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# THE ROLE OF NON-ENTREPRENEURS IN THE SUCCESS OF STARTUPS

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Abstract

This research paper, titled "The role of Non-Entrepreneurs in the Success of Startups", focuses on the impact implementers and supporters have in the day-to-day activities that enable startups to achieve success. To reach this goal, a literature review, a survey and two tailored interviews were conducted, by contacting with both entrepreneurs and non-entrepreneurs to gather results. This Direct Research establishes a basis on which to build further research on a still relatively untapped subject, which is that of non-entrepreneurs in startups. Two conclusions are drawn from research, related with the impact on daily activities as well as overall company strategy.

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Keywords

Entrepreneurship; Human Resource Management; Startups; Success Factors; Scaling; Team Dynamics

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# 1 Introduction

It is a widely known fact that startups are some of the most failure-prone businesses that exist. Current studies show that the failure rate of a startup is around 90% (Baskoro et al., 2022). Startups possess a very specific group of characteristics that leads to such numbers, though it is this same group of characteristics that enables the 10% of those who succeed to reach the hights many have reached.

There is quite a large research gap regarding the environment in which startups are born, live, and much of them die. This can be attributed mainly to the relatively young age of this type of company. The origin of startups can be traced back to the 1970s (Skawińska and Zalewski 2020, p. 1). It was used to refer to a few emerging high-tech microcompanies, active mainly in the field of electronics and computer technologies. Naturally, as the years moved forward, so did these companies, and with this evolution the definition of startup inevitably changed.

It continues to be somewhat difficult to define what a startup is, as different researchers and industry insiders have arrived each at their own conclusions and given their own meaning to the word startup. However, Skawińska and Zalewski, through their research into the several definitions given to the word, adopted the following definition, which will be the one used throughout this paper when the term “startup” is employed: “a young, small, independent enterprise, which is creative, innovative, conducting research and development activity (R&D) to solve actual problems, and proposing prospective solutions, striving for talented employees, and sales growth, with an attractive business model.”.

One principal feature of startups, and their success, which is still hotly debated is growth, and what rate of growth is needed to, first, consider a company a startup, and then to consider it a successful startup. Though a specific figure is hard to set in stone regarding absolute growth, it is safe to assume that a startup, in the first three years of its life should see at least double figure growth numbers, be that in sales, new clients or market cap, and this is what the company should strive for, even more than breaking even.

This paper aims to understand what the role of non-entrepreneurs in startup success is, how the people known as the implementers and the supporters affect the success (or not) of a company of this kind. To do this, it important to first understand the several stages a startup goes through, how these influence the type of people needed for it to achieve its goals, how people relate to their work in a startup and how one can define the success of a startup, other than with growth figures.

## 2 Literature Review

The majority of the literature written until now regarding the startup ecosystem has been primarily focused on either how startups form and grow, or their founders, the entrepreneurs and what characteristics they have in common that lead a startup to success. This means that once the tables turn and one starts to ask what the influence of everyone else involved in the startup, there is not much to analyse. Nonetheless, much as has been studied about what are the success factors common to any startup, and that is where this paper begins.

Skawińska and Zalewski, taking into consideration several studies done on this subject, arrived at four critical phases in a startup lifecycle. The company begins as a Standup, when the founder and entrepreneur has the first iteration of the idea. This stage is characterized by the idealization of a solution to close a perceived or identified gap, which can be related to needs of companies or consumers, or even the streamlining of processes (Skawińska and Zalewski 2020, p. 4). Naturally, at this stage, it is vital that the entrepreneur develops and validates a business model, in order to prove two points: first, that the solution actually works and solves the problem it set out to solve; and second, that it is a solution that is monetizable and can have financial success, which is critical in these companies' first years.

If the company can survive the first few months of operation, with financial and organizational constraints, it then develops into a Startup, where it begins the search for a repeatable and scalable business model, which includes client retention and internal organization (Skawińska and Zalewski 2020, p. 5). At this stage, the company should already be growing in value, with a valuation driven by sales growth and development of new products and services.

The following stage is the Scaleup, in which growth should become exponential, there should be market expansions, into new geographies, new products/services, new target audiences and the beginning of partnerships with legacy corporations that begin to understand the value of the proposed solutions. At this stage, it is of utmost importance to carefully plan the following steps as the company navigates the first 18 to 36 months of operation, which have been proven to be those where startups fail the most. These failures could be induced by unfavourable economic conditions, poor product-market fit, or even premature scaling, when the aggressive pursuit of growth is done before laying a solid foundation for said rapid growth, which often precipitates failure as transaction volumes overwhelm inadequate systems and infrastructures or outrun the capacity of the management team. Finally, when the scaling phase is completed, the company sets into its market, and the challenges change to maintaining market leadership and keeping steady growth figures. At this stage, team management practices become more similar to those used by "legacy" companies and move away from the ad hoc decision-making processes that characterize the previous phases of the life of these companies.

