>Alexandra Dech Web &amp; Print</td>
<td>Nuremberg</td>
<td>Alexandra Dech</td>
<td>2009</td>
<td>micro</td>
<td>web design</td>
</tr>
<tr>
<td>003</td>
<td>Agnieszka Durasiewicz</td>
<td>Nuremberg</td>
<td>Agnieszka Durasiewicz</td>
<td>2009</td>
<td>micro</td>
<td>translation services and general services</td>
</tr>
<tr>
<td>004</td>
<td>As consulting</td>
<td>Hersbruck</td>
<td>Annett Sünders</td>
<td>2009</td>
<td>micro</td>
<td>project manager</td>
</tr>
<tr>
<td>005</td>
<td>Athanasios Papathanasiou Logistics</td>
<td>Roth</td>
<td>Athanasios Papathanasiou</td>
<td>2008</td>
<td>micro</td>
<td>logistic consulting and training</td>
</tr>
<tr>
<td>006</td>
<td>Bernd Schnappauf Metropolregion-Immobilien</td>
<td>Erlangen</td>
<td>Bernd Schnappauf</td>
<td>2008</td>
<td>micro</td>
<td>real estate agent</td>
</tr>
<tr>
<td>007</td>
<td>Constanze Scheler</td>
<td>Erlangen</td>
<td>Constanze Scheler</td>
<td>2008</td>
<td>micro</td>
<td>Lawyer</td>
</tr>
<tr>
<td>008</td>
<td>Daniel Kunkel</td>
<td>Nuremberg</td>
<td>Daniel Kunkel</td>
<td>2008</td>
<td>micro</td>
<td>financial consulting</td>
</tr>
<tr>
<td>009</td>
<td>Gabriela Günter</td>
<td>Röthenbach/Pegnitz</td>
<td>Daniela Günter</td>
<td>2008</td>
<td>micro</td>
<td>massage, makeup, cosmetics</td>
</tr>
<tr>
<td>010</td>
<td>Daniela Meissl</td>
<td>Nuremberg</td>
<td>Daniela Meissl</td>
<td>2008</td>
<td>micro</td>
<td>car cosmetics</td>
</tr>
<tr>
<td>011</td>
<td>Daniela Postruzin</td>
<td>Nuremberg</td>
<td>Daniela Postruzin</td>
<td>2007</td>
<td>micro</td>
<td>financial services</td>
</tr>
<tr>
<td>012</td>
<td>Decusa Ug</td>
<td>Munich</td>
<td>Kai-Uwe Winhöft</td>
<td>2009</td>
<td>micro</td>
<td>engineering services</td>
</tr>
<tr>
<td>013</td>
<td>DG Elektrotechnik München</td>
<td>Munich</td>
<td>Dominik Goi</td>
<td>2007</td>
<td>micro</td>
<td>engineering services</td>
</tr>
<tr>
<td>014</td>
<td>Dieter Rethschulte</td>
<td>Osnabrück</td>
<td>Dieter Rethschulte</td>
<td>2009</td>
<td>micro</td>
<td>engineering services</td>
</tr>
<tr>
<td>015</td>
<td>Hannelore Lehnter Gesundheitsservice</td>
<td>Nemsdorf</td>
<td>Hannelore Lehnter</td>
<td>2008</td>
<td>micro</td>
<td>massage and health care therapy</td>
</tr>
<tr>
<td>016</td>
<td>Helge Würker</td>
<td>Nuremberg</td>
<td>Helge Würker</td>
<td>2008</td>
<td>micro</td>
<td>lawyer</td>
</tr>
<tr>
<td>017</td>
<td>Hubertus Schott Consulting</td>
<td>Schweinfurt</td>
<td>Hubertus Schott</td>
<td>2008</td>
<td>micro</td>
<td>EDP services</td>
</tr>
<tr>
<td>018</td>
<td>Johannis Tschinkl</td>
<td>Nuremberg</td>
<td>Johannis Tschinkl</td>
<td>2008</td>
<td>micro</td>
<td>physiotherapist</td>
</tr>
<tr>
<td>019</td>
<td>Manfred Müller Sale &amp; Services</td>
<td>Regensburg</td>
<td>Manfred Müller</td>
<td>2009</td>
<td>micro</td>
<td>retail consulting and jeans sales</td>
</tr>
<tr>
<td>020</td>
<td>Max Eisgruber</td>
<td>Nürnberg</td>
<td>Max Eisgruber</td>
<td>2010</td>
<td>micro</td>
<td>consulting</td>
</tr>
<tr>
<td>021</td>
<td>Office Fabrik</td>
<td>Nürnberg</td>
<td>Sven Sasson</td>
<td>2010</td>
<td>micro</td>
<td>wholesaler</td>
</tr>
<tr>
<td>022</td>
<td>Pasewerk Kommunikation</td>
<td>Nuremberg</td>
<td>Sebastian Pape</td>
<td>2008</td>
<td>micro</td>
<td>web design</td>
</tr>
<tr>
<td>023</td>
<td>Patrick Wunner</td>
<td>Nuremberg</td>
<td>Patrick Wunner</td>
<td>2005</td>
<td>micro</td>
<td>handcraft</td>
</tr>
<tr>
<td>024</td>
<td>Peter Weinlich</td>
<td>Nuremberg</td>
<td>Peter Weinlich</td>
<td>2006</td>
<td>micro</td>
<td>real estate agent</td>
</tr>
<tr>
<td>025</td>
<td>Philipp Weber</td>
<td>Nürnberg</td>
<td>Philipp Weber</td>
<td>2005</td>
<td>micro</td>
<td>financial consultant</td>
</tr>
<tr>
<td>026</td>
<td>Pino Martinez</td>
<td>Nuremberg</td>
<td>Pino Martinez</td>
<td>2008</td>
<td>micro</td>
<td>make-up artist</td>
</tr>
<tr>
<td>027</td>
<td>Resilius Ug</td>
<td>Nuremberg</td>
<td>Stefanie Frieser</td>
<td>2009</td>
<td>micro</td>
<td>coaching, training, networking</td>
</tr>
<tr>
<td>028</td>
<td>Sabine Merkenthaler</td>
<td>Nuremberg</td>
<td>Sabine Merken-</td>
<td>2008</td>
<td>micro</td>
<td>office services</td>
</tr>
<tr>
<td>Büroservice</td>
<td>thaler</td>
<td>029</td>
<td>Samina Zaidi</td>
<td>Nuremberg</td>
<td>Samina Zaidi</td>
<td>2008</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------</td>
<td>-----</td>
<td>--------------</td>
<td>-----------</td>
<td>--------------</td>
<td>------</td>
</tr>
<tr>
<td>030 Samja Färber</td>
<td>Nuremberg</td>
<td>030</td>
<td>Sonja Färber</td>
<td>Nuremberg</td>
<td>Sonja Färber</td>
<td>2009</td>
</tr>
<tr>
<td>031 Stephan Pape</td>
<td>Wendelstein</td>
<td>031</td>
<td>Stephan Pape</td>
<td>Wendelstein</td>
<td>Stephan Pape</td>
<td>2008</td>
</tr>
<tr>
<td>032 Tauber-König-Consulting</td>
<td>Tauberbischof-sheim</td>
<td>032</td>
<td>Rainer König</td>
<td>Tauberbischof-sheim</td>
<td>Rainer König</td>
<td>2009</td>
</tr>
<tr>
<td>033 Thomas Kuhlmann</td>
<td>Nuremberg</td>
<td>033</td>
<td>Thomas Kuhlmann</td>
<td>Nuremberg</td>
<td>Thomas Kuhlmann</td>
<td>2009</td>
</tr>
<tr>
<td>034 Weinreich Consulting</td>
<td>Cologne</td>
<td>034</td>
<td>Michael Weinreich</td>
<td>Weinreich</td>
<td>Michael Weinreich</td>
<td>2008</td>
</tr>
<tr>
<td>035 Yvicon</td>
<td>Ölfeld</td>
<td>035</td>
<td>Yvonne Weiss</td>
<td>Ölfeld</td>
<td>Yvonne Weiss</td>
<td>2010</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Meth. appendix 3: Email by Goss - development of interview questions.

"Think through the level of detail you want from respondents and the sorts of issues and processes you want to explore with them - this may mean having a list of 'probes' for each question just in case the respondent gives very brief answers. You're obviously not wanting to guide the respondent towards any particular answer but, for qualitative analysis, it's very useful to have a high level of detail - to be able to uncover the respondent's thought processes, especially as these are often quite 'messy' and far from rational. Sometimes, if questions are very direct and specific this can almost 'force' the respondent to come up with a matching direct and specific answer (analytically this is a problem because it makes the response an artefact of the question asked rather than a reflection of the actual thinking - which we can only ever approximate to anyway). In short, make sure your questions will yield you a useful level of data (by having supporting probes to use if necessary) and try to word them in a way that invites the respondent to talk to you expansively, rather than give you what they felt is the 'right' answer. Experimentation is probably the only way to get this right. I often try to imagine that I am going to interview someone who prefers to only ever give one word answers (or, maybe, one sentence answers) - how should I plan my opening and follow-up questions to makes this as difficult as possible for him to do?" (Goss, 2010).
Meth. appendix 4: Excerpt of the Research Diary.

<table>
<thead>
<tr>
<th>dates</th>
<th>reference points</th>
<th>self-reflections</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/31/2010</td>
<td>pilot interview</td>
<td>• I am curious about my first research interview and I am excited to carry out the interview according to the code of conduct by Kvale (see meth. appendix 11).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Despite all good resolutions I decide to start with a test/pilot interview to make sure that I am able to guarantee the expected quality level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• With respect to the composed MS Excel-based list (name list) about all business start-up persons of start-up service enterprises and the elected sampling strategy (see 6.1.3.2 Sampling of the Unit of Analysis) I start with the first business start-up person (001) on the list (see meth. appendix 2: Population of the start-up service enterprises): ARTIST Kommunikations GmbH.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• I contact Mr. Villinger by telephone. He is very friendly and immediately willing to make an appointment for an interview. I am glad about this good start of the practical research part for my thesis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• We meet in the office of the company four-quarters and use the conference room. I am very happy that Mr. Villinger agreed to meet on a Sunday. Therefore, we will be absolutely undisturbed. I check the batteries of the recorder in advance and prepare a cup of coffee for Mr. Villinger to create a pleasant atmosphere.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• We start at 14:52 p.m.. The interview ends at 15:33 p.m..</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quite quickly the interview guide proves to be of great help: I feel more confident not to forget important aspects/interview questions and I am guided through the question blocks in a structured way.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The atmosphere between Mr. Villinger and me is quite friendly and open and the interview is more like a comfortable chat between friends than a formal interview situation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• At this point I am satisfied with the result and curious about the transcription results.</td>
</tr>
<tr>
<td>02/04/2010</td>
<td>pilot interview</td>
<td>• Already during the transcription process I recognise, that apart from the creation of a good interview atmosphere, I need a lot of training to be able to carry out interviews according to the code of conduct.</td>
</tr>
<tr>
<td></td>
<td>transcription / ARTIST Kommunikations GmbH</td>
<td>• In general, the recording of the interview was relentless but necessary. Between the enthusiasm about the realisation of my first interview and the friendly conversation with Mr. Villinger, I completely forget to remain reticent. I am really angry with myself and with how loosely I had taken the realisation of the pilot interview with the business start-up person. The interview partly has the character of a nice chat but not of a professional research interview. I have underestimated this data collection process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• As a maxim for the next interview I urge myself to be more disciplined and to keep the purpose of the interview in focus during the entire interview process. Furthermore, I have to concentrate myself more on the content level than on the relationship level. Moreover, I plan to read the code of conduct accurately shortly before I start every single interview in order to internalize these principles.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• As a further concrete measure I resolve to carry out at least three more training interviews with friends to achieve an interview style that is as neutral as possible. Only then will I start with the first interview of my DBA-thesis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ultimately, I am very glad to have the chance of starting my interview series with a pilot interview. It is a very valuable but also a sobering experience: no one is born a master.</td>
</tr>
</tbody>
</table>

...
Meth. appendix 5: Initial interview transcription of the first interview.

**Angaben zum Gründer / Unternehmen**

*Kode-Nummer (in): 002*

Angaben zur Person des Gründers:

**Name, Vorname:** D., A.

**Anschrift:** Falterstr. 24, 90480 Nürnberg

**Alter, Geschlecht:** 35, weiblich

**Höchster Bildungsgrad:** Mittlere Reife

**Kfm. Bildung:** keine

**Position / Aufgabengebiet im Unternehmen:** Inhaberin

Angaben zum Unternehmen:

Prüfung, ob ein Dienstleistungsunternehmen vorliegt:

*In welcher Dienstleistungsbranche sind sie tätig?*

<table>
<thead>
<tr>
<th>Dienstleistungsbranche</th>
<th>☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handel und Gastgewerbe</td>
<td></td>
</tr>
<tr>
<td>Verkehr und Nachrichtenübermittlung</td>
<td></td>
</tr>
<tr>
<td>Kredit- und Versicherungsgewerbe</td>
<td></td>
</tr>
<tr>
<td>Grundstücks- und Wohnungswesen, Vermietung beweglicher Sachen, Erbringung von sonstigen wirtschaftlichen Dienstleistungen</td>
<td></td>
</tr>
<tr>
<td>Gebläsekörperschaften und Sozialversicherungen</td>
<td></td>
</tr>
<tr>
<td>Erziehung und Unterricht</td>
<td>■</td>
</tr>
<tr>
<td>Gesundheits-, Veterinär- und Sozialwesen</td>
<td></td>
</tr>
<tr>
<td>Gesundheitswesen</td>
<td></td>
</tr>
<tr>
<td>Sonstige öffentliche und persönliche Dienstleistungen</td>
<td></td>
</tr>
<tr>
<td>persönliche Dienstleistungen</td>
<td>■</td>
</tr>
</tbody>
</table>

*Quelle: Statistisches Bundesamt Deutschland, 2008.*

**Webdesign und Schwimmunterricht**

**Welche Produkte bieten Sie neben der Dienstleistung noch an?**

keine

Prüfung, ob ein Start-Up Unternehmen vorliegt:

*Ist Ihr Unternehmen unabhängig von Dritten (z.B.: kein Tochterunternehmen)?*  
Ja

*Ist Ihre Geschäftsidee eigenständig (z.B.: kein Spin-off, kein Franchise Unternehmen, kein Lizenzvertrag, keine VC Initiative)?*  
Ja

**Feststellung der Unternehmensgröße:**  
*Anzahl der Mitarbeiter (inklusive Gründer): 1*
Jahresumsatz 2009: -
Bilanzsumme 2009: -

Wer organisiert in Ihrem Unternehmen die Finanzen? Frau D. selbst

Sitz der Gesellschaft: Nürnberg

In welchem Auftragsverhältnis stehen Sie zur Wirtschaftssozietät four-quarters?
Ein Gründercoaching ist geplant. Es wurde aber noch nicht angefangen.

