

Dear Nicole,

We have just seen your comments in IE-Scholar.Net (<http://ie-scholars.net/blog/2692>) and the reference to our paper in the TIM Review: <http://timreview.ca/article/941>.

We cannot agree more with you about the need to integrate the study of business models in the context of IE research. We believe to have already started working in this direction (see also S. Tanev et al., Lean and global technology startups: Linking the two research streams. *International Journal of Innovation Management*, 19(3), June 2015, 41 p.

<http://www.worldscientific.com/doi/abs/10.1142/S1363919615400083?src=recsys>). We just wanted to provide some comments on your statement that you are not sure if the lean global startup (LGB) should be seen as a new type of firm.

We agree that global startups have been studied before and should not be considered as something new in both business practice and research. In our claim that LGB should be considered as a new type of firm the emphasis is, first, on “lean” and, second, on the combination of “lean” and “global”. The point is that, first, lean startup experts have not been touching on the global business aspects and, second, research on global startups and born global firms has not been focusing on lean startup practices. By lean startup practices we mean the specific hypothesis-driven entrepreneurial approach that “favors experimentation over elaborate planning, customer feedback over intuition, and iterative design over traditional ‘big design up front’ development”, based on several concepts such as minimum viable product and pivoting (<https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>).

The definitions of the lean startup emphasize several points:

- a) A lean startup is not a smaller version of a large company. While well established companies focus on executing a business model, a startup struggles to articulate and establish one. In this sense a lean startup is a temporary organization designed to search for a repeatable and scalable business model.
- b) A lean startup is a human institution designed to create new products and services under conditions of extreme uncertainty.
- c) A lean startup deals with the challenges of transforming the ex-ante value of resources into ex-post characteristics of a successful young firm.
- d) A lean startup is striving to build the minimum viable ecosystem of partners that would help it to demonstrate the potential of creating value before scaling up.

The definition of the LGS brings in the global dimension which should be seen not just as another dimension of uncertainty but rather as a completely different operational business modus (in Onetti’s, 2012, terminology). Thus, the global aspects cannot be considered apart from the lean status of a lean startup. More importantly, a LGB uses the lean approach (such as defined above) as part of its global move and not simply as part of its product and customer development strategies focusing on a first local niche. In a typical LGB the first market niche is global and all local marketing engagements are for the sake of experimentation and learning alone. It is clear, however, that there could be global startups that are not lean startups. In this sense, one should consider LGS as a unique firm type.

One should admit however that the definition of lean startups (and therefore of LGS) allows for a certain ambiguity or ambivalence – should a lean (incl. global) startup be considered as an early phase of a firm’s life cycle or as a different type of firm, independently of the fact that this same firm will grow up afterwards into an established international firm. We believe that considering LGS as a new type of firm and not just as an early or initial phase of future international firms is highly beneficial because it emphasizes the fact that the mode of being (the modus) of the firm at this stage is of completely different nature as compared to

the next stages. In other words, the difference in the mode of operation of a LGS is so different from the one in its later stages that it allows considering it as a different type of firm.

Our main concern is that not making the difference between the lean stage and the later stages of a globally oriented firm or not realizing the temporary nature and the specifics of the early (lean) stage could be detrimental for firm's future. Last but not least, not making the difference could jeopardize any business support activities aiming at the design and inception of new global startups focusing on adopting the lean startup approach.

BTW, we are working on a special issue in the TIM Review (www.timreview.ca) and would gladly accept proposals for papers on the topic of business models and global (including lean) startups.

We wish you a great AIB discussion and sincerely regret for not being able to be there.

Best wishes

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