As mentioned previously, defining the success of a startup is quite difficult, as size, geography, industry and investment culture all play a part in shaping the external environment of a startup. When (Baskoro et al., 2022) attempted to define startup success, they were confronted with several different valid definitions, but one factor always was mentioned: the ability to attract external investment. Their sources, such as Sharchilev (et al. 2018) and Ramadas and Bento (2017), with varying degrees of demands for what is a successful financial outcome of a startup, all defend that the company must succeed in getting funding, at least in some capacity (Sharchilev et al., 2018). Though it makes sense that a tangible variable such as funding is a direct reflection of success, the author does not agree completely, as depending on the industry and type of solution proposed, a startup in the startup phase may be successful without needing external funding, be that because of its operating model, or as a direct reflection of the management team's view on the direction the company should take. However, for the purpose of this paper, any sign of external funding will be considered, not necessarily as success in its traditional definition, but as a sign of financial health for the startup, considering the dependence these companies have on cash flow and "instant" liquidity. The majority of literature, some of which referenced in this paper, focuses solely on quantitative analysis and, as posed by (Sevilla-Bernardo et al., 2022) the complexity of a company's success needs to be approached through a more holistic view considering the company as a complex and interconnected whole. They also found that one of the top 7 factors attributed to startup success was Team, which establishes those who work at these companies as one of the main contributors to their success. Following this line of research, in their study of success factors in startups, Skawińska and Zalewski (2020) concluded that, paired with institutions and the dimension of social capital, human capital, i.e. the people that work at these startups, were one of the cornerstones of startup success. Additionally, one of the five factors responsible for 72.6% of total data variability in the study, was the access to human capital, which further sets those who implement, develop and maintain the products and services offered by these companies as one the key factors that explain startup success.

According to the Global Startup Ecosystem Report of 2024 (Gauthier, JF et. al. 2024), there are five main success factors for any startup that operates globally, with one of them being, unsurprisingly, Talent and Experience. One would be fooled if the only conclusion from this title was that the founder was very talented and experienced in bringing ideas from only that to scaleups, startups and securing their future as main players of their industry. While it is absolutely essential that the founder is knowledgeable of the sector their company aims to break into, as well as how to scale the idea, attract customers, build partner and supplier relationships and then remain at the top once it reaches it, there are, as has been mentioned previously, other success factors that have a hand in making or breaking a startup. The factor of Talent and Experience mentioned also encompasses the quality, access and talent of those hired to operationalize the ideas and projects that stem from founders. Of all countries and companies analysed in said report, the top 20 scorers of the general study were the same ones that scored the highest in the Talent and Experience of the team, mainly regarding tech talent quality and access, life sciences quality and startup and scaling experience.

Success is not a one-time, one-place event, and startups are ecosystems where success could come to distinct parts of the company at asynchronous moments. One such is instance is that of internal success, which is rarely seen in available literature. How a newborn company develops its culture, creates its values and becomes more than a job to those that work at it, providing more than a paycheck. Though many "legacy" companies claim to be able to provide this symbiosis with their workers, possibly due to the nature of the startup ecosystem, how these companies begin life, as well as their proliferation in the XXI century, with a higher focus on work-life balance and a shift in the role that jobs play in each person's life, a startup could very well experience internal success in these mentioned fields, while not responding so well to traditional measures, such as revenue, profit, and dividends, especially in the early stages of its life. Additionally, the ability of the founder to formulate and then translate into tangible results an internal culture and ecosystem of relationships that fosters the success of the firm. Gross (2015) established five key success factors for startup success: Ideas, Team, Business Model, Funding and Timing. Of these, Timing was the one placed in first, and Team came in second. (Sevilla-Bernardo et al., 2022) took these learnings and tried to take a more analytical approach to understand if there is any one factor that is empirically proven to lead to success, more than any other. Considering more than the five initially proposed by Gross, three others were added by Sevilla-Bernardo (et al. 2022) and are directly linked to the Team factor: Culture and/or existing values within the start-up: the culture of its founders and their ability to instil certain values in their team; Internal satisfaction within the start-up: optimism, internal climate; Diversity in the start-up: diversified staff. Internal climate, and a diversified staff have already been established as success factors in any type of company (Forbes Expert Panel, 2024). However, there is a large difference when comparing startups with "legacy" corporations, which is the presence of the founder in day-to-day activities, and their ability to shape the backbone and values of the company. Whereas the largest corporations in the world have values and a culture which may come from geographical or industry-specific factors, in the case of startups, whatever the geography or industry they are inserted in, it is the founder that decides how interpersonal relationships will work, and they have the ability to shape these relationships as the firm grows. It is at this point that the focus shifts from the organization to the person, and how they relate to the company.

Urdan (et al. 2006) characterized self-efficacy as a person's belief about his/her ability at different levels, influenced by motivation and living. (…) It has effects on emotions, feelings or decision-making. Na-Nan (et al. 2021) then found that if employees are supported and promoted through proper engagement, organizational commitment and job satisfaction this will reinforce and stimulate organizational citizenship behaviour with a significant increase in productivity. This can be seen as one of the first windows into how an employee's feelings towards the organization they work for can influence the outcome of their work. The development of employees' self-efficacy can lead to employee engagement, organizational commitment, job satisfaction, and organizational citizenship behaviours, as well as leading to effective and open innovation for the organization (Na-Nan et al., 2021). Additionally, perceived self-efficacy has been proven to be accompanied by high-performance attainments and perseverance (Bandura et al., 1981). This is crucial as open innovation enables organizations to adapt themselves to a rapidly changing environment in the present and to respond well to customer engagements (Yun et al., 2016), something vitally important in the startup industry.