Rechtsform der Gesellschaft: Einzelunternehmen

Gründungsdatum der Gesellschaft: 03-01-2010

In welcher Unternehmensentwicklungsphase befindet sich das Unternehmen? (in which stage of life cycle is your start-up enterprise?)

Der Interviewte soll durch die Vorlage des Schaubildes die Entwicklungsphase seines Unternehmens bestmöglich bestimmen.

Phasen der Unternehmensentwicklung:

**Entwicklungsphasen neugegründeter Unternehmen**

- Gründungsvorbereitung
  - Markt und Kundenanalyse
  - Konzept und Geschäftsidee
  - Unternehmensstruktur
  - Gründungskonzept
  - Bildungsplan
  - Planung
  - FAZ-Arbeiten

- Gründungskonzeption
  - Konzeptions- und Zukunftsorientierung
  - Unternehmenskonzept
  - Bildungsplan
  - Kundenplanung
  - FAZ-Arbeiten

- Konzeptumsetzung
  - Konzeption
  - Planung
  - Bildungsplanung
  - FAZ-Arbeiten

- Marktmarkteinführung
  - Marktanalyse
  - Produktionsplanung
  - Marktpräsentation
  - Marktpräsentation
  - FAZ-Arbeiten

- Marktetablierung
  - Marktanalyse
  - Markterfolgsplanung
  - FAZ-Arbeiten

Quelle: Meyer/Beer (1999), S. 95.
Dr. Jutta Muschen, B&I 2 Entrepreneurial Marketing, Wien, 6.-8.6.2002
Einverständniserklärung zur Datenverwendung:

Der Interviewte erklärt sich damit einverstanden, dass die Daten, die im Rahmen dieses Interviews erhoben werden, von Herrn Florian Roski frei für wissenschaftliche und publizistische Zwecke verwertet werden dürfen. Er erklärt sich des Weiteren damit einverstanden, dass die Daten akustisch aufgezeichnet werden mit dem Ziel der späteren Transkription.

Gründer: 

Datum, Ort: 07.05.2010, Niumberg

Unterschrift:

Beginn des Interviews: 14:30

Ende des Interviews: 18:27
In. | q.n. | S | quote
---|---|---|----
001 | I.a. | R: | OK also die Grundfrage ist, welches sind die finanziellen Ziele und Finanzstrategien von deutschen Gründungsunternehmen und dazu die Frage an dich, was hat dich eigentlich dazu veranlasst dein Unternehmen zu gründen?
002 | I.a. | I: | OK. Also veranlasst hat mich erstens, dass ich in die zuerst, also in die Arbeitslosigkeit gekommen bin nachdem ich 11 Jahre bei einer Agentur angestellt war und eigentlich auch immer dort selbstständig gearbeitet hatte. Und dann durch praktisch durch ein Aufbaustudium dazugelernt hatte und gemerkt hab das dies total mein Ding ist und dann war eben die Entscheidung ja ich krieg einen Gründungszuschuss von der Agentur für Arbeit warum nicht mal probieren 9 Monate lang wenn es nichts ist, kann man immer noch hinterher ins Angestelltensein wieder zurückkehren. Das war eigentlich so die Überlegung und dass was ich vorher bei der Agentur gemacht habe dass war wie selbstständig sein.
003 | I.a. | R: | OK.
005 | I.a. | R: | Gab es da eine ganz spezielle Motivation die noch dahinter stand?
007 | I.a. | R: | So ein Ziel was du eigentlich genau damit verbunden hast?
008 | I.a. | I: | Ja also die spezielle Motivation war einfach ja nicht mehr von jemanden irgendwie unterdrückt zu werden. Oder ja selber halt ausführende Kraft zu sein.
009 | I.a. | R: | Ahja … (lacht)
010 | I.a. | I: | Auch mit den Kunden frei reden zu können wie man selber von seiner Philosophie her mit Ihnen umgehen möchte.
011 | I.a. | R: | OK.
012 | I.a. | I: | Da man nicht mehr den Druck hat vom Chef der einem sagt: mach das so und so und eigentlich war man nicht zufrieden damit.
014 | I.a. | I: | Ja, das hab ich gelernt und das ist eigentlich das was ich wirklich sehr gut kann und da hab ich mir gedacht warum nicht darauf aufbauen.
015 | I.a. | R: | Gibt es vielleicht noch weitere Ziele die du mit deinem Unternehmen hast?
016 | I.a. | I: | Ja. Die unternehmerischen Ziele sind auf jeden Fall expandieren und hm ja in längerfristiger Zukunft auch Angestellte zu haben und anderen eben zu ermöglichen mit also als Netzwerk zu arbeiten. Also so ein Netzwerk aufzubauen.
017 | I.a. | R: | OK. Gibt es auch spezielle Finanzziele die du für dein Unternehmen hast?
018 | I.a. | I: | Hmm ja also es wäre natürlich schon toll, wenn ich mit meiner Selbstständigkeit das doppelte von dem verdienen könnte was ich verdient habe als Angestellte weiß ich jetzt nicht so viel verdient habe sag ich mal und das ist ein Ziel für mich ja.
019 | I.a. | R: | Das ist das Hauptziel oder hast du noch Nebenziele dabei im Finanzbereich wo du sagst die sind mir auch noch wichtig?
020 | I.a. | I: | (überlegt) jetzt im Moment nicht.
Der nächste Block beschäftigt sich mit der Frage zur Umsetzung der Ziele und Vorgehensweise die du anwendest um deine Ziele zu erreichen. Wie möchtest du denn diese Ziele im Detail umsetzen?

Hmm. (lacht)

hm ja hoho. (lacht)

Hmmmm gut Frage... Wie ich sie umsetzen möchte hmmm.... Ja gut also erst mal möchte ich versuchen äh ja das ich regelmäßiges Einkommen habe praktisch oder regelmäßige Rechnungsstellung.

Ja OK.

Und auch im Monat immer - speziell - dementsprechend hält auch Aufträge rein krieg, dass ist so ein Ziel. So, sage ich mal ungefähr 10 Aufträge, und davon arbeite ich dann ab und guck dann, dass ich am Ende des Monats immer genau des Gehalt, was ich mir auch in meinem Businessplan aufgeschrieben habe, erreiche. Der liegt auch bei mir am Schreibtisch.

Sehr gut.

Und ich hacke auch immer das Monat ab wenn ich es geschafft habe und wenn ich es nicht geschafft habe, versuche ich natürlich das Monat drauf das wieder einzuholen durch eine Sonderarbeit und frage auch immer nach bei den Kunden ob es noch was zu machen gibt oder ob man speziell noch eine kleine Anzeige machen kann.

Stellst du dir auch die Frage, wenn, warum du es nicht geschafft hast?

Ja, die stelle ich mir dann und meistens, also bis jetzt ist es noch nicht so, ich mach es ja erst seit 01.03. Und seit dem 01.03. weis ich, dass ich es noch nicht geschafft habe, weil da das mit diesen ganzen Anlaufgeschichten war, aber im April hab ich das geschafft und jetzt im Mai bin ich auch genau so dran, das vom Businessplan her zu machen.

Also zufrieden.

Sehr zufrieden.

Top! Welche Rolle bei der Umsetzung deiner Ziele spielt die Liquidität?

Naja, Liquidität ist schon wichtig, vor allem das man ein bisschen was auf der Kante hat. Dass wenn auch mal der Kunde nicht zahlt - das passiert ja - das merk ich jetzt schon - dass die sich schön Zeit lassen, dass man auch nicht gleich ins Soil rutscht. Also das ist schon wichtig für mich Liquidität.

OK, und beim Umsatz hast du ja generell gesagt, da war dir wichtig, dass der wirklich konstant jeden Monat kommt. Damit du eine Art kalkulatorische Größe für dich hast.

Ja, richtig.

Kosten? Wie wichtig sind die bei der Erreichung deiner Ziele?

Sind das jetzt Kosten die Ausgabenkosten?

Genau.

Ja, also die sind schon wichtig, weil ich möchte investieren in mich also. Deswegen hab ich zum Beispiel Kosten für Weiterbildung und Kosten für Bücher und Fachliteratur. In dem Sinn gebe ich
auch recht gerne aus und auch für das Gründercoaching, das ist mir auch wichtig das ich da super Support hab, dass ich nicht alleine da stehe, dass ich Rückhalt habe und auch Kosten die nötig sind, dass ich mir zum Beispiel Backupsysteme anschaffe, dass ich die Daten von meinen Kunden gut absichern kann und auch meine Computer Sachen, dass die auf dem laufenden Stand sind, auch so Programme. Aber das mache ich ja immer Stück für Stück und ja...


044 1.b. I: Nicht, keine.

045 1.b. R: OK. Welche Rolle spielt bei der Umsetzung der Ziele gibt es da manchmal finanzielle Probleme wo man sagt OK jetzt muss ich mir was einfallen lassen? Oder eigentlich bisher...

046 1.b. I: Bisher nicht.


048 II.1. I: Ja richtig.

049 II.1. R: Welche Art von Aufgabe hat denn im Detail für dich ein Finanzmanager? Oder hast du als Finanzmanager in dem Unternehmen?

050 II.1. I: Ja gut, also erst mal ist natürlich wichtig, dass ich ordentliche Rechnungen stelle. Dazu habe ich mir auch ein extra Programm gekauft, dass mir das alles auch vorgibt, wo ich nicht noch mal nachgucken muss, hab ich das drauf, sondern dass ich Sicherheit habe, dass ich auch Angebote die ich geschrieben habe, dass ich die einfach kopieren kann, wiederholen kann und so was also in dem Sinne und ja das ich halt... wo waren wir stehen geblieben? Faden verloren... (lacht)

051 II.1. R: Nee, einfach welche Aufgaben du in deinem Unternehmen als Finanzmanager hast.

052 II.1. I: Ach so ja.

053 II.1. R: Im Detail was du als wichtig erachtest, welche Aufgaben notwendig sind?

054 II.1. I: Also, dass ich dann guck, dass die Leute natürlich zahlen. Da guck ich drauf, dass ich die Rechnungen ordentlich stelle, dass ich sie auch schnell stelle nachdem die Leistung erbracht worden ist oder je nach dem was ich halt in meinen Angeboten festgehalten habe, wenn ich halt gesagt hab 20% Vorschuss zum Beispiel dass ich auch drauf schaue, dass die Kunden mir das zahlen, bevor ich dann anfange zu Arbeiten und auch das wenn jetzt zum Beispiel was bekomm, dass ich das dann auch gleich zahl, also das ich z.B. meiner Umsatzsteueranmeldung auch immer pünktlich abgebe. Da bin ich halt immer dahinter, ja so mache ich das.

055 II.1. R: OK gut. Gibt es irgendwelche ja Wege wie du deine Finanzmittel organisierst? So ganz spezielle wo du sagst ja das ist eigentlich schon...

056 II.1. I: (überlegt) Wie meinst du jetzt organisieren Finanzmittel. Also ich brauche jetzt nicht irgendwie... also Rechnung stellen...

057 II.1. R: Ja also hast du da für dich einen eigenen Plan zum Beispiel oder gibt ja verschiedenen Möglichkeiten wie man sich da organisieren... durch deine Software zum Beispiel...

058 II.1. I: Ja, also nur durch meine Buchhaltungssoftware würde ich jetzt sagen. Also, und ich gucke halt drauf. Und ich arbeite mit dem Businessplan halt noch, aber sonst jetzt eigentlich nichts.

059 II.1. R: Ok, nächster Punkt (hmm). Die Planung der Finanzmittel, das wäre im Endeffekt, dass du den Businessplan hast und versuchst den einzuhalten.
Richtig das ist die Planung der Finanzen.

OK. Gibt auch irgendwie eine Möglichkeit... wie kontrollierst du das?

Ja durch diese Einnahmen. Also ich hab ja praktisch in dem Programm... kannst du so ein, wie nennt man das, lass mich überlegen... Ausgangsrechnungsbuch heißt das, glaube ich. Das kann man dann immer von einem Monat zum andern vortragen und eben in der Hälfte vom Monat guck ich immer... hab ich zum Beispiel vom 01. April bis zum Ende des Monats, hab ich das dann erreicht. Stell ich mir dann praktisch des Buch und guck dann: OK, die Einnahmen waren da, hat der Kunde gezahlt, und habe ich das korrekt gemacht und so was...

Gibt es sonst noch irgendwas, wo du sagst: so steuere ich meine Finanzmittel oder ist das eigentlich so der Weg wie du das machst?

Och das ist so der Weg. Ich mach aktuell eigentlich gar nicht so viel, nö.

Gibt es da Besonderheiten die sich aufgrund deines Dienstleistungsgeschäfts ergeben?

Ja, naja gut es gibt schon spezielle Sachen, aber jetzt... also immer auf den Kunden halt bezogen und das ist immer individuell. Jeder brauchen mal was anderes. Der Eine braucht eine Suchmaschinenoptimierung, der Andere braucht ein CMS System für seine Webseite, der Eine nur ein kleines Logo, das ist halt immer unterschiedlich.

Angenommen du solltest deine persönliche Kompetenz im Umgang mit den Unternehmensfinanzen beurteilen, wie würde die Beurteilung ausfallen?


Wo siehst du deine Stärken in dem Bereich?

Ja, dass ich halt schnell mit den Antworten rüber rutsch und dass ich auch weis was ich will, wenn ich jetzt ein Angebot schreibe, dann weis ich wie lange ich brauche und das sind meine Stärken ja.

