Preface and acknowledgements

The Gate2Growth Academic Network in Entrepreneurship, Innovation and Finance was launched in the summer of 2002 as a part of the Gate2Growth Initiative (www.gate2growth.com), which is sponsored by the European Commission's Innovation Policy Unit (DG Enterprise and Industry), under the Fifth Framework Programme 'SME and Innovation' (FP5). The European Institute for Advanced Studies in Management (www.eiasm.org) and the Vlerick Leuven Ghent Management School (www.vlerick.be) drew on their respective strengths and ambitions to coordinate and run the G2G Academic Network. (Note: until the change of the name in 2004 the network was called Gate2Growth Finance Academia.)

The main objectives of the G2G Academic Network in Entrepreneurship, Innovation and Finance are:

1. to foster the development of the academic profession, essentially research and teaching in entrepreneurship, innovation and finance;
2. to support the exchange, dissemination and integration of knowledge, research expertise and teaching practice on a pan-European scale; and
3. to filter from the data, insights and results of the different activities conclusions, recommendations and guidelines that can help policy making, foremost at the European Commission.

The most essential activities and deliverables are the doctoral seminar series (PhD research papers), the specialized research workshops (proceedings and handbook publications, for example, this volume), the exchange and mobility of researchers (setting up an exchange directory, working papers etc.), the European case competition (teaching case portfolios), and the annual European best paper award competition.

Ever since the start of the project these activities have made the network an important point of reference for the support, generation and dissemination of top-level academic research expertise at the earliest possible stage and of good teaching practice in the three main research domains. As more fundamental research results are translated into more practical insights and the development of specific training formats (toolkit), the findings and other deliverables are disseminated to a wider audience, including policy makers and the business world. In an effort to centralize

and share on a pan-European scale the largely fragmented knowledge and expertise, the network has become a prime partner for the European Community (EC) in many different ways. First of all, the network actively helps to formulate policy guidelines and policy recommendations to stimulate entrepreneurial activity, and to detect better ways of supporting and financing innovative start-ups or research-based and high-tech ventures. Second, via the activities the network intends to increase the amount and quality of entrepreneurship research and education, as well as the educational impact of courses in entrepreneurship, innovation and finance. Also, the network facilitates the development of proper tools and methodologies of use for the various interested parties, that is, business owners, politicians, investors, academics and other innovation experts and professionals.

At the time of the first specialized research workshop (SRW), the papers of which were the foundation for this publication, the network numbered over 170 members, that is, researchers and professors in entrepreneurship, innovation and finance. At the time, close to 75 academic institutions from all 25 EU countries were involved in its activities. Today the network comprises some 300 members of close to 200 different research and knowledge institutions Europe wide.

As we have said already, the goal of the G2G Academic Network is to facilitate the exchange of knowledge and experience and to stimulate collaboration among European academia in the field of entrepreneurship and to channel this knowledge towards European policy makers. One of the more prominent activities sponsored under the programme is the yearly SRW. The key aspect of all papers accepted for the SRW is that they focus on issues associated with stimulating entrepreneurship and innovation and the financing aspects of emerging and growing companies. This book represents the proceedings of the First Specialized Research Workshop on 'Managing Growth: The Role of Private Equity' hosted by the IESE Business School (University of Navarra, Barcelona, Spain: 12 November 2004). The topic of the workshop was the role of private equity in achieving and managing growth of new businesses, hence the title of this book. For more than a decade, venture capital has been promoted as an engine for growth and technological innovation, worldwide. Venture capitalists are not only finance providers; it is widely understood that they also contribute to value creation in the companies in which they invest. Venture capital-backed companies – although the empirical findings are open to discussion – seem to grow faster in terms of number of jobs created, their sales or profits. For these reasons the role of venture capital firms in the promotion of technology-based ventures has received considerable attention from the business world, researchers and policy makers.

Among the guidelines used by those selecting the papers for presentation and publication was that research should mirror issues in the field of venture capital in the context of the financing and growth of entrepreneurial firms. Both the research and the methodology should be novel and sound and the conference theme approached from a different angle. Findings should be relevant for European companies, investors and policy makers. As a result, 12 of the 13 contributions selected for this book emanate from researchers from all over Europe (seven different countries) and study phenomena at a local and a European level. Chapter 13 then examines good practices and policy recommendations.

I thank the IESE Business School for their hospitality and for hosting the workshop. I also express my gratitude to the participants for formulating their many important questions and for sharing their precise and critical viewpoints. My gratitude and respect also goes to the invited speakers and distinguished contributors of this book, the members of the working group managing the scientific and academic requirements of the workshop (that is, Dr Margarida Fontes (Instituto Nacional de Engenharia, Tecnologia e Inovação (INETI), Lisbon, Portugal), Dr Loïc Mahéroult (EM Lyon, France), Dr Massimo Colombo (Politecnico di Milano, Italy), Dr Philippe Mustar (Ecoles des Mines de Paris, France) and Dr Marco van Gelderen (Erasmus Universiteit, Rotterdam, Netherlands)), as well as the members of the G2G Academic Network board of directors (that is, Dr Mike Wright (Nottingham University Business School, UK), Dr Sophie Manigart (Universiteit Gent, Belgium), Dr Jean Bonnet (University of Caen, France), Dr Hans Landström (University of Lund, Sweden) and Dr Bart Clarysse (Vlerick Leuven Ghent Management School, Belgium), the Scientific Director of the G2G Academic Network.

The book attempts to reflect the multiplicity of stakeholders and relationships existing in the venture capital ecosystem. Some authors examine, for instance, technical factors routing private equity (for example, fundraising mechanisms from the institutional fund providers' side, how to better measure venture capital fund performance, the selection criteria of venture capitalists in the early-stage segment, and also, how to increase the angel investors' base in Europe). Other authors examine more human factors involved (for example, the motivation of entrepreneurs to use venture capital, the impact of venture capitalists for instance on dealing with internationalization, and the importance of establishing good relationships with investors to maximize benefits. Finally the book includes some contributions reviewing the specific problematic of university spin-outs and the well-known equity gap phenomenon.

Our journey into the unique world of European private equity and venture capital holders ready to support the creation and growth of new

businesses, however, begins with the onset of the venture capital investment cycle – insights from institutions providing funds to venture capitalists – and ends with a fresh revision of the equity gap in the early-stage segment. In between these chapters, the reader will find contributions on specific elements of the venture capital cycle.

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