It is important to point out that, other than providing an environment in which the employees' perceived self-efficacy can be enhanced, startups and their founders should also foster a working context in which the principles of Social Exchange Theory proposed by George C. Homans in 1958 can be put into practice at their fullest. Harney & Alkhalaf (2021) proposed that growth can negatively impact the direct span of control of owner-managers and autonomy provided to employees mandating alterative, and on occasion more sophisticated approaches to HRM. Also, as is mentioned in their research, growth-oriented companies, as are startups, may be receptive to taking on the sunk costs of investment in HR, which will not have immediate effects (Welbourne & Cyr, 1999) but may decrease the possibility of failure (Chadwick et al., 2016). As such, startup companies might utilize the SET to provide employee growth and development opportunities. For example, they may provide additional training and learning opportunities, opportunities to participate in exciting projects, or mentorship to help employees develop new skills and experience (Djaganata & Pusparini, 2024). Though somewhat difficult in the initial stages of a startup company, it is important that its founders and leaders find a way to prioritize the workers' well-being and engagement as it will enable them to enhance their job satisfaction, which (Ozkan et al., 2020) defended affects turnover intention, by affecting motivation, perceptions of alternative opportunities and organizational commitment. Further in their work, Djaganata and Pusparini (2024) concluded that person-group fit deeply impacts startups' fortunes, as these are companies with a work culture that emphasizes teamwork and collaboration, which deepens these effects through a general proximity in age of workers, working styles and preferences. Historically, startup employees get in on the ground floor. Because these firms operate at a smaller scale and have fewer resources, individuals enter at higher relative levels in the organizational hierarchy than they could command in a larger organization (Sorenson et al., 2021). This could be read as an attractive prospect for those who work at startups, as they earn early higher responsibilities and can see the possibility of a share in the company's future earnings as something to strive for. Not only that, this type of employees, due to fluid nature of startups, effectively become generalists (Sorenson et al., 2021). Sorenson and Audia (2000) established one of the first instances in which the role of non-entrepreneurs in an entrepreneurial venture is referred as an important factor for success. They must contribute labour, becoming responsible for establishing relationships with suppliers and distributors. The author adds customers to this short list of stakeholders with which employees of entrepreneurial ventures build relationships.

Having established that startups are made up of a founder/entrepreneur and of employees/non-entrepreneurs, it is important, for the purpose of this paper, to understand the roles non-entrepreneurs fulfil in the firm. This type of employee typically comes into the company as it goes from Standup to Startup, and operations begin requiring more manpower. The answer to the functions a non-entrepreneur serves within a startup is quite simple: virtually everything. Employees of small companies, such as the vast majority of startups for a large period of their lifetime, engage and learn in a variety of functions within the organization. Also, these areas of responsibility can shift as individuals cover for others and help with urgent projects, and re-define their roles to accommodate the addition and loss of other employees (Sorenson, 2017). Naturally, and in parallel with the shift in responsibilities of the founders and leaders of the startups, the responsibilities of the employees/non-entrepreneurs also suffer a rearrangement, with a path towards specialization in a specific role being the more common way, as the company grows, and the roles and intra-company relationships start to become more structured and well defined.

These are the people responsible for bringing to life the vision of the entrepreneur and it starts at the very beginning of the lifecycle of a startup, in product development, as engineers, designers and lower-level managers build, update and streamline the product or service offered. Once this stage is firmly in place, operational processes, supply chain management and end-to-end troubleshooting becomes essential to ensure the viability of roll-out. Naturally, sales and marketing teams are required to build awareness to the product and brand, as well as building and maintaining relationships with customers, prospective partners and the general public. At the final phase of the product/service journey customer support takes centre stage and these employees become the main connection point between the company and its customers, for any issues related to product/service functioning, warranty activation and replacement processes. Djaganata and Pusparini (2024) refer that one of the greatest challenges faced by any type of company, and especially startups, is how to retain high-quality and high-performing employees in the long term. This happens mainly due to individual-level challenges such as the "emotional rollercoaster" characterised by periods of stress, long work hours and trade-offs of their own physical health, as posed by Mcmullen and Dimov (2013) and Cardon et al. (2011). Because startups, unlike "legacy" corporations, lack some soft values such as a long history in business or a natural, contextual understanding of the home market, it is essential that they are able to engage employees' self-efficacy and obtain the best performance from each of them, which will have an impact on the success of the startup.

Other than employees, the author includes in the definition of non-entrepreneurs associated with a startup advisors and mentors, which are commonly individuals with extensive industry experience, either in the startup space or on a specific subject related to the field in which the firm operates. Their inputs are important mainly to aid with the definition of a strategic direction, market monitoring, decision making and relationship building with external stakeholders. Though massively valuable, for the purpose of this paper these take a secondary role in comparison with employees and the impact that will be measured will be focused on founders, which are considered entrepreneurs, and employees, which are considered non-entrepreneurs.