Das nächste ist zum Thema Finanzierungsbedürfnisse von Gründungsunternehmen. Mit welchem Betrag hast du den Finanzierungsbedarf für die Unternehmensgründung vor der gegründung vor Start des Unternehmens angesetzt, wo du sagst ja das brauche ich ungefähr damit ich das hinkriege?

Also, ich hab mal 3.000€ angesetzt gehabt und hab mir gesagt: ja, OK, das ist jetzt, wenn ich einen Schreibtisch brauche oder sonstige Dinge oder halt eben dieses Ratenprogramm davon habe ich jetzt aber... ich hab mir das aufgeteilt auf das ganze Jahr die 3.000€ und davon habe ich jetzt vielleicht 1.000€, bisher, gebraucht.

Das ist ja Super. Wie hast du den Finanzierungsbedarf damals ermittelt wie kannst du auf die 3.000€?

Ach, das habe ich im Rahmen meines Businessplanes mit meinen Gründercoach gemacht. (lacht)

(lacht) Ok, hast dir helfen lassen?

II.2. R: Das freut mich sehr. Hast du den Finanzierungsbedarf aus heutiger Perspektive zutreffend eingeschätzt?

II.2. I: Ja, absolut.

II.2. R: Warum glaubst du, dass das zutreffend war, was war es eigentlich, wo du sagst deswegen habe ich es eigentlich realistisch eingeschätzt?


II.2. R: Gab es irgendwelche Kosten die etwas schwieriger einzuschätzen waren für dich?

II.2. I: Ja, am Anfang vielleicht, was ich so verlangen könnte für eine Dienstleistung von mir, das war am Anfang für mich ein bisschen schwierig weil ich auch nicht wusste wie ich auf dem Markt auftreten kann. Aber sonst jetzt...

II.2. R: Hast du den Umsatz richtig eingeschätzt?

II.2. I: Ja. Das ist echt Hammer.

II.2. R: OK, welche Strategie würdest du einem Gründer auf Basis deiner Erfahrungen empfehlen, wenn du sagst ich habe den Umsatz eigentlich richtig eingeplant?

II.2. I: Naja, sich hat schon wirklich Zeit nehmen mit dem Businessplan und nicht Holper die Stolper einfach durchziehen, sondern sich von einem... ja jemanden zur Seite nehmen der einem auch mit Rat und Erfahrung hilft, der Sicherheit gibt.

II.2. R: Sicherheit?

II.2. I: Ja, Sicherheit genau der sagt: Pass auf das ist so und so und das man auch in sich geht und mal überlegt was habe ich vorher gemacht das ist halt für jemanden der aus der... der sich in eine anderen Branche selbstständig macht, der in eine Fremdbranche geht, ziemlich schwierig glaube ich und man muss schon dann entweder noch mal ein Aufbaustudium machen oder eine Weiterbildung, damit man das besser einschätzen kann.

II.2. R: Verstehe. Wenn wir uns noch mal die verschiedenen Phasen hier anschauen gab es da für jede Phase unterschiedlichen Finanzierungsbedarf, wo du sagtest zum Beispiel in der Gründungsvorbereitung, da hast du das und das an Finanzierungsbedarf gehabt. Bei der Umsetzung dann das und das, gab es irgendwas spezielles oder spezielle Finanzierungsbedürfnisse?

II.2. I: Also in der Gründungphase natürlich, da waren jetzt so Kosten wie Fahrtkosten für Vertrieb zum Beispiel die waren nicht... das war neu für mich und dann halt das ich Kosten zum Beispiel wenn ich mir jetzt ein Programm anschaffen würde oder so, das war jetzt alles nicht so... das wusste ich nicht so. Also das in der Gründungsvorbereitung auch, dann auch für diesen Businessplan Geld ausgehen das auch nicht eingeplant weil das hat am Arbeitsamt geheißen es kostet nichts. So und dann Gründungskonzeption in der Phase... ja gut da habe ich jetzt eigentlich nicht weiter.

II.2. R: Das war Hirnarbeit (lacht)

II.2. I: (lacht) Genau Energiekosten, sehr viel Energie aber das hat sich absolut gelebt und ja halt unheimlich viel hin und her fahren da waren halt die Fahrtkosten aber die habe ich dann kompensiert durchs Radfahren. (lacht)

II.2. R: (lacht) Sehr gut. Wie lange hat das jetzt gedauert also eigentlich führst du das Unternehmen schon kostendeckend oder?

II.2. I: Ja (lacht)
Das ist ja Wahnsinn. Hat nur zwei Monate gedauert oder?

Ja.

Da kannst du stolz sein definitiv. Hattest du selber den Zeitpunkt der Kostendeckung eher früher oder später eingeschätzt?

Eher später ja eindeutig. Ja gut ich habe halt gedacht es dauert bestimmt so ein halbes Jahr bis ich da die Kosten so ein bisschen eingeholt habe bis zu einem dreiviertel Jahr bis ich alles wieder drin habe.

Welche Gründe machst du dafür verantwortlich, dass du eigentlich so schnell kostendeckend unterwegs warst?

Mehr Kunden als ich erwartet hatte, die mir dabei geholfen haben.

Toll. Wo liegen, wenn man das Unternehmen jetzt heute betrachtet eigentlich die größten Finanzierungsbedürfnisse, wo man sagt da muss man am meisten Geld ausgeben?

Also auf jeden Fall für Rechner, für den Laptop das man da auch... da wird auch in der nächsten Zeit wieder einer anfallen denke ich mal. Muss... das man da auch von der Schnelligkeit her dabei sein kann und auch die Programme, diese Sachen haben sich ja schon wieder geändert also von Adobe gibt es ja immer diese Creative Suite und die kostet recht viel und die ist jetzt auf dem neuesten Stand die hat einen sehr großen Schritt gemacht und die auch Zeit gewinnend ist in der Herstellung für die Sachen die ich dann für die Kunden mache und da ist das jetzt auf jeden Fall Neuanwendung wieder.

Sonst noch irgendwelche großen Finanzierungsbedürfnisse? Wo du sagst da ist noch mal ein Block...?

Erst mal dieses Jahr hab ich jetzt nichts mehr.

Wie würdest du deine persönliche finanzielle Situation vor dem Unternehmensstart beurteilen?

Ja eher so knapp an der Existenzgrenze.

OK. Das heißt es ist besser geworden?

Ja.

Kompliment.

Ja, aber ich gebe auch noch nichts aus für mich selber... einsparen...

Ja das ist vernünftig. Welche Finanzierungsquellen hast du genutzt um im Endeffekt, du hast ja auch die 3.000€ gebraucht, wie bist du zu denen gekommen?

Ach da habe ich jetzt vier Jahre lang Geld auf die Seite gelegt. Also schon wo ich angestellt war habe ich jeden Monat eine kleine Ersparnis gemacht"

Gut, sehr gut. Wie finanzierst du den laufenden Finanzierungsbedarf für deine Unternehmensfinanzierung?

Also durch die Rechnungen...

Genau, also auch schon durch die Einnahmen.

Durch die Einnahmen.

Respekt. Wie würdest du die Entwicklung der Finanzausstattung deines Unternehmens beurteilen von der Gründung bis heute? Wenn du sagst wo du angefangen hast mit deinen 3.000€ und siehst
dann so die Entwicklung wie würdest du das beurteilen?

II.3.b. R: OK. Wie beurteilst du die Finanzierungsmöglichkeiten die dir bei der Finanzierung deines Unternehmens im Dienstleistungsbereich in Deutschland generell zur Verfügung stehen?

II.3.b. I: Schwierige Frage...

II.3.b. R: Ja schwierige Frage. Oder hast du dich gar nicht erkundigt was man so am Markt an finanziellen Mitteln bekommt wenn man anfängt sich selbstständig zu machen?

II.3.b. I: Ach so doch ich hab mal natürlich im Internet rumgesucht und hab mal gekuckt was es alles gibt. Es gibt natürlich auch so Ausschreibungen und so von verschiedenen Firmen so Existenzgründer das man ein Jahr lang begleitet wird oder so was oder das man auch einen Award gewinnen kann und das man mit seiner Idee, Ideen, Erfindungen so was alles... erkundigt, aber es ist so viel und so unübersichtlich, dass ich dann eigentlich auch abgebrochen hab weil es so viel Zeit in Anspruch genommen hat. Da hätte ich mir gerne gewünscht das mir jemand sagt pass auf die und die Mittel gibt es in deinem Bereich du bist im kreativem Bereich versuch mal das zu machen das du hier eine Förderung kriegst. Also ich finde es ein bisschen... das ist so unspezifisch...

II.3.b. R: Man wird praktisch erschlagen.

II.3.b. I: Ja genau und das ist so unspezifisch, man muss sich da durchfinden durch das ganze Zeug durchwühlen und letztendlich ist man in einem Strudel drin wo man überhaupt nicht mehr herausfindet und ja...


III. I: Naja also ich kauf halt nicht Klamotten jetzt die nicht unbedingt sein müssen. Oder ich wäge halt ab, was ich wirklich den Monat brauch oder ob ich es vielleicht in den nächsten mit reinrechne.

III. R: Guter Punkt.

III. I: Und dann gucke ich auch, wie meine Rechnungsstellungen von Kunden sind. Ist da ein größerer Betrag der anfällt, dann kann ich mir in dem Monat zum Beispiel wieder was kaufen, weil ich das dann gegen rechnen kann, dass ich nicht so viel Umsatzsteuer zahlen muss so mach ich das
APPENDICES

sehr gut. Gibt es Maßnahmen spezielle Maßnahmen um den laufenden Geldbedarf gering zu halten im Umgang mit Kunden?

134 IIIa. I: Wie meinst mit Kunden?
135 IIIa. R: Also, das du sagst du gehst mit Kunden speziell um das du da wenig Kosten verursacht werden um deinen Geldbedarf gering zu halten?
137 IIIa. R: Gar nicht... also du bestellst die Kunden jetzt nicht zu dir um möglichst keine Fahrtkosten zu haben. Ein Beispiel da mal dazu zu nennen oder gibt ja manchmal kreative....
139 IIIa. R: OK. Das ist ja auch ein guter Ansatz.
140 IIIa. I: Also, ich will auch was zur Umwelt beitragen natürlich und ja ich fahr viel Rad und treffe die Kunden möglichst in der Nähe von mir und versuche das schon so zu vermitteln das ich sage OK da ist jetzt ein guter Anlaufpunkt und ich sage auch den Kunden, dass ich kein Auto zur Verfüg ung habe und das ich mit Bus und Bahn kommen muss und dann ist es auch oft so, dass ich auch Kunden zu mir einlade oder ja... das ist schon so ab und zu aber ich versuche das nicht so möglichst so extrem privat zu machen, weil das läuft dann immer auf so eine Freundschaftsschiene raus. Ist zwar einerseits ganz gut aber andererseits ist es vielleicht erst einmal in der Anfangsphase besser, wenn man sich an einem neutralen Ort trifft.
141 IIIa. R: OK. Ja weil Freundschaftsphase hat ja auch dann oft den Nachteil das sie Freundschaftspreise wollen oder?
142 IIIa. I: Richtig (lacht) Das ist wirklich so... och das geht doch mal umsonst ja....
143 IIIa. R: (lacht) Ja OK klar.
144 IIIa. I: Nee, also da muss ich dann schon versuchen... das ist aber ein Lernprozess, also ist schön. (lacht)
145 IIIb. R: OK (lacht) Gibt es irgendwelche... ich sag mal so... gibt es bestimmte Umgangsformen, Methoden, Instrumente die du mit staatlichen Institutionen anwende wie Finanzamt zum Beispiel oder Arbeitsamt um möglichst wenige Kosten zu verursachen?
146 IIIb. I: Ja Email... E-Mailkontakt versuchen, was natürlich beim Finanzamt schwierig ist, weil es gibt natürlich Sachen die sind am Telefon schneller geklärt sind. Und bei der Agentur für Arbeit hab ich die Durchwahl von meiner Arbeitsbetreuerin die habe ich inzwischen gekriegt. Man muss nicht mehr über die 0180er Nummer fahren die immer nervig ist weil du ewig an der Leitung hängst. Mail klappt selten, aber über XING zum Beispiel habe ich sie erfasst und da kontaktiere ich sie das ist ganz witzig. (lacht)
147 IIIb. R: (lacht) OK cool.
148 IIIb. I: So langsam ist das ganz nett ja.
149 IIIb. R: OK Gibt es spezielle Maßnahmen, um Geld zu sparen im Umgang mit Lieferanten?
150 IIIe. I: Ja, ich versuche halt eine Sammelbestellung zu machen, wo ich dann die Lieferungskosten einsparen kann, weil es ab einem bestimmten Betrag frei ist oder dann ja vielleicht mit Abholung, dass man dann hinfährt und dann das Zeug vor Ort abholt. So schön, damit ich es nicht unbedingt den Kunden reindrücken muss ja.
Gibt es irgendwelche Einsparungen mit Mitbewerbern, die man vielleicht anwendet, wo man vielleicht sagt, da positioniert man sich irgendwie, um die Kosten zu reduzieren oder das man mit denen was zusammen macht, oder oder?

Also ich würde mal sagen ja. Ich hab jetzt auch jemanden der die Grafik macht und der kann sehr gut illustrieren und das ist jetzt nicht so mein Ding. Da würde ich länger brauchen, da würde ich vier fünf Stunden sitzen, sie zwei Stunden und das Ersparnis davon, da lass ich sie dann lieber machen.

Gibt es Sachen die du im Umgang mit dir selber anwendest um deinen Kostenbedarf möglichst gering zu halten?

Ja, halt knausern mit mir. Erst mal ein bisschen knausen, ja auch so mit Ausgaben: muss man essen gehen oder kann man eher so sagen gehe ich mal zum Thai da kostet es bloß 3 oder 4€ ja oder mal ein bisschen gucken ja also beim Essen sparen.

Hast du da bestimmte Prinzipien für dich?

Ja also ich sag jetzt ich muss nicht jeden Tag essen gehen, essen muss ich jeden Tag ist klar (lacht) ja aber ich schau schon wenn ich jetzt zum Beispiel einkaufen gehe auch darauf das ich dann jetzt bewusst einkaufe um einzusparen. Nicht einfach rein in Korb und soll und gehe an die Kasse weil ist ja wurst weil ich bin ja jetzt selbständig, sondern es wird schon sehr knauserig ausfallen brauch ich das wirklich und teile mir dann ein was ich in der Woche esse und dann habe ich natürlich auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein.