As is demonstrated by the literature review, there is a clear knowledge gap regarding the role non-entrepreneurs fulfil in startups. The majority of documents analysed focus primarily either on the success factors of startups in general, or the views of the entrepreneurs that founded them. While these insights are valuable, and direct the research, they lack both the perception of non-entrepreneurs on their impact in the success of these companies, as well as quantitative data regarding the influence the specific success factor of Team/Team Members has on the success of startups. It is this knowledge gap the author aims to reduce with this work.

# 3 Methodology

## 3.1 Data Gathering Structure

To overcome issues with a limited survey response ratio, a mixed-method research study was defined, combining the quantitative qualities of the survey with the qualitative advantages of in-depth interviews, two of which were designed to ascertain the perceptions of both founder and employee regarding company growth, role fulfilled and impact on success. This approach is based mainly on the findings of Cameron et al (2015) which found that the study of complex phenomena can benefit from the use of mixed methods approaches. It is the author's view that the subject of this study qualifies as a complex phenomenon which benefits from this approach.

### 3.1.1 Survey

Surveys are one of the most effective ways to quickly gather important information regarding any kind of topic. To overcome issues with a limited survey response ratio, a mixed method study was defined, combining the quantitative qualities of the survey with the qualitative advantages of in-depth interviews, which were designed to ascertain the perceptions of both founder and employee regarding company growth, role fulfilled and impact on success.

Naturally, this lack of valid responses compromises the external validity of these results, and the ability of generalizing any conclusions taken from said results. This produces one obvious suggestion for future directions, which comprises the gathering and analysis of a much larger number of responses, to either confirm the conclusions made in this paper, or adjusting the direction taken here.

The survey focused primarily on two aspects: the person and how they relate with the startup they work at; and the role they fulfil and how said role impacts the company.

### 3.1.2 Interviews

To bridge the gap of results gathered with the survey, three in-depth interviews were conducted, with one employee/non-entrepreneur and one founder of two different startups. The companies work in the tourism (hotel/industrial dry cleaning) and architecture-design industries. This separation of industries is important to gather insights from diverse sectors.

The interviews focused primarily in understanding both entrepreneurs and non-entrepreneurs' views on the work done by each part, the influence said work had in the overall success of the company and what changes would have to be made to make the company progress to next stage of its lifecycle, taking into account organizational structure and functions practiced by each person as the two main axis of change possible within this field of study.

### 3.1.3 Data Gathering

The survey was conducted and distributed to employees of companies that fit within the description of startup that was set previously in this paper. Distribution of this survey began on the 20th of November of 2024, and was carried out through the 30th of November of 2024.

Each respondent only answered once, in order to maintain the standards of data independence, accuracy and truthfulness. This dataset was built to extract as many valuable insights as possible from the questions asked, mainly focusing on the experience of non-entrepreneurs within startups, as well as founders/entrepreneurs and their view regarding the roles and importance of their non-entrepreneur colleagues and employees, also considering the period of the startup's lifecycle at which the employees/non-entrepreneurs entered and impacted the company.

Though the number of responses is not high, which proves a limitation, mentioned at the end of this paper, it is used in this paper as the basis on which two independent in-depth interviews were carried out, as well as the vehicle through which the author looks to identify the principal pain points and possible solutions, through non-entrepreneur actions.

Based on the results gathered from the survey, a set of questions was devised to interview two members of different startups. The companies work in tourism (hotel/industrial dry cleaning) and architecture industries. The interviewee of the industrial dry-cleaning company was employee/non-entrepreneur of the startup, and male, while the interviewee from the architectural startup was female. The ages of the interviewees were, respectively, 23 and 46. While the first half of the interview was the same, the second half was specifically designed for the role (entrepreneur or non-entrepreneur) of the person being interviewed. The transcripts of the interviews are available in the appendices of this paper. The interviews were conducted face to face on the 11th of December 2024.

## 3.2 Response Analysis

### 3.2.1 Survey Responses

As mentioned previously, the response rate to the survey was quite low, only yielding 25 responses. Having said this, the first noteworthy fact found was that there is an overwhelming majority of male employees in the surveyed companies. 84% of the respondents were male, which could prove a limitation and suggests a possible follow through on this study, focusing primarily either on female views on this issue, or with a 50/50 distribution of respondents. Still inserted in the demographic analysis of respondents, as would be expected from this type of companies, the vast majority of those who answered the questions have ages between 18 and 24 (40%) and between 25 and 34 (40%). Nearly half of them have a bachelor's degree with nearly a quarter having a master's degree. One criterion in which this survey does not lack is that of company sector diversity. While a third of the respondents work in the Logistics/Transportation sector, there were answers from people in Hospitality, Consumer Goods, Technology and Healthcare, which provides a sound basis on which to build a further-reaching survey in terms of industry diversity.

Regarding the state of the company in terms of financing, 56% of the respondents answered that the company had not received any external financing of any kind. The rest of the respondents answered positively regarding external financing, with values ranging from loans of around 90,000€, tied to a bridging round of financing of around 150,000€, to 70 million euros. This naturally provides a wide range regarding the maturity and financial state of these companies, which is another positive aspect of this survey. Connecting these results with the accepted definitions of startup success mentioned previously, it is safe to declare that all of the respondents' startups have met some success. This is further evidenced by revenue figures of 36.4% of these companies above 1,000,000€ in the previous year, and of 18.2% of the companies between 500,000€ and 1,000,000€. Additionally, 80% of the companies grew at least by 10% from 2022 to 2023, when compared to the previous period, with 25% growing above 100% and 25% growing between 50% and 100%. To hammer this point home, 48% of the respondents answered that their company was the market leader, with varying percentages of the market captured. This is another mark of success as posed by those mentioned in the literature analysis. This establishes the vast majority of this small sample of companies as successful startups, which is the first condition that should be met in this study.

Having established the success of these companies, it is now time to shift the focus to the roles fulfilled by the respondents, and how they may have had an impact in this achievement.

When building this survey, it was important, in order to have valid results, to understand for how long these respondents had been at the startup. Common sense and available literature were confirmed by these results, which showed that, as was expected, the majority of employees worked at the startup in periods of between 2 and 6 months and between 1 and 2 years. However, the distribution was quite balanced, with the rest of the respondents being almost evenly distributed (6 months to 1 year – 19.2%; more than 2 years – 23.1%).

11.5% of the respondents were founders, which enables, through an alternative path of the survey, the understanding of their view regarding their employees and the impact they had on the operations, scaling and overall success of the company. Naturally, when asked what their functions were within the company, their responses were CEO, CTO, Board Member and similar. These respondents were then asked to rate their employees' impact in several aspects of the company from (Team Organization; Team Cohesion; Process Implementation; Process Streamlining; Sales Development; Customer Support; Accounting; Logistics; Marketing and Content Creation). The highest evaluation one could give was 5, which corresponded to "Essential to Company Operation". The area of the company which gathered the highest number of “Essential to Company Operation” responses was Customer Support. Right behind it however, three other roles gathered the same number of responses: Team Organization, Process Streamlining and Sales Development. Additionally, one important aspect to retain from these responses is the lack of options selected with “Not Important at All”, and only two (Logistics and Marketing and Content Creation) with answers of “Somewhat Important but Not Essential”. It then follows that all these roles, solely performed by the non-entrepreneurs of these companies, are, at least, seen as “Important” to the success of the companies’ operations.

To understand effectively if the perceived importance of these roles had been acted upon by the founder at any stage of the startup’s lifecycle, two questions were then asked: 1- Of the mentioned roles, what were the ones you performed when the company started? 2- Of the roles filled by you in the beginning, what was the first one you felt necessary to hire someone else to perform? For the first question, the most common response was Operations/COO, which does then pose a question: If it was one of the core functions practiced in the beginning, is there a specific reason why it is not considered of as high importance as some of the other options? This is something which could be deepened in future research on this topic. Additionally, all respondents added that they performed all the functions mentioned, without specifying any one in particular.

Moving to the second question, the same trend seen in the previous question’s responses is seen. Though previously “Operations” was mostly selected as either “Somewhat Important but Not Essential” or “Important”, the responses to the question of first external hire role are counter intuitive. The only response that was seen more than once was that of Operations or Operational Executive which, for the purpose of this study, hold the same meaning. A strong defence can begin to take shape regarding a more targeted importance of these non-entrepreneurs in roles related to Logistics and Operations. Other responses, with lower registered frequency were Compliance Officer and Marketing and Content Creation. These fit the established mould associated to startups, in which at this point in the company's life, sales development and client acquisition take centre stage and other departments take a more undefined shape, and the backseat in the priority's list. To finalize the construction of the founders' perspective, they were asked about the reasons that led them to pass that first role to someone else. At this stage responses were slightly more heterogeneous, ranging from lack of knowledge, increased regulation, time-freeing, quality assurance and need for sales development. While the latter is clearly associated with the needs and day-to-day activities of startups, others such as quality assurance and increased regulation indicate that the company had already reached a stage in which the basics of the operations and revenue-generating activities had been established and streamlined, which both enabled and mandated the company to take a more traditional approach to certain internal sectors. Considering the insights of Prohorovs et al. (2019), according to entrepreneurs, marketing and sales skills are one of the cornerstones of startup success.

This leads us to the non-entrepreneurs' perspectives given in the survey.

When asked about the functions they performed in the company, 45.8% of respondents answered "Sales". Available literature shows that sales and revenue are one of the main drivers of startup success. Taking a look at the definitions of startups and scaleups gathered by (Skawińska & Zalewski, 2020), sales, revenues and growth orientation are common denominators of this type of company. Having said this, it is only natural that a large portion of the surveyed companies' resources are directed to sales and lead generation. Additionally, after sales, customer relations and support, as well as logistics and process implementation and improvement are the most common answers. Again, these follow established views on how the most important success factor for a startup is generally agreed to be sales and revenue generation, with customer support and account management coming in second as a pilar of sustained success for these companies. Also, as has been referred previously, as the startup scales, in order to achieve higher levels of success an optimization and streamlining of processes and implementation of logistical best practices becomes paramount. These answers substantiate this exact point. Furthermore, one other determinant found that supports the backbone role of these non-entrepreneurs was related with situations in which they are allowed personal inputs. Other than just performing their tasks, they were asked about suggestions or recommendations they had made while working at these startups. Of all of them, 50% of the suggestions were discussed with the leadership, tested and ended up being implemented. Additionally, 15.4% of the suggestions were carried at least to the testing phase, which shows that the leadership team saw actual potential value in them. These suggestions were primarily focused on two aspects: operational streamlining and growth. While one can look at the non-entrepreneurial members of startups and assume no relevant inputs are made regarding both day-to-day operations or big picture strategy, it was shown that while they are not entrepreneurs, and more importantly not equity holders, there is an importance given to improving their own jobs, their functions, and how the company operates. The suggestions were as simple as weekly experience-sharing meetings, and as impactful as new market benchmarking. This clearly shows the impact of these workers in the fortunes of the startup.