Eine Idee auf jeden Fall dass ich zum Beispiel mir einen Urlaub leisten kann den ich mal irgendwann anstrebe und das ich in dem Urlaub einfach ohne denken ausgeben kann.

Verstanden gut. Gibt es auch Maßnahmen die du anwendest um den Geldeingang im Detail zu Verbessern? Zum Beispiel im Umgang mit Kunden?

Naja gut, zum Beispiel mach ich eine Zeitaufnahme, wie lange habe ich für das Projekt gebraucht habe, was habe ich vorher für einen Preis angesetzt und wenn ich dann merke das ich dann zwei Stunden länger gebraucht habe, weil Korrekturen drinnen waren, dann rede ich da eben mit dem Kunden und sage pass auf, das war jetzt in dem Fall so und so, nächstes mal müssen wir da schon anders Kalkulieren und rede da mit dem Kunden offen darüber, dass das nicht so realisierbar ist, weil ich sonst nicht auf meine Kostendeckung komme und dann ist es meistens so das der Kunde dann sagt: OK ist kein Problem, kannst das nächste mal dann das verlangen und vom Preis her war es ganz super und man guckt halt immer auf den Mittelweg. Aber es ist trotzdem noch so das man sagt man hat ein bisschen... Lehrzeit ist auch Lernzeit.

Gibt es eine bestimmte Sache, wo du mit Staatlichen Institutionen wie Finanzamt oder Arbeitsamt oder anderen Ämtern, wo du versuchst den Geldeingang zu verbessern?


(lacht) gibt es da auch was im Umgang mit Mitbewerbern was man macht um den Geldeingang zu verbessern?

Nee, noch nicht.
APPENDICES

165 III. R: Mit dir selber? Wo du sagst selber das sind so Maßnahmen und Prinzipien damit ich meinen Geldeingang ein bisschen verbessern kann?

166 III. I: Im Moment noch nicht.

167 III. R: Gibt es auch Wege wie du die Geldmittel organisierst, um da Kosten zu sparen?


169 III. R: Gibt es da einen speziellen Weg, wie du das beobachtst oder versuchst so die Einhaltung deiner Finanzplanung im Blick zu behalten?


171 III. R: OK OK. Wenn du eine Abweichung feststellst auch im Unternehmen oder einen finanziellen Engpass hast du dann eine Idee, wie du das steuem würdest oder damit umgehen würdest?


173 III. R: Das funktioniert?

174 III. I: Ja, das ist cool, also wenn was da ist zum Arbeiten dann sagen die: ja, OK, dann kriegst du den mach mal. Also ich hab ein ganz gutes Verhältnis mit meinen Kunden.

175 III. R: Gibt es sonstige Methoden, was du versuchst um deine finanzielle Situation deinem Unternehmen sicher zu stellen?

176 III. I: (überlegt)puuuh ein Trick ....

177 III. R: Methoden oder einen Grundsatz...

178 III. I: Eigentlich nicht ne...

179 III. R: Dann haben wir es schon.

180 III. I: War es das schon?

181 III. R: Ja das war es schon.
182 III. I: Hat gar nicht weh getan.

183 III. R: Vielen Dank.

184 III. I: Bitte.
Meth. appendix 6: Coding list of the first interview.

### 1. Die Zielparameter des Finanzmanagements von Gründungsunternehmen (Target Parameters of the Entrepreneurial Finance Management)

#### 1.a. Die Finanzziele des Unternehmens (Financial management objectives)

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Das ist eine Arbeitslüge.“</td>
<td>Arbeitlügen</td>
</tr>
<tr>
<td>02</td>
<td>„Zwei große Kapitalbeträge.“</td>
<td>Kapitalbetrag</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe die ersten zwei Jahre im Nebenerwerb.“</td>
<td>Nebenerwerb</td>
</tr>
</tbody>
</table>

#### Erklären Sie von Ihrer Motivation den persönlichen Zielen für Ihre Unternehmensgründung?

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
</tbody>
</table>

#### Nennen Sie Ihrer generellen Unternehmensziele im Detail?

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>

#### Welche Ziele würden Sie als spezielle Finanzziele Ihres Unternehmens definieren?

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>

#### Wie wollen Sie Ihre Ziele im Detail umsetzen?

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>

#### Welche Rolle spielen bei der Umsetzung Ihrer Ziele folgende Faktoren?

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>

#### Kosten

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>

#### Kapitalbeschaffung

<table>
<thead>
<tr>
<th>No.</th>
<th>L. n. quote</th>
<th>phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>„Ich habe mein Leben nie als Spaß.“</td>
<td>Lebenszufriedenheit</td>
</tr>
<tr>
<td>02</td>
<td>„Ich habe meine Zeit nie zuversichtlich.“</td>
<td>Zeitzufriedenheit</td>
</tr>
<tr>
<td>03</td>
<td>„Ich habe meinen Job nie als Spaß.“</td>
<td>Jobzufriedenheit</td>
</tr>
</tbody>
</table>
APPENDICES

II. Die Einflußfaktoren des Finanzmanagements von Gründungsunternehmen (The Conditions of the Entrepreneurial Finance Management)

II.1. Der Unternehmer als Finanzmanager (The Entrepreneur as Financial Manager)

Bitte beschreiben Sie Ihre Aufgaben als Finanzmanager im Detail.

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;ich ordnete Rechnungen stellte&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;Dann habe ich mir auch ein extra Programm geholt, daß mir das alles auch vergibt&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;dann ich Sicherheit habe&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;dann ich auch Angst habe, also ich zuviel haben, zuviel haben kann, und von mir, den Kampan die man, was ich ohne machen kann&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;noch, denn die Leute natürlich zahlen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;wenn ich die Rechnungen ordentlich stelle&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;Richtungsplanung&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;Richtungsplanung&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;fixiert habe&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;Vorübersehen zum Beispiel, ich auch drauf schiebe, ich die Kunden mir das zahlen, bevor ich dann anstege zu Arbeiten&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;meiner Umsatzrechnung erstmal auch immer praktisch abgelehne&quot;</td>
</tr>
<tr>
<td>002</td>
<td>054</td>
<td>&quot;Da bin ich halt immer dahinter&quot;</td>
</tr>
</tbody>
</table>

Welche Aufgaben stellen sich Ihnen im Hinblick auf die:

> Organisation der Finanzmittel

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;ich habe nur noch eine Geschäftssoftware, die ich jetzt sagen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;und Türkei halt drauf&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;ich arbeite mit dem Businessplan halt noch&quot;</td>
</tr>
<tr>
<td>002</td>
<td>050</td>
<td>&quot;Businessplan&quot;</td>
</tr>
</tbody>
</table>

> Planung der Finanzmittel

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Planung der Finanzen über den Businessplan&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;und Einhaltung&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Einhaltung der Finanzplanen&quot;</td>
</tr>
</tbody>
</table>

> Kontrolle der Finanzmittel

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Einnahmen (...) praktisch in den Programmen (...) Ausgabenschreibbüchern&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Hemantakontrolle der Rechnungsstellung&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Abzüglich mit dem Businessplan&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Einnahmen waren da, hat der Kunde gezahlt, und habe ich das korrekt gemacht&quot;</td>
</tr>
</tbody>
</table>

> Steuerung der Finanzmittel

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>064</td>
<td>&quot;ich mach jetzt eigentlich gar nicht so viel&quot;</td>
</tr>
<tr>
<td>002</td>
<td>064</td>
<td>&quot;Businessplan&quot;</td>
</tr>
</tbody>
</table>

Angenommen Sie sollten Ihre persönliche Kompetenz im Umgang mit den Unternehmensfinanzen beurteilen, wie würde diese Beurteilung ausfallen?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Könnte besser sein&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;wenn ich mich besser auskennen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Besser strukturieren würde ich sagen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;Also ich bin da noch ein bisschen unsicher, sage ich mal&quot;</td>
</tr>
<tr>
<td>002</td>
<td>060</td>
<td>&quot;ich habe es noch nicht so ganz kann mit der Abrechnung und mit dem Order mit abfahren&quot;</td>
</tr>
</tbody>
</table>

II.1.1. Finanzierungsbedarfsweg von Gründungsunternehmen im Dienstleistungsbereich (Fundraising Requirements of Start-up Enterprises in the Service Sector)

Mit welchem Betrag hatten Sie den Finanzierungsbedarf für Ihre Unternehmensgründung vor Start des Unternehmens angesetzt?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>072</td>
<td>&quot;Ich hab mal 3.000,- angezahlt&quot;</td>
</tr>
</tbody>
</table>

> Wie konnten Sie den Finanzierungsbedarf erreichen?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>071</td>
<td>&quot;Das habe ich im Rahmen meinen Businessplanen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>071</td>
<td>&quot;Businessplan mit meinen Gründercoach gemacht&quot;</td>
</tr>
</tbody>
</table>

> Hatten Sie Ihren Finanzierungsbedarf aus heutiger Perspektive zurecht eingeschätzt? Warum hatten Sie Ihren Finanzierungsbedarf zurecht eingeschätzt?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>075</td>
<td>&quot;Ja, absolut&quot;</td>
</tr>
</tbody>
</table>

> Konnten Sie Ihren Umsatz richtig einschätzen?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>078</td>
<td>&quot;Ja, absolut&quot;</td>
</tr>
</tbody>
</table>

> Wenn ja, welche Strategien würden Sie auf Basis Ihrer Erfahrungen empfehlen, um zukünftige Finanzplanung zu verbessern?

<table>
<thead>
<tr>
<th>no.</th>
<th>ln.</th>
<th>quote phenomenen</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>089</td>
<td>&quot;Abia richtig Zeit nehmen mit dem Businessplan&quot;</td>
</tr>
<tr>
<td>002</td>
<td>089</td>
<td>&quot;Nicht Holper die Gruppen einfach durchmachen&quot;</td>
</tr>
<tr>
<td>002</td>
<td>089</td>
<td>&quot;Verschwinden der sichere auch mit Rat und Erfahrung, die der wahre gibt&quot;</td>
</tr>
<tr>
<td>002</td>
<td>089</td>
<td>&quot;das man auch in sich halt und abwartet&quot;</td>
</tr>
<tr>
<td>002</td>
<td>089</td>
<td>&quot;und man muss schon dann erst mal mal auf Aufträge machen oder eine Weiterbildung, damit man das besser einschätzen kann&quot;</td>
</tr>
</tbody>
</table>
Gab es in den jeweiligen Entwicklungphasen Ihres Unternehmensausbaus unterschiedliche Finanzierungsbedarfe? Wenn ja, welche waren das?

Gründungsveranstaltung

- Renovierungen für Fabrikation
- Kosten für das Programm "Softwareinvestitionen"
- Kosten für den Laptops-

Gründungsabschluss

- "Ich habe erstmal alles so austattet, weil ich das im Büro habe. Ich habe da einen großen Schreibtisch, einen Schreibtisch mit viel Platz, und auch die Programme, diese Sachen haben sich ja schon wieder geändert, so dass ja von Adobe gibt es ja immer die Creative Suite und die kostet so viel" - Software

Gründungsfinanzierung (Start-up Finanzierung)

- "Das war einmal, als ich immer Geld auf die Seite gelegt habe" - Ersparekonto
- "Ich hatte immer eine Erspareinlage, und auch die Programme, diese Sachen haben sich ja schon wieder geändert, so dass ja von Adobe gibt es ja immer die Creative Suite und die kostet so viel" - Software

II. Die Einfußfaktoren der Finanzierungsformen von Gründungsunternehmen

II.1. Finanzielle Auswirkung der Gründer vor Gründung

Wie würden Sie Ihre persönliche finanzielle Situation vor dem Unternehmensstart beurteilen?

- "Ich habe erstmal alles so austattet, weil ich das im Büro habe. Ich habe da einen großen Schreibtisch, einen Schreibtisch mit viel Platz, und auch die Programme, diese Sachen haben sich ja schon wieder geändert, so dass ja von Adobe gibt es ja immer die Creative Suite und die kostet so viel" - Software

II.2. Der Aufbau der Start-Up Finanzierung

Wie haben Sie die Finanzierung Ihrer Finanzbedarfe gestaltet?

- "Ich habe ganz mal das zu machen das du hier eine Förderung kriegst" - Lotse fehlt
- "Ja das ist steigend. Also auf jeden Fall nicht abfallend trotz dieser ganzen Wirtschaftskrise." - Steigend positiv
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Welche Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z. B. Erspareinlagen, Bankkredit oder Familienkredit)?

- "Ja das ist steigend. Also auf jeden Fall nicht abfallend trotz dieser ganzen Wirtschaftskrise." - Steigend positiv
- "Ich habe ganz mal das zu machen das du hier eine Förderung kriegst" - Lotse fehlt

Welche Gründe machen Sie für eine frühere Kostendeckung verantwortlich?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Weitere Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z. B. Erspareinlagen, Bankkredit oder Familienkredit)?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Welche Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z. B. Erspareinlagen, Bankkredit oder Familienkredit)?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Wie würden Sie die Entwicklung der Finanzierung Ihres Unternehmens beurteilen von der Gründung bis heute?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Wie würden Sie die Entwicklung der Finanzierung Ihres Unternehmens beurteilen von der Gründung bis heute?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Welche Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z. B. Erspareinlagen, Bankkredit oder Familienkredit)?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Welche Finanzierungsquellen haben Sie für den Unternehmensaufbau genutzt (z. B. Erspareinlagen, Bankkredit oder Familienkredit)?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

Die Finanzierungsmöglichkeiten Quellen, die Ihnen zur Verfügungstehen?