Moreover, when the suggestions or recommendations were not implemented, 62.4% of the times this happened due to the existence of other immediate priorities set previously, and 25% due to lack of necessary resources. This corroborates the fact that even when they are not implemented, non-entrepreneurs in startups strive for overall company betterment and are many times held back by external factors beyond their control.

### 3.2.2 Interviews

As mentioned previously, due to the small number of responses, two in-depth interviews were conducted with two persons that work at startups. One was female, 46 years of age and co-founder of an architecture and interior design studio focused on tech-based solutions. The other was male, 23 years of age and operations manager at a startup specialized in industrial dry cleaning with a heavy focus on the tourism industry. These two persons were selected due to their differing personal characteristics, work experience, line of work, and company characteristics.

Starting with the founder of the architecture and interior design firm, the first questions were used to ascertain the type of company in question. It is in its second year of activity, only employing the two founders. At this stage both perform all tasks, similar to any startup founder, as has been shown by the available literature analysed in this paper. At this point, the role this founder plays is paramount, quite literally holding the fate of the startup in her hands. To this person, success in her role focuses mainly in two issues: untapping unknown questions and potential from the client and adaptation to client requests; and reaching project timeline goals. As a personal anecdote this person also values highly the enhancement of creative freedom. The principal challenge faced was pointed out as being the management of supplier relations and client expectations. This company recently partnered with a major player in the Portuguese architectural landscape which has springboarded this startup into a larger market, being able to take on bigger clients and enhancing revenue streams. When asked about what made her continue to strive for success in the startup, she highlighted the ability to be the beneficiary of the fruits of her hard work, which weren't diluted by being done at an established firm, and the unique work-life balance opportunities created by founding her own firm.

A number of questions were then asked regarding company operation and potential future hires. The first role she would look to delegate to someone hired externally would be that of supplier relations and procurement. This remains in line with the answers given by the founders who responded to the survey, in which the first role to be hired externally was given was that of Logistics and Operations. Results show that founders present similar issues at this stage of the company's life, regardless of industry. Additionally, when questioned about hard decisions that had to be made as a founder, the instance of turning down lucrative projects was mentioned, due to a lack of installed capacity to sustain rapid growth. It was also mentioned as important to succeed within the firm the possession of two principal characteristics: proactivity and timeline respect. Some of the challenges faced by the company were tied to proposal time and client feedback time. This was justified by the fact that the founders have to perform all tasks, which means sometimes their focus shifted from the very important work to low value producing tasks that still had to be performed. This was one the issues posed as to be important to solve when defining the role of a first external hire.

Moving on to the second interview, the company where the interviewee worked is also in its second year of operation. However, it has been through multi-million funding rounds and currently employs around 50 people, of which two are the co-founders. The interviewee works as an Operations Manager, setting up SOPs (Standard Operating Procedures) as well as being responsible for FTE (Full-Time Employees) hiring and management. The strong suit found by him regarding his impact on the success of the company referred to the continuous optimization of processes. Furthermore, success in his role was defined by achieving KPI-based goals, mainly related with operational costs and productivity figures. Also, hiring timelines, and FTE shift and calendarization objectives and the mitigation of percent-based operational errors were listed as some other success markers.

When asked about challenges faced and non-entrepreneurial work which had had an impactful effect on the operations of the firm, he first responded that there were some struggles with scalability, with a need to sustain high growth figures, correct FTE hiring practices and resource optimization. To the second question, he gave the example of a quantitative assessment of the operational cost basis to ensure a cent-accurate price could be practiced, in an industry characterized by high client turnover provoked by price shifts.

He mentioned result ownership and an accelerated work pace as some of the attractors to this role, feeling more fulfilled when verifying incremental rises in quality and improving the hiring processes. One instance that backs the point that non-entrepreneurs are paramount to the success of these startups was given. When a member of the leadership, responsible for customer relations and support went on an extended leave, he was forced to take on that extra responsibility and maintain the already high customer satisfaction levels at that height. There were also instances of disagreements between him and the C-level executives, which were resolved by keeping all stakeholders in the information loop, and they were able to reach a compromise taking both views into consideration. His role focused on a core industrial issue, operational efficiency, which in this case is the differentiating factor between this company and the rest of its market.

These two interviews prove two essential points that are indispensable to the success of startups. The first is that as the firm grows and reaches growth and revenue milestones, tasks must be delegated from the founder to the employees, in order to free the founder from menial tasks and keep innovating, and to have dedicated personnel working on each role as they become needed. The second is that even when they are non-innovators, they have valuable inputs to be made regarding big-picture, firm-defining strategies, as well as process improvement, task fulfilment and team and culture definition.

### 3.2.3 Discussion

By gathering and analysing the results of both the survey and the interviews the author concludes that in fact non-entrepreneurs are instrumental to the success of startups, a role which is more evidenced in the rapid growth phase of the lifecycle of these companies, when knowledge and operational expertise become essential to enable the startup to make the jump and assert itself in its market. These findings are in line with those found in the literature reviewed in this paper and narrow a knowledge gap that was found. While the majority of research has been made regarding the traits founders must have, or the direction they should take when at the infinite crossroads they will find while building their startups, this paper focuses on how those hired to perform specific functions can have an absolutely decisive role in the reaching of milestones and objectives set by the entrepreneurs.

While there are some limitations, which are mentioned below, these findings are based on research that was not pointed towards any specific industry nor any specific stage of a startup's lifecycle, which provides a basis for study that can be cautiously generalised and built on. However, if conclusions want to be taken regarding the role non-entrepreneurs play in the success of specific startups, it is important to focus future research in the industry or size of the startups analysed.

# 4 Limitations and Recommendations for Future Direction

The research presented in this work focused on startups and their non-entrepreneur members. Naturally, the results presented here cannot be transferred or used as an unquestionable basis for both future research within the startup space, as well as companies of other typologies. Also, as shown by the results of this study, respondents could be separated and focused on based on the industry in which their startup inserted in, or by function/role filled within the company. This is valid for the stage in the lifetime of the companies analysed as well.

Additionally, non-entrepreneurs are not the only success factor of startups, and other internal aspects, such as founder leadership, team dynamics and work processes should be considered and studied to understand how the affect the success of the company on their own and in conjunction with the rest of these internal aspects, as well as others that may not have been referred in this paper. And one cannot dismiss the impact external aspects that impact these companies in particular, such as product-market fit, economic conditions, regulations and access to capital. These factors should also be taken into consideration, and studied, again on their own and in relation to other elements of the startup ecosystem.

Limitations were found regarding the data collection process. The survey was conducted through online tools, with some respondents answering to the best of their abilities and knowledge but with a less-than-ideal accuracy and attention, which leads to some lack of confidence in the results. Additionally, the data collection period was rather short, which led to a lower number of answers, which also contributes to a lower number of valid answers from the respondents. Even though the survey was sent to more than 140 entrepreneurs and non-entrepreneurs, the response rate was low, which lead the author to question the certainty of the relationships between the results of the survey and the larger startup ecosystem.

The two principal suggestions regarding future direction for a study with this purpose, are to increase the data collection period, as well as increasing the number of respondents, not only in number, but also in variety, as the vast majority of those who responded to the survey were entrepreneurs or non-entrepreneurs based in the Lisbon Metropolitan Area, and this fact could have major implications in the results found. With this said, geographical origins of the respondents should be more expansive, not only in Portugal, but expanding to the rest of Europe and the world, as the views of both entrepreneurs and non-entrepreneurs on the role non-entrepreneurs have in the success of startups could change depending on geographical region of the startup, industry, work processes and stage of the startup in the lifecycle.

# 5 Conclusion

Considering the unpredictable and relatively new nature of startups, it is the author's assessment that non-innovators hold an importance to the success of startups similar to that of their founders, or so-called entrepreneurs. Based on the available literature on the subject, which remains limited, and a small survey and two focused interviews, a study was conducted to ascertain the role non-entrepreneurs play in startups achieving success. Data gathered showed that non-entrepreneurs were the ones performing virtually every single task associated with the crucial success factors of startups in general.

Though the survey gave some directions regarding the views of both entrepreneurs and non-entrepreneurs on this issue, the two interviews were essential to understand on a first-hand basis what success was seen as at two completely different startups of different dimensions, different industries and different objectives. Additionally, by being supplied with the viewpoints of both a founder and an employee, the author was able to understand how, even separate and not remotely associated, the founder's views on issues regarding the success of her startup were complemented by the views the employee had on the role he and others performed at their company. These two interviews prove two essential points that are indispensable to the success of startups. The first is that as the firm grows and reaches growth and revenue milestones, tasks must be delegated from the founder to the employees, in order to free the founder from menial tasks and keep innovating, and to have dedicated personnel working on each role as they become needed. The second is that even when they are non-innovators, they have valuable inputs to be made regarding big-picture, firm-defining strategies, as well as process improvement, task fulfilment and team and culture definition.

Moreover, even if the issues found by each were differing, they were symptoms of the struggles any startup goes through in their quest for growth and revenue. Survey data backed these views, as employees listed their responsibilities as the functions the founders most sought to delegate when the companies began to grow. It then follows that the startup was only able to grow past the embryonic stage when the right people were found to perform the tasks not associated with entrepreneurship.

This paper should then serve primarily as the basis on which to further study the impact these workers have on the incredibly intricate ecosystems that are startups. While founder's characteristics, experience and soft skills have long and deeply been studied, a research gap still persists regarding the rest of those who comprise startups. Any stakeholders should then seek to expand the scope of quantitative analysis, to back the issues defended in this paper, which, though it is existent, lacks a significant sample size to be considered effective. Concluding, this thesis offers a stepping stone built by small statistical figures and a comprehensive theoretical literature review on which to construct further research and knowledge in the amazingly broad ecosystem of startup companies.