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegt" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto

- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto
- "Ja, das ist steigend. Ich habe das jetzt auch so angelegt. Da habe ich jetzt ein Jahr lang Geld auf die Seite gelegen" - Ersparekonto
Welche Maßnahmen wenden Sie dabei an im Umgang mit:
- Kunden?
  no. ln. quote phenomenon
  050 "Wenn zwei Stunden länger gebraucht habe, weil Kritikerinnen dämmer waren, dass mehr ich da oben mit den Kunden und sage passt auf, das
  050 "und sage passt auf, das vor jetzt dem Fall zu und nicht, nächste mal muss ich die schon andere Kritiker und reden da mit dem Kunden offen bitten"
  050 "und sage passt auf, das vor jetzt dem Fall zu und nicht, nächste mal muss ich die schon andere Kritiker und reden da mit dem Kunden offen bitten"
  050 "Kunden einladen"

- Staatlichen Institutionen?
  no. ln. quote phenomenon
  050 "Vom Beispiel nur in Schreiben geht halt von einem Klimaminderung, wo ich sag Halt, pass auf", dann hab ob gleich angeregt
  050 "und dann haben die gesagt, ich muss mich nicht raufen"
  050 "Praktische Kommunikation"

- Lieferanten?
  no. ln. quote phenomenon
  050 "Oder ich sage aber, dass ich vielleicht den Mond brechen oder ob ich es vielleicht in den nächsten mit rechnen"
  050 "Vorarbeiten von Anschaffungen"

- Freunden & Familie?
  no. ln. quote phenomenon
  050 "Und dann gibt es noch, nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den
  050 "und dann gibt es noch, nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den
  050 "und dann gibt es noch, nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den
  050 "nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den
  050 "nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den
  050 "nach meinen Anschaffungen von Kunden, dass ist ein größere Belastung der, dass kann man mir in den

- Mitbewerbern?
  no. ln. quote phenomenon
  050 "Welche Maßnahmen wenden Sie dabei an im Umgang mit:
  050 "welchen Weg beobachten Sie die Einhaltung Dirg Finanzplannungen (Kontrollen)?
  050 "wie gehen Sie mit fettgetahten Abweichungen im finanziellen Engpass (Statengeldmethoden)?

APPENDICES

296 / 323

- Freundes & Familie?
  no. ln. quote phenomenon
  100 "und dann habe ich natürlich auch noch den Vorlei das ich bei meiner Oma essen kann. Da spart man sich auch was ein".
  100 "und dann habe ich natürlich auch noch den Vorlei das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "und dann habe ich natürlich auch noch den Vorlei das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "und dann habe ich natürlich auch noch den Vorlei das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

- Lieferanten?
  no. ln. quote phenomenon
  100 "Ich versuche halt eine laufende Besprechung zu halten, vor allem ich die Lieferiebermuster eignen lassen, weil sie ab einer bestimmten Betrag
  100 "Ich versuche halt eine laufende Besprechung zu halten, vor allem ich die Lieferiebermuster eignen lassen, weil sie ab einer bestimmten Betrag
  100 "Ich versuche halt eine laufende Besprechung zu halten, vor allem ich die Lieferiebermuster eignen lassen, weil sie ab einer bestimmten Betrag
  100 "Ich versuche halt eine laufende Besprechung zu halten, vor allem ich die Lieferiebermuster eignen lassen, weil sie ab einer bestimmten Betrag

- Mitarbeiter?
  no. ln. quote phenomenon
  100 "Ich habe jetzt auch jemanden der die Größen macht und der sicher sehr hilfreiche und das ist jetzt so recht Dez. Da viele ich lange
  100 "Ich habe jetzt auch jemanden der die Größen macht und der sicher sehr hilfreiche und das ist jetzt so recht Dez. Da viele ich lange
  100 "Ich habe jetzt auch jemanden der die Größen macht und der sicher sehr hilfreiche und das ist jetzt so recht Dez. Da viele ich lange
  100 "Ich habe jetzt auch jemanden der die Größen macht und der sicher sehr hilfreiche und das ist jetzt so recht Dez. Da viele ich lange

- Wie organisieren Sie Ihre Geldstruktur um Kuren zu sparen (Organisations-Methoden)?
  no. ln. quote phenomenon
  100 "'Cashinhibit und das ich von den Zinsen die Miracle kosten ich und das ist eher deshalb, weil ich die Geld, das brauche ich jetzt ein oder andere, ich kann das jetzt nicht anders, aber ich habe jetzt
  100 "'Cashinhibit und das ich von den Zinsen die Miracle kosten ich und das ist eher deshalb, weil ich die Geld, das brauche ich jetzt ein oder andere, ich kann das jetzt nicht anders, aber ich habe jetzt
  100 "'Cashinhibit und das ich von den Zinsen die Miracle kosten ich und das ist eher deshalb, weil ich die Geld, das brauche ich jetzt ein oder andere, ich kann das jetzt nicht anders, aber ich habe jetzt
  100 "'Cashinhibit und das ich von den Zinsen die Miracle kosten ich und das ist eher deshalb, weil ich die Geld, das brauche ich jetzt ein oder andere, ich kann das jetzt nicht anders, aber ich habe jetzt

- Auf welche Art beobachten Sie die Entwicklung Ihrer Finanzplannungen (Kontroll-Methoden)?
  no. ln. quote phenomenon
  100 "einmal im Vorfeld mit berücksichtigen". Kundenzahlkontrolle
  100 "einmal im Vorfeld mit berücksichtigen". Kundenzahlkontrolle
  100 "einmal im Vorfeld mit berücksichtigen". Kundenzahlkontrolle
  100 "einmal im Vorfeld mit berücksichtigen". Kundenzahlkontrolle

- Wie gehen Sie mit Saison-Abweichungen oder finanziellen Engpässen um (Finanzierungs-Methode)?
  no. ln. quote phenomenon
  100 "Naja, ich nehme das dann erst mal en". Vorfeld mit berücksichtigen
  100 "Naja, ich nehme das dann erst mal en". Vorfeld mit berücksich
tigen
  100 "Naja, ich nehme das dann erst mal en". Vorfeld mit berücksichtigen
  100 "Naja, ich nehme das dann erst mal en". Vorfeld mit berücksichtigen

- Wie sehen Sie die Veränderung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methode)?
  no. ln. quote phenomenon
  100 "Wie sehen Sie die Veränderung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methode)?
  100 "Wie sehen Sie die Veränderung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methode)?
  100 "Wie sehen Sie die Veränderung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methode)?
  100 "Wie sehen Sie die Veränderung Ihrer Geldmittel zur Verwirklichung Ihrer Unternehmensziele (Planungs-Methode)?

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein".
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"

Fachwissen: Geschäft und Freundschaft
  no. ln. quote phenomenon
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
  100 "Naja, ich habe immer auch noch den Vorteil das ich bei meiner Oma essen kann. Da spart man sich auch was ein"
Meth. appendix 7: Construct map coding of the first interview.

cm 11.1: Target parameters of the EFM.

Source: Based on field studies.

cm 11.2: The conditions of EFM (part 01).

Source: Based on field studies.
cm 11.3: The conditions of EFM (part 02).

Source: Based on field studies.

cm 11.4: CPDS-instruments to keep the money requirements low.

Source: Based on field studies.
cm 11.5: CPDS-instruments for the improvement of the money inflow.

Source: Based on field studies.

cm 11.6: The conditions of EFM.

Source: Based on field studies.
cm 11.7: CPDS-methods.

Source: Based on field studies.
Meth. appendix 8: Initial categories scheme of the first interview.

<table>
<thead>
<tr>
<th>category (level 1)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>sub-category (level 2)</td>
<td></td>
</tr>
<tr>
<td>sub-sub-category (level 3)</td>
<td></td>
</tr>
<tr>
<td>sub-sub-sub-category (level 4)</td>
<td></td>
</tr>
<tr>
<td>sub-sub-sub-sub-category (level 5)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>characteristic of the financial manager / business start-up person</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>age</td>
<td>preliminary</td>
</tr>
<tr>
<td>gender</td>
<td>preliminary</td>
</tr>
<tr>
<td>highest level of education</td>
<td>preliminary</td>
</tr>
<tr>
<td>business education</td>
<td>preliminary</td>
</tr>
<tr>
<td>self-evaluation: financial competences</td>
<td></td>
</tr>
<tr>
<td>insufficient</td>
<td>068</td>
</tr>
<tr>
<td>knowledge deficit</td>
<td>068</td>
</tr>
<tr>
<td>insufficient office organization</td>
<td>068</td>
</tr>
<tr>
<td>unstructured</td>
<td>068</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>characteristic of the start-up enterprise</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>services</td>
<td>preliminary</td>
</tr>
<tr>
<td>legal form of the enterprise</td>
<td>preliminary</td>
</tr>
<tr>
<td>date of foundation</td>
<td>preliminary</td>
</tr>
<tr>
<td>state of life-cylyce</td>
<td>preliminary</td>
</tr>
<tr>
<td>start-up phase &amp; early expansion phase</td>
<td>preliminary</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>start-up motives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>way out of unemployment</td>
<td>002</td>
</tr>
<tr>
<td>sequence of the choice of the academic studies</td>
<td>002</td>
</tr>
<tr>
<td>job satisfaction</td>
<td>002, 004, 006</td>
</tr>
<tr>
<td>enthusiasm for the own business concept</td>
<td>002</td>
</tr>
<tr>
<td>belief in the own competence</td>
<td>004</td>
</tr>
<tr>
<td>subsidies of the unemployment office</td>
<td>002</td>
</tr>
<tr>
<td>self-determined working</td>
<td>010</td>
</tr>
<tr>
<td>freedom</td>
<td>008</td>
</tr>
<tr>
<td>working without a supervisor</td>
<td>012</td>
</tr>
<tr>
<td>autonomy</td>
<td>002</td>
</tr>
<tr>
<td>decision maker</td>
<td>008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>financial objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>financial security</td>
<td>036</td>
</tr>
<tr>
<td>insolvency insurance</td>
<td>036</td>
</tr>
<tr>
<td>build up a reserve fund</td>
<td>050</td>
</tr>
<tr>
<td>saving of the financial position</td>
<td>018</td>
</tr>
<tr>
<td>income increasement</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>financial strategies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>no external financing</td>
<td>042</td>
</tr>
<tr>
<td>capital preventing development strategie</td>
<td>042</td>
</tr>
<tr>
<td>incremental procedure</td>
<td>026</td>
</tr>
<tr>
<td>regular invoicing</td>
<td>026</td>
</tr>
<tr>
<td>regular income</td>
<td>028</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>tasks of the financial manager</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>organization of the flow of financial resources</td>
<td>debtor organisation</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>quotation management</td>
<td>050</td>
</tr>
<tr>
<td>terms and conditions negotiation</td>
<td>054</td>
</tr>
<tr>
<td>invoicing</td>
<td>050, 054</td>
</tr>
<tr>
<td>dunning</td>
<td>050</td>
</tr>
<tr>
<td>creditor organization</td>
<td></td>
</tr>
<tr>
<td>meet VAT deadlines</td>
<td>054</td>
</tr>
<tr>
<td>enterprise-organisation</td>
<td></td>
</tr>
<tr>
<td>accounting software</td>
<td>058</td>
</tr>
<tr>
<td>business plan fulfillment</td>
<td>058</td>
</tr>
<tr>
<td>planning of the flow of financial resources</td>
<td></td>
</tr>
<tr>
<td>business plan</td>
<td>060</td>
</tr>
<tr>
<td>control of the flow of financial resources</td>
<td></td>
</tr>
<tr>
<td>anticipatory handling of the financial means</td>
<td>054</td>
</tr>
<tr>
<td>active taking care of the financial means</td>
<td>058</td>
</tr>
<tr>
<td>monitoring of the flow of financial resources</td>
<td></td>
</tr>
<tr>
<td>variance analysis</td>
<td></td>
</tr>
<tr>
<td>permanent calibration between plan- and actual figures</td>
<td>060, 062</td>
</tr>
<tr>
<td>check the outstanding customer payments</td>
<td>062</td>
</tr>
<tr>
<td>check if all services are invoiced</td>
<td>062</td>
</tr>
<tr>
<td>outgoing invoice book</td>
<td>062</td>
</tr>
<tr>
<td>monthly check of the invoicing</td>
<td>062</td>
</tr>
</tbody>
</table>

| funding requirements of start-up enterprises   |                       |
| start-up funding requirement                   | €3,000.00             |
| Break-Even-Point                               | 096                   |
| after 2 months                                 |                       |
| life cycle-related funding requirements        |                       |
| information- and orientation phase            |                       |
| software investments                           | 090                   |
| business plan support                          | 090                   |
| selling expenses (travel expenses)             | 090                   |
| conception phase                               |                       |
| selling expenses (travel expenses)             | 090                   |
| greatest financing requirements                |                       |
| hardware                                       | 100                   |
| software                                       | 100                   |

| start-up financing                             |                       |
| personal financial situation before the start-up | 106                   |
| subsistence level                              |                       |
| set-up of the start-up financing               |                       |
| financing source                               |                       |
| savings                                        | 112                   |
| current enterprise financing                   |                       |
| self-financing                                 | 114, 116              |
| subsidies of the unemployment office           | 002                   |
| CPDS-methods and instrument                    | see CPDS-instruments and methods |
| financing options available in Germany         | 122                   |
| confuse density of offers                       | 122                   |
| little guidance                                | 122                   |
| great variety of competitions                  | 002                   |
| subsidies of the unemployment office           |                       |

<p>| CPDS-instruments                              |                       |
| CPDS-Instruments to keep the money requirement low |                     |</p>
<table>
<thead>
<tr>
<th>Reduction of the private spendings</th>
<th>132</th>
</tr>
</thead>
<tbody>
<tr>
<td>go out for food at a reduced rate</td>
<td>154</td>
</tr>
<tr>
<td>having lunch with my grandma</td>
<td>156</td>
</tr>
<tr>
<td>scimp</td>
<td>154</td>
</tr>
<tr>
<td>Focusing on the essential</td>
<td>132</td>
</tr>
<tr>
<td>plan the necessities of life carefully</td>
<td>156</td>
</tr>
<tr>
<td>go shopping consciously</td>
<td>154</td>
</tr>
<tr>
<td>Running business at home</td>
<td>140</td>
</tr>
<tr>
<td>Reduction of business travel expenses</td>
<td>140</td>
</tr>
<tr>
<td>usage of the public transportation system</td>
<td>138</td>
</tr>
<tr>
<td>go by bike</td>
<td>140</td>
</tr>
<tr>
<td>select close meeting points</td>
<td>140</td>
</tr>
<tr>
<td>meet customers in the home office</td>
<td>140</td>
</tr>
<tr>
<td>Reduction of shipment expenses</td>
<td>150</td>
</tr>
<tr>
<td>direct collection</td>
<td>150</td>
</tr>
<tr>
<td>Collective order</td>
<td>146</td>
</tr>
<tr>
<td>Reduction of communication expenses</td>
<td>146</td>
</tr>
<tr>
<td>usage of email</td>
<td>146</td>
</tr>
<tr>
<td>usage of XING</td>
<td>146</td>
</tr>
<tr>
<td>Usage of direct inward dialing</td>
<td>146</td>
</tr>
<tr>
<td>CPDS-instruments for the improvement of the money inflow</td>
<td></td>
</tr>
<tr>
<td>Customer handling</td>
<td>160</td>
</tr>
<tr>
<td>Additional invoicing of current order modifications</td>
<td>160</td>
</tr>
<tr>
<td>Handling of free financial resources</td>
<td></td>
</tr>
<tr>
<td>Usage of a call money account with higher interests</td>
<td>168</td>
</tr>
<tr>
<td>Usage of special interest programmes</td>
<td>168</td>
</tr>
<tr>
<td>Usage of cash accounts</td>
<td>168</td>
</tr>
<tr>
<td>Usage of cheaper suppliers to improve the contribution margin</td>
<td>152</td>
</tr>
<tr>
<td>Performance close invoicing</td>
<td>050</td>
</tr>
</tbody>
</table>