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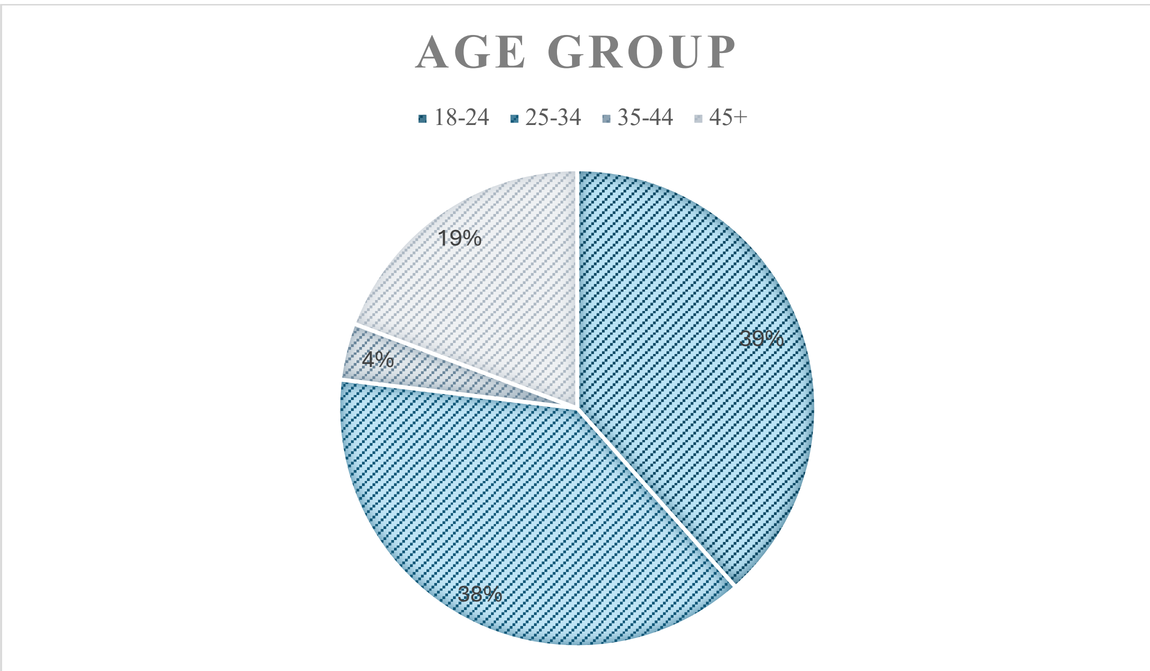
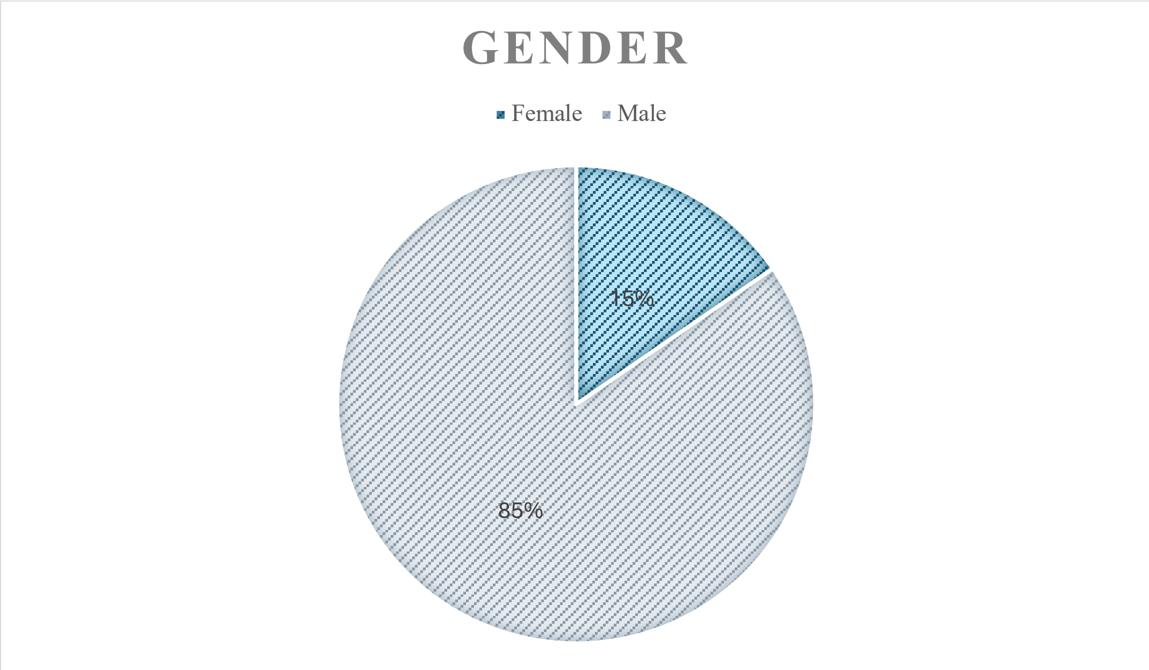