**CPDS-methods**

**Planning-methods**

- Planning procedure / calculation method
  - Not simply beginning                                         | 086 |
  - Take time for the business plan                              | 086, 073 |
  - Usage of a start-up consultant                               | 086, 073 |

**Planning of the funding requirements**

- Calculation method of the funding requirements
  - Start-up consultant                                           | 073 |
  - Business plan                                                 | 073 |

**Difficulties with the correct forecast of the funding requirement**

- Value of the own service at the market                         | 082 |
- Sales prices are difficult to estimate                          | 082 |

**Reasons for the correct forecast of the funding requirement**

- Expenses are simple to estimate                                | 080 |
- No warehouse / no warehouse expenses                           | 080 |
- Hardly need for investments                                    | 080 |
- "Product-specific" work experience                             | 014 |
- "Product-specific" education                                   | 088 |
- Entrepreneurial experience                                     | 002 |

**Organization-methods**

- Anticipatory operation method                                  | 172 |
- Consider risks in advance                                      | 172 |
- Consider seasonal variations                                   | 172 |
- Consider sectoral variations                                   | 172 |

**Proactive operation method**

- Taking care of the business                                    | 058 |
| continuous implementation check          | 028 |
| separation of friendship and business   | 172 |
| set-up a good customer relationship     | 140 |
| separation between friendship and business |    |
| expenses preventing operation method    |     |
| enforcing good terms of payment         | 054 |
| input taxes from the purchases are useful to reduce the sales tax | 132 |
| incremental course of action            | 042 |
| postponing of investments               | 130 |
| revenue-oriented operation method       |     |
| regular income / revenue                | 026, 037 |
| regular invoicing                       | 028 |
| constant volume of orders               | 028 |
| in case of shortage ask the customers for additional orders | 172 |
| control-methods                         |     |
| usage of the business plan as the personal guide line for the monthly figures | 058 |
| business plan implementation            | 028, 058 |
| control on the basis of located business plan deviations | 132 |
| take time for reflexion regularly       | 088 |
| monitoring-methods                      |     |
| search for special interest programmes to invest the free financial means | 168 |
| alert sensibility for opportunities     | 170 |
| monitor the financial market            | 170 |
| read financial newsletter               | 170 |
| read professional journals              | 170 |
| business plan deviation check           | 060, 062 |
| vigilance regarding the handling of financial resources | 054 |
| monitor open invoices and customer payments | 170, 062 |
| monitor the account balance regularly   | 170 |

Source: Based on present author.
Meth. appendix 9: Supplementary construct maps.

cm 11.8: Start-up financial objectives.

Source: Based on field studies.

cm 11.9: Planning of the flow of financial resources.

Source: Based on field studies.
cm 11.10: Life cycle-related funding requirements.

Source: Based on field studies.

cm 11.11: Financing sources.

Source: Based on field studies.
cm 11.12: Current enterprise financing.

- Subsidies of the unemployment office (002/002), (004/163), (005/078), (007/108), (008/064)
- CPDS-methods and instruments (002), (003), (004), (005), (006), (007), (008), (009)
- Management of the business with less money (005/038)
- Savings (007/104), (009/077)
- Self-financing (fully and partly) (002/114, 116), (005), (006/077), (007/106), (009/077)
- From the starting point the turnover could cover the expenses (003/079, 090), (004/168), (008/052)
- Monthly expenses to cover €2,500.00 (004/084)
- An additional €400.00/month job (007/104)

Source: Based on field studies.
Meth. appendix 10: Principles to develop interview questions by Arksey & Knight.

The author considers the following principles (Arksey and Knight, 1999, p93-95) to develop the interview questions:

- "the vocabulary to be used (keeping it simple)",
- "the avoidance of prejudicial language",
- "the avoidance of ambiguity and imprecision",
- "leading questions (a decision has to be taken whether it is justified to use them)",
- "the avoidance of double-barrelled questions (asking more than point at a time)",
- "questions that make assumptions (e.g. Do you go to work by car?)",
- "hypothetical or speculative questions",
- "sensitive or personal questions (whether to ask or to avoid them)" and
- "assuming that the respondent has the required knowledge / information".
Meth. appendix 11: Interview code of conduct by Kvale.

The author follows the code of conduct by Kvale within the interview process (Kvale, 1996, p30):

- “Engage, understand and interpret the key features of the lifeworlds of the participants”,
- “Use natural language to gather and understand qualitative knowledge”,
- “Be able to reveal and explore the nuanced descriptions of the lifeworlds of the participants”,
- “Elicit descriptions of specific situations and actions, rather than generalities”,
- “Adopt a deliberate openness to new data and phenomena, rather than being too prestructured”,
- “Focus on specific ideas and themes, i.e. have directions, but avoid being too tightly structured”,
- “Accept the ambiguity and contradictions of situations where they occur in participants if this is a fair reflection of the ambiguous and contradictory situation in which they find themselves”,
- “Accept that the interview may provoke new insights and changes in the participants themselves”,
- “Regard interviews as an interpersonal encounter, with all that this entails” and
- “Be a positive and enriching experience for all participants”.
Meth. appendix 12: Transcription regulations by Kuckartz et al.

The author transcripts the recorded interviews on basis of the transcription regulations by Kuckartz et al. (2008, p27ff):

- The author transcripts the interview recordings literally and not summarised. Dialectal impact is not transcripted;
- Language and punctuation are slightly fettled, that is the text is approximated to written German;
- The interviewer is labeled through an “R” (researcher), the interviewee through an “I” (interviewee).
- Agreeing or confirming sound comments of the interviewers (hmm, aha etc.) are not transcribed when they do not interrupt the flow of words of the interviewed person.
- Every speaker change is indicated by a unique pressing of the enter-key. The space arising between the speakers clearly increases the readability.

Meth. appendix 13: List of memos and diagrams applied within this DBA-thesis.

Table 11.19: Memos and diagrams (construct maps) applied within this DBA-thesis.

<table>
<thead>
<tr>
<th>used memo / diagram (reference)</th>
<th>field of application / description</th>
</tr>
</thead>
<tbody>
<tr>
<td>coding list (see meth. appendix 6: Coding list of the first interview)</td>
<td>The MS excel-based open code memo is used for the documentation of the discovered phenomena and is therefore the starting point for the open coding procedure.</td>
</tr>
<tr>
<td>construct map individual case coding memo (see meth. appendix 7: construct map coding of the first interview)</td>
<td>The categorising procedure and the second step of the open coding is documented in a construct map individual case coding memo.</td>
</tr>
<tr>
<td>individual case categories memo (see meth. appendix 8: initial categories scheme of the first interview)</td>
<td>MS excel-based documentation of the categories scheme of the individual interview case and the result of a continuous comparison of all case-related categories to a theme-related categories-net.</td>
</tr>
<tr>
<td>construct map all cases coding memo (see cm 6.1 – cm 11.12)</td>
<td>A theme-related all-cases-spanning construct map coding memo.</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Meth. appendix 14: Structure of the research diary.

The author structures the research diary in three sections:

- The "*dates*" act as a temporal orientation point and allow a chronological consideration of the process of cognition,
- The "*reference points*" are the interviews, the observations, the experiences from which the self-reflection originates (linkage),
- The "*self-reflections*" are the personal reflections, the descriptions of the problems and the changes with regard to the research process. Furthermore, it describes the learning curve of the author as a researcher.

Meth. appendix 15: KfW-listed\textsuperscript{31} start-up consultants (Peer debriefing).

Table 11.20: Peer debriefing with KfW-listed start-up experts.

<table>
<thead>
<tr>
<th>start-up consultancy</th>
<th>date</th>
<th>duration: start:end (h:m)</th>
</tr>
</thead>
</table>

Source: Based on present author.

\textsuperscript{31} The KfW-listing is a governmental assessment for start-up consultants. Without the listing, the consultant does not get access to the official start-up support programmes (https://beraterboerse.kfw.de).
Meth. appendix 16: Guideline for a debriefing session by Lincoln & Guba.

According to Lincoln and Guba, the debriefer should be someone who:

- "knows a great deal about both the substantive area of the inquiry and the methodological issues" (Lincoln and Guba, 1985, p308-309),
- "should be neither junior - lest his or her inputs are disregarded - nor senior - lest his or her inputs be considered as mandates, or lest the inquirer "hold back" for fear of being judged incompetent" (Lincoln and Guba, 1985, p309),
- "should not be someone in an authority relationship to the inquirer (a matter of particular note in the case of a doctoral study, which should avoid using members of the research committee as debriefers)" (Lincoln and Guba, 1985, p309) and
- "should be someone prepared to take the role seriously, playing the devil's advocate even when it becomes apparent that to do so produces pain for the inquirer" (Lincoln and Guba, 1985, p309).
Meth. appendix 17: Units of analysis.

Table 11.21: Units of analysis.

<table>
<thead>
<tr>
<th>no.</th>
<th>(remark)</th>
<th>start-up enterprise</th>
<th>business start-up person</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>(pilot interview)</td>
<td>ARTIST Kommunikations GmbH</td>
<td>Torsten Villinger</td>
</tr>
<tr>
<td>002</td>
<td>(first interview)</td>
<td>Alexandra Dech Designerei</td>
<td>Alexandra Dech</td>
</tr>
<tr>
<td>003</td>
<td>(second interview)</td>
<td>Agny Durasiewicz</td>
<td>Agny Korasevic</td>
</tr>
<tr>
<td>004</td>
<td>(third interview)</td>
<td>AS Consulting AG Anett Sünder</td>
<td>Annett Sünder</td>
</tr>
<tr>
<td>005</td>
<td>(fourth interview)</td>
<td>Athanasios Papathanasios Logistics</td>
<td>Athanasios Papathanasios</td>
</tr>
<tr>
<td>006</td>
<td>(declined interview)</td>
<td>Bernd Schnappau Metropolregion-</td>
<td>Bernd Schnappau</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Immobilien</td>
<td></td>
</tr>
<tr>
<td>007</td>
<td>(declined interview)</td>
<td>Constanze Scheler</td>
<td>Constanze Scheler</td>
</tr>
<tr>
<td>008</td>
<td>(give-up)</td>
<td>Daniel Kunkel</td>
<td>Daniel Kunkel</td>
</tr>
<tr>
<td>009</td>
<td>(give-up)</td>
<td>Daniela Günter</td>
<td>Daniela Günter</td>
</tr>
<tr>
<td>010</td>
<td>(employment)</td>
<td>Daniela Meissl</td>
<td>Daniela Meissl</td>
</tr>
<tr>
<td>011</td>
<td>(fifth interview)</td>
<td>Danjel Postruzin</td>
<td>Danjel Postruzin</td>
</tr>
<tr>
<td>012</td>
<td>(employment)</td>
<td>Decusa UG</td>
<td>Kai-Uwe Wittbölt</td>
</tr>
<tr>
<td>013</td>
<td>(employment)</td>
<td>DG Elektrotechnik München</td>
<td>Dominik Goi</td>
</tr>
<tr>
<td>014</td>
<td>(employment)</td>
<td>Dieter Rethschulte</td>
<td>Dieter Rethschulte</td>
</tr>
<tr>
<td>015</td>
<td>(sixth interview)</td>
<td>Hannelohre Lehnert Gesundheitsservice</td>
<td>Hannelohre Lehnert</td>
</tr>
<tr>
<td>016</td>
<td>(seventh interview)</td>
<td>Helge Würker</td>
<td>Helge Würker</td>
</tr>
<tr>
<td>017</td>
<td>(foreign assignment)</td>
<td>Hubertus Schott Consulting</td>
<td>Hubertus Schott</td>
</tr>
<tr>
<td>018</td>
<td>(declined interview)</td>
<td>Johannis Tschinkl</td>
<td>Johannis Tschinkl</td>
</tr>
<tr>
<td>019</td>
<td>(employment)</td>
<td>Manfred Müller Sale &amp; Services</td>
<td>Manfred Müller</td>
</tr>
<tr>
<td>020</td>
<td>(eighth interview)</td>
<td>Max Eisgruber Consulting</td>
<td>Max Eisgruber</td>
</tr>
</tbody>
</table>

Source: Based on present author.

The author starts with number “001” of the start-up service enterprise (business start-up person) list to ask for an interview (pilot interview) and ends with number “020” (eighth interview), according to the technique of theoretical sampling and saturation (see 6.3.1 Method of Data Collection). In the second column “(remark)” the author depicts either the number of the conducted interviews or the reason why the interview was not conducted: Out of twenty requested interviews only nine could be carried out for the present research project.
There are three different reasons for not having access to the sample:

1. Declining the interview with no named reason (three times),
2. Giving up the start-up project (two times) and
3. Finding a more attractive new employment during the start-up phase and accepting it (four times).

Thereby, the time needed for the realization and analysis of the pilot interview already demonstrates at a very early stage the maximum number of interviews with regard to research-practical aspects, since the effort for collecting and analysing the data increases proportionally to the number of cases. However, the sample size has to be large enough to saturate the categories and issues. After the realization of a total of nine expert interviews (included the pilot interview) and more than 220 hours of data collection and analysis time and effort (see table 11.1) it can be said that the realisation of further interviews can indeed yield new financing situations. However, the newly added CPDS-instruments and methods hardly vary from the already gained ones. Furthermore, the eight analyzed interviews produce a considerable quantity of information in order to fulfill the field of activity (see figure 5.1) and to produce first “theories” which can be tested in further quantitative studies. The following table provides an overview of the time requirements for the realisation and the analysis of the interviews:

Table 11.22: Time requirements for the data collection and analysis.

<table>
<thead>
<tr>
<th>activity</th>
<th>duration on average</th>
<th>over all (9 interviews)</th>
</tr>
</thead>
<tbody>
<tr>
<td>interview preparation and invitations</td>
<td>01:00 hh:mm</td>
<td>09:00 hh:mm</td>
</tr>
<tr>
<td>interview time (see table 11.23: Formal results of the data collection and -analysis)</td>
<td>00:55 hh:mm</td>
<td>08:15 hh:mm</td>
</tr>
<tr>
<td>interview transcription</td>
<td>07:00 hh:mm</td>
<td>63:00 hh:mm</td>
</tr>
<tr>
<td>case-related coding</td>
<td>10:00 hh:mm</td>
<td>90:00 hh:mm</td>
</tr>
<tr>
<td>case-spanning coding</td>
<td>50:00 hh:mm</td>
<td></td>
</tr>
<tr>
<td>sum</td>
<td>18:55 hh:mm</td>
<td>220:15 hh:mm</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Meth. appendix 18: Formal results of the data collection and analysis.

The number of categories contains all kind of categories (main categories, subcategories, sub-sub and so forth).

Table 11.23: Formal results of the data collection and analysis.

<table>
<thead>
<tr>
<th>no.</th>
<th>interview date</th>
<th>interview time (duration)</th>
<th>interview statements</th>
<th>phenomena</th>
<th>case-related open coding categories</th>
<th>case spanning categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>(pilot interview) 01/31/2010</td>
<td>02:52 - 03:55 pm 01:03 hh:mm</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>002</td>
<td>(first interview) 05/27/2010</td>
<td>05:30 - 06:27 pm 00:57 hh:mm</td>
<td>185</td>
<td>141</td>
<td>127</td>
<td></td>
</tr>
<tr>
<td>003</td>
<td>(second interview) 05/29/2010</td>
<td>01:30 - 02:20 pm 00:50 hh:mm</td>
<td>156</td>
<td>122</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>004</td>
<td>(third interview) 06/01/2010</td>
<td>01:05 - 02:07 pm 01:02 hh:mm</td>
<td>228</td>
<td>126</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>005</td>
<td>(fourth interview) 07/15/2010</td>
<td>07:57 - 08:43 pm 00:46 hh:mm</td>
<td>154</td>
<td>105</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>006</td>
<td>(fifth interview) 08/05/2010</td>
<td>11:00 - 11:50 pm 00:50 hh:mm</td>
<td>142</td>
<td>109</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>007</td>
<td>(sixth interview) 08/26/2010</td>
<td>04:58 - 05:59 pm 01:01 hh:mm</td>
<td>157</td>
<td>105</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>008</td>
<td>(seventh interview) 08/31/2010</td>
<td>01:04 - 01:59 pm 00:55 hh:mm</td>
<td>105</td>
<td>122</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>009</td>
<td>(eighth interview) 09/10/2010</td>
<td>07:06 - 07:58 pm 00:52 hh:mm</td>
<td>121</td>
<td>117</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>9</td>
<td>08:15 hh:mm</td>
<td>1,032</td>
<td>809</td>
<td>646</td>
<td>531</td>
</tr>
</tbody>
</table>

Source: Based on present author.

Meth. appendix 19: Time requirements for the peer debriefing.

Table 11.24: Time requirements for the peer debriefing with start-up consultancy.

<table>
<thead>
<tr>
<th>activity</th>
<th>duration on average</th>
</tr>
</thead>
<tbody>
<tr>
<td>interview preparation and invitations</td>
<td>18:15 hh:mm</td>
</tr>
<tr>
<td>interview time</td>
<td>02:03 hh:mm</td>
</tr>
<tr>
<td>interview transcription</td>
<td>32:30 hh:mm</td>
</tr>
<tr>
<td>interview analysis</td>
<td>22:18 hh:mm</td>
</tr>
<tr>
<td>Sum</td>
<td>75:06 hh:mm</td>
</tr>
</tbody>
</table>

Source: Based on present author.
Meth. appendix 20: Characteristics of a case study approach by Nisbet & Watt.

The strengths and weaknesses of a case study approach are listed by Nisbet and Watt (1984) in the following:

"Strengths:
- The results are easier to understand by a wide audience (including non-academic) as they are frequently written in everyday, non-professional language.
- They are immediately intelligible; they speak for themselves.
- They catch unique features that may otherwise be lost in larger scale data (e.g. surveys); these unique features might hold the key to understand the situation.
- They are strong on reality.
- They provide insights into other, similar situations and cases, thereby assisting interpretation of other similar cases.
- They can be undertaken by a single researcher without a full research team.
- They can embrace and build in unanticipated events and uncontrolled variables.

Weaknesses:
- The results may not be generalizable except where other readers / researchers see their application.
- They are not easily open to cross-checking, hence they may be selective, biased, personal and subjective.
- They are prone to problems of observer bias, despite attempts made to address reflectivity."

Meth. appendix 21: Characteristics of an interview guide approach by Patton.

The characteristics, strengths and weaknesses of an interview guide approach are listed by Patton (1980, p206) as follows:

Table 11.25: Interview guide approach according to Patton.

<table>
<thead>
<tr>
<th>characteristics</th>
<th>strengths</th>
<th>weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Topics and issues to be covered are specified in advance in outline form; interviewer decides sequence and working of questions in the course of the interview.&quot;</td>
<td>&quot;The outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent. Logical gaps in data can be anticipated and closed. Interviews remain fairly conversation al and situational.&quot;</td>
<td>&quot;Important and salient topics may be inadvertently omitted. Interviewer flexibility in sequencing and wording questions can result in substantially different responses.&quot;</td>
</tr>
</tbody>
</table>

Source: Based on Patton (1980, p206).
11.3 Criteria catalogs by Mayring, Steinke and Strauss & Corbin

Concerning the application of the quality criteria (see table 11.26-11.28) to the DBA-thesis, the author attempts to concentrate only on the essential aspects regarding the assessment of the research study with the purpose not to overload the tables, but to be meaningful. Furthermore, cross-references are added in order to avoid content-related repetitions. Cross-references are set between the different quality criteria and as well as with reference to text passages, tables, construct maps or figures.

Table 11.26: Evaluation of the DBA-thesis according to Mayring.

<table>
<thead>
<tr>
<th>Quality Criteria</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are individual case analyses integrated into the research process?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>Within the data collection (see 6.3.1 Method of Data Collection), expert interviews are carried out and analyzed within the typification of the data analysis (see 6.3.2 Method of Data Analysis).</td>
<td></td>
</tr>
<tr>
<td>Is the research process fundamentally open for amendments and revisions?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The data collection methods of the qualitative research are generally flexible. Data collection instruments (e.g. interview guides) and the procedure of data collecting are used flexibly and are adapted to the research situation (principle of openness).</td>
<td></td>
</tr>
<tr>
<td>Are the procedural steps done elaborately and rule-guided?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The author installs a research structure and process as a guideline that is as transparent as possible with the purpose to obtain the reader's confidence in the research procedure findings of the thesis.</td>
<td></td>
</tr>
<tr>
<td>Is the presuppositional knowledge of the researcher disclosed?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The presuppositional knowledge of the researcher is disclosed (see 6.2 Research Approach and Strategy).</td>
<td></td>
</tr>
<tr>
<td>Is the introspective material also approved fundamentally to the analysis?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>Regarding qualitative data analysis, self-reflection is an important aspect of the quality control. Therefore, the author keeps a research diary to illustrate his personal impressions / interpretations as best as possible during the research project (see meth. appendix 4: Excerpt of the Research Diary).</td>
<td></td>
</tr>
<tr>
<td>Is the research process considered as interaction?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The GT stands in the tradition of symbolic interactionism (see 6.2 Research Approach and Strategy).</td>
<td></td>
</tr>
<tr>
<td>Is also a holistic subject-conception obvious?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The author develops an integrated financing model for start-up service enterprises in Germany.</td>
<td></td>
</tr>
<tr>
<td>Is the subject also seen in its historical context?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>In chapter “3 Outline and Preparation of Entrepreneurship Research” the author considers the historical context of the subject.</td>
<td></td>
</tr>
<tr>
<td>Is it tied in with at a concrete problem setting?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The concrete problem setting is depicted in section “2.2 Outline of Purpose of the Research Problem” and is the starting point of this DBA research project.</td>
<td></td>
</tr>
<tr>
<td>Is the generalization of the results argumentatively reasonable?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The research project is led with a generalizing intention: the business start-up person in the service sector has the possibility to transfer the research results to other similar cases. The results of the GT are of course only generalizable to particular situations. Due to the fact that within the framework of this DBA-thesis the theoretical sampling (see 6.3.1 Method of Data Collection) is built up systematically and relative comprehensively, many different phenomena can be uncovered and integrated within the &quot;theory&quot; and correspondingly the generalizability of the results increases.</td>
<td></td>
</tr>
<tr>
<td>Are inductive procedures allowed with regards to the support and generalization of the results?</td>
<td>Mayring, 1990, p25</td>
</tr>
<tr>
<td>The author uses a GT strategy that is categorized as an inductive method (see 6.2 Research Approach and Strategy) to</td>
<td></td>
</tr>
</tbody>
</table>
Are the preconditions for reasonable quantifications considered by qualitative analysis steps?

Within the framework of the qualitative analysis, research results are generated from verbal transcripts, which can be validated within a framework of a quantitative analysis.

Source: Based on Mayring (1990).

Table 11.27: Evaluation of the DBA-thesis according to Steinke.

<table>
<thead>
<tr>
<th>quality criteria</th>
<th>source</th>
</tr>
</thead>
<tbody>
<tr>
<td>intersubjective traceability</td>
<td>Steinke, 2000, p324-326</td>
</tr>
<tr>
<td>(1) Indication of the qualitative procedure: Does the way of the research correspond to what one wants to examine with the research questions?</td>
<td></td>
</tr>
<tr>
<td>In section (6.2 Research Approach and Strategy) the author explains that within the research process all black spots / boxes are being avoided. Therefore, he discloses the research approach and strategy (see 6.2 Research Approach and Strategy) and the research design (see 6.2 Research Design) in detail. This comprehensive documentation of the research process (e.g. the illustration of the foreknowledge of the researcher, the depiction of the data collection methods respectively the depiction of the analysis procedure) makes it possible to comprehend this DBA-study and to evaluate the research process and his research findings.</td>
<td></td>
</tr>
<tr>
<td>(2) Interpretation in groups:</td>
<td></td>
</tr>
<tr>
<td>Interpretations in groups are a discursive form to generate traceability and intersubjectivity. Within the framework of a peer debriefing, the author discusses the DBA research results with colleagues who do not work on the same study (see 6.3.2 Method of Data Analysis).</td>
<td></td>
</tr>
<tr>
<td>(3) Application and development of codified procedures (coding procedure):</td>
<td></td>
</tr>
<tr>
<td>The GT provides / is a codified procedure (see 6.2 Research Approach and -Strategy). In this way, the reader gets information that facilitate the traceability of the research study.</td>
<td></td>
</tr>
<tr>
<td>indication (appropriateness of the entire research process)</td>
<td>Steinke, 2000, p326-328</td>
</tr>
<tr>
<td>(1) Indication of the qualitative procedure: Does the way of the research correspond to what one wants to examine with the research questions?</td>
<td></td>
</tr>
<tr>
<td>The question: “Why does the author intend to research qualitatively?” is answered by the author affirmatively and in detail in section (6.2 Research Approach and Strategy).</td>
<td></td>
</tr>
<tr>
<td>(2) Indication of the method selection: Are the methods for the data collection and evaluation of the research object adequate?</td>
<td></td>
</tr>
<tr>
<td>In the sense of a qualitatively oriented research approach for the data collection, guided interviews are used for the gaining of new findings as well as for the confirmation of approaches known from the theory. Within the framework of the GT the data collection and analysis, the objective arises to support the formation of the theory in the course of the study. Therefore, the data collection and evaluation of the research object can be seen as adequate.</td>
<td></td>
</tr>
<tr>
<td>(3) Indication of the transcription rules: How exact should transcriptions be?</td>
<td></td>
</tr>
<tr>
<td>The author applies the transcription regulations by Kuckartz et al., (Kuckartz et al., 2008, p27ff) to transcribe the expert interviews. For this reason he secures the manageability and traceability of the transcription process.</td>
<td></td>
</tr>
<tr>
<td>(4) Indication of the sampling strategy: To what extent is the selection of the research cases indicated?</td>
<td></td>
</tr>
<tr>
<td>Within section 6.3.1 (Method of Data Collection) the author depicts the sampling strategy of the DBA-research study. Thereby, he describes the sampling approach of the thesis regarding the four key factors in sampling by Cohen et al. to achieve a traceable and reliable selection of the research cases.</td>
<td></td>
</tr>
<tr>
<td>(5) Indications of the methodic single decisions in the context of the entire research: Do the methods of the data collection and evaluation match up to each other?</td>
<td></td>
</tr>
<tr>
<td>Within the framework of the GT, the phases of the data collection and analysis are not separated, but are mutually dependent and mutually influenced. Guided interviews as well as the GT coding procedure are well tested and recommended research combinations to generate adequate research findings within a qualitative study (see “6.2 Research Approach and Strategy”).</td>
<td></td>
</tr>
<tr>
<td>(6) Indication of the evaluation criteria: Are the quality criteria that are inherent to the study, the respective subject, the method and the research question appropriated?</td>
<td></td>
</tr>
<tr>
<td>According to Lüders (Lüders, 2000, p634), there is no definitive research practical consensus on which standards are supposed to be followed with regard to quality criteria for qualitative research. Accordingly, it is not very easy to assess if the appropriateness of quality criteria. Due to the lack of a common standard, the author applies the criteria by Mayring, Steinke and Strauss and Corbin because of their wide circulation and popularity within the scientific community. Therefore, the quality of the DBA-thesis is comparable with the quality of other research studies and discloses the discrepancies and appropriateness of this research approach.</td>
<td></td>
</tr>
</tbody>
</table>

empirical anchoring (theory development) | Steinke, 2000, p328 |

The author uses a GT strategy that is categorized as an inductive method (see “6.2 Research Approach and Strategy”) to develop systematically theories from empirical data. As a result, there are sufficient text evidences regarding the research results.
During his research work, the author practices a politics of open documentation. All discrepancies arisen during his work are documented for reasons of transparency and traceability. The objective and the reasons for their formulation is the intention to answer the research questions of this DBA-thesis. During his research work, the author practices a politics of open documentation. All discrepancies arisen during his work are documented for reasons of transparency and traceability. The objective and the reasons for their formulation is the intention to answer the research questions of this DBA-thesis. He documents his own reflections within the framework of a research diary (see 2.4 Research Approach and -strategy). Furthermore, see table 11.26 / Is the presuppositional knowledge of the researcher disclosed?

Due to the central role and the influence particularly within the framework of the data collection and analysis, the position of the author / researcher is of great importance within the research study. Thus, the author as a researcher plays an essential part in the context of research. Correspondingly, the author insists on transparency and traceability in all fields of study. He documents his own reflections within the framework of a research diary (see 2.4 Research Approach and -strategy). Furthermore, see table 11.26 / Is the presuppositional knowledge of the researcher disclosed?

The research results of this thesis show in a very practical way the design of the business start-up persons' entrepreneurial finance management. It depicts how business start-up persons in the service sector can use their brief financial resources carefully and adequately to the enterprise development without being completely dependent on classical financing sources (see "8 Concluding Discussion and Prospects"). Qualitative studies tie in concrete practical problems (Mayring, 1990, p26) (see "2.2 Outline of Purpose of the Research Problem"). The strong orientation of appliance of the qualitative research approach (Wendt, 2004, p11) makes it possible to make forecasts and declarations of behavior and help practitioners to understand and control the situation rudimentarily (Glazier and Strauss, 1998, p13).

During his research work, the author practices a politics of open documentation. All discrepancies arisen during his work are documented for reasons of transparency and traceability. The objective and the reasons for their formulation is the intention to answer the research questions of this DBA-thesis. He documents his own reflections within the framework of a research diary (see 2.4 Research Approach and -strategy). Furthermore, see table 11.26 / Is the presuppositional knowledge of the researcher disclosed?

The phenomenon-indicator-concept-model is fundamental for the GT (see figure 6.1). The transcribed expert interviews provide text passages (see meth. appendix 5: Initial interview transcription of the first interview) which refer to certain phenomena (see meth. appendix 6: Coding list of the first interview) and are therefore indicators for these phenomena. By means of a coding procedure, these phenomena are further developed to categories (see e.g. cm 7.2: Start-up motives).

Table 11.28: Evaluation of the DBA-thesis according to Strauss and Corbin.

<table>
<thead>
<tr>
<th>quality criteria</th>
<th>source</th>
</tr>
</thead>
<tbody>
<tr>
<td>appropriateness of the research process</td>
<td>Strauss and Corbin, 1990, p217-218</td>
</tr>
</tbody>
</table>

Within section 6.3.1 (Method of Data Collection) the author depicts the sampling strategy of the DBA-research study in detail. With regard to the GT-strategy, the author elects a systematical sampling approach as a variation of "theoretical sampling" as the sampling strategy of the thesis. Correspondingly, the author determines the initial sample.

criterion 2: Which core categories were developed?
The core-categories are developed within the coding procedure (see figure 6.2). In e.g. the categories compaction maps (see 7.3 Research Results of the EFM-Field of Activity) the main branches (level-1-branches) represent the core-categories (see e.g. cm 7.2: Start-up motives).

criterion 3: Which results, incidents, actions and so forth refer (as indicators) to these core categories?
The phenomenon-indicator-concept-model is fundamental for the GT (see figure 6.1). The transcribed expert interviews provide text passages (see meth. appendix 5: Initial interview transcription of the first interview) which refer to certain phenomena (see meth. appendix 6: Coding list of the first interview) and are therefore indicators for these phenomena. By means of a coding procedure, these phenomena are further developed to categories (see meth. appendix 7: Construct map coding of the first interview and meth. appendix 8: Initial categories scheme of the first interview) and finally to core-categories.

criterion 4: How did theoretical formulations guide the data selection?
The coding as well as the collection of the data set is carried out by means of a heuristic grid: the interview guide. Thereby, the initial categories for the coding procedure are already formulated through the construction of the interview guide and are correspondingly tied in with the previous state of knowledge and the developed interview questions.

criterion 5: What were some of the hypotheses with regards to conceptual relationships between categories? Which reasons lead to their formulation? Which reason were they checked with?

Within section "7.3 Research Results of the EFM-Field of Activity" the author depicts different kinds of with regard to conceptual relationships between categories - as the results of the research study in form of an ongoing intentional dialogue of how business start-up persons in the service sector experience and practice entrepreneurial finance management. The objective and the reasons for their formulation is the intention to answer the research questions of this DBA-thesis.

criterion 6: Are there examples that the hypotheses were not abiding compared to the perceived reality? How were these discrepancies taken into account?

During his research work, the author practices a politics of open documentation. All discrepancies are documented openly
and are depicted within section “7.3 Research Results of the EFM-Field of Activity”.

criterion 7: How and why was the core category chosen? Was the selection suddenly or step by step, difficult or simple?

Codes originate either from theoretical preliminary considerations or are developed during the reading of the texts. Thereby, core-categories are the central phenomenon, around all other categories are integrated. The initial categories for the coding procedure are already suggested through the construction of the interview guide and originate from theoretical preliminary considerations. The final core-categories are developed within the coding procedure and by means of the methods of case contrasting and case comparison (see figure 6.2) and categories compaction and refinement. Therefore, the selection of the core categories can be denominated as an incremental procedure.

anchoring of the results

Strauss and Corbin, 1990, p.218-220)

criterion 1: Were concepts generated in the sense of the GT? (Were the concepts generated by coding or used at least? And from where came these concepts?)

The concepts of this DBA-thesis are generated by means of a GT coding strategy (see 6.3.2 Method of Data Analysis). The development procedure of the concepts is illustrated in detail in figure 6.1: GT phenomenon-indicator-concept-model. The researcher collects data about the phenomena in the social reality by means of expert interviews.

criterion 2: Are the concepts set systematic in relation to each other?

Within the data analysis phase, the author already tries to identify case-related as well as case-spanning relations between the concepts. These are identified and depicted within the framework of comparisons in e.g. cross tables or also by means of textual explanations (see 7.3 Research Results of The EFM-Field of Activity).

criterion 3: Are there many conceptual links? Are the categories well developed? Do they have conceptual density?

Within the framework of the data analysis, many conceptual links are tested and subsequently depicted in section “7.3 Research Results of The EFM-Field of Activity”. The huge amount of categories and sub-categories (see 7.2 Formal Results of the Sampling and Coding Procedure) speaks for the conceptual density of this DBA-thesis and also for the sufficient development of the categories.

criterion 4: Is sufficient variation built-in into the theory?

A research study by means of the GT shall be assessed with regards to the bandwidth of variations and with regard to its specificity (Straus and Corbin, 1996, p.219). Within section “7.2 Formal Results of the Sampling and Coding Procedure” the author illustrates e.g. in meth. appendix 18 the bandwidth of interview statements, phenomena, case-relating and case-spanning categories which form the basement of the developed research findings respectively the theory. On the one hand, this table documents the research procedure in detail but on the other hand serves as an evidence for a sufficient data base and for this reason for the existence of sufficient variation.

criterion 5: Are the boundary conditions which influence the examined phenomenon, integrated into the explanation?

For this purpose the concept of the “heuristic grid” is introduced (see “6.3.2 Method of Data Analysis”). This scheme fulfills an “empty” frame a topic delimitation function and in addition helps the researcher to link with the current state of research. Within this research project, the heuristic grid is developed by means of existing theories and theoretical categories. Furthermore, the heuristic grid is introduced to replace the coding paradigm by Strauss and Corbin.

criterion 6: Is the process aspect taken into consideration?

Within this research study, the process aspect is incorporated in various points. Some are mentioned exemplarily in the following: Management in its functional perspective, particularly within this DBA-thesis, has to be understood as practical action recommendations for the appropriate entrepreneurial management activities (in terms of forming and leading activities). EFM cannot be seen as a static business (see II.2.1 Manager & Management), but as a process. Correspondingly, the usage of the EFM-methods and instruments along the capital preventing enterprise development has to be seen as a process. The developed financing types (see table 11.8) display a further process aspect. Thereby, the author differs various financing types regarding their speed of cost covering.

criterion 7: To which extent do the theoretical results appear important?

Within the framework of this research project, the author develops an integrated entrepreneurial finance management field of activity for business start-up person in the service sector (see figure 5.1). This field of activity provides the description of the EFM-environment and the EFM-courses of action for business start-up persons in the service sector which intend to implement their business model in spite of tight financial resources. Within the presentation of the research results to a group of KfW-listed start-up experts (see meth. appendix 15), it is confirmed at many points that the research findings are beneficial both in a practical and a theoretical sense (see 7 Preparation and Critical Evaluation of the Research Findings).

Source: Based on Strauss and Corbin (1990).
11.4 Research Project Plan

Every successful thesis-project needs a coarse project plan, that is: there is a beginning, intermediate stations, breaks, repetitions and hopefully also a good end (Studi-Coach e.V., 2012).

In the following brief section, the author roughly depicts the project plan (see figure 11.8) of the thesis and the applied project management tool and technique to realise the intended plan. According to Hesse, a project plan is a formal, approved document used to guide both project execution and project control. The milestone declaration is used for the representation of the project term and the chronological order of the processes (Hesse, 2008). On this basis, the author develops a research road map for the thesis. This roadmap synthesises all the research milestones in an integrated table:

Table 11.29: The research road map.

<table>
<thead>
<tr>
<th>Step</th>
<th>Research Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Development of a research proposal and definition of the object of assignment</td>
</tr>
<tr>
<td>2</td>
<td>Definition of the information source</td>
</tr>
<tr>
<td></td>
<td>(chapter 4 Characteristics of Entrepreneurial Service Enterprises)</td>
</tr>
<tr>
<td>3</td>
<td>Literature Review</td>
</tr>
<tr>
<td></td>
<td>(chapter 3 Outline and Preparation of Entrepreneurship Research)</td>
</tr>
<tr>
<td></td>
<td>(chapter 5 Depiction and Preparation of the Research Contents)</td>
</tr>
<tr>
<td>4</td>
<td>Determination of the research methodology</td>
</tr>
<tr>
<td></td>
<td>(chapter 6 Research Methodology)</td>
</tr>
<tr>
<td>5</td>
<td>Implementation of the data collection &amp; analysis</td>
</tr>
<tr>
<td></td>
<td>(chapter 7 Preparation and Critical Evaluation of the Research Findings)</td>
</tr>
<tr>
<td>6</td>
<td>Peer-debriefing with KfW-listed start-up experts</td>
</tr>
<tr>
<td></td>
<td>(chapter 7 Preparation and Critical Evaluation of the Research Findings)</td>
</tr>
<tr>
<td>7</td>
<td>Final data preparation and analysis</td>
</tr>
<tr>
<td></td>
<td>(chapter 7 Preparation and Critical Evaluation of the Research Findings)</td>
</tr>
<tr>
<td>8</td>
<td>Concluding Discussion and Prospects</td>
</tr>
<tr>
<td></td>
<td>(chapter 8 Concluding Discussion and Prospects)</td>
</tr>
<tr>
<td></td>
<td>Ensuring the formal requirements and amendments</td>
</tr>
<tr>
<td></td>
<td>(e.g. grammar- and spelling check and formatings)</td>
</tr>
</tbody>
</table>

Source: Based on present author.

The start date of the DBA research project is the 06-29-2008 and the final date is the 06-22-2012. In the time between there are different processing steps to do, which the author attempts to systemise according to a logical and typical research process. These processing steps forms the leitmotif of the thesis which develops
the thesis further, once continuous, once skipping forwards and backwards or parallel with the purpose to finish the research process successfully. Analogue to a milestone planning for business start-up persons in the service sector (see 7.3.2.1 The Financial Manager / Planning of the flow of the financial resources), the planning of a research process should be open and flexible and success / object-oriented as well. In respect of this approach, the following table presents the research project plan of this DBA-thesis:

Figure 11.8: Research project plan: milestone declaration.

To sum it up, the total duration of the research project is 2013 hours, distributed over 50 months. The author applies “project management” as the technique to realise the DBA research project. The management of projects is defined as the control of the various single activities of a project (Schelle et. al, 2008, p30). Before starting the DBA research project, the author developed an excel-based control tool to handle the various milestones and activities of the DBA research project. In this way, the timeframe and the performance frame were planned in advance. After the start, the concurrent performance as well as time progress can be measured and continuously adapted. Therefore, the author can improve the course of the thesis on the basis of the analysis of plan deviations and by applying corresponding corrective measures. In addition, the author uses a five-point Likert scale to ascertain the additional effects resulting from the following influencing factors: the motivation of the researcher, time management, the difficulty of the milestones and the external workload that the researcher has to deal with. Exemplarily, the following figure shows a performance diagram - a documentation of
the daily hourly output - and a five-point Likert scale as a screenshot from the excel-based control tool for the first milestone “A - problem definition & research proposal”:

Figure 11.9: Extract: Project management controlling tool.

<table>
<thead>
<tr>
<th>SELF-EVALUATION</th>
<th>5-point-likert-scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>motivation</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>time management</td>
<td>X</td>
</tr>
<tr>
<td>difficulty</td>
<td>X</td>
</tr>
<tr>
<td>external work load</td>
<td>X</td>
</tr>
</tbody>
</table>

1 = supportive, excellent for the performance
5 = obstacles for the performance

remarks:
holiday: first September week,
performance-span: 75.25

Source: Based on present author.

Furthermore, the author documents the individual findings with regard to the course of the DBA thesis in a separate reflective diary. Due to the fact that the thesis can only be developed en bloc, the milestones are overlapping to some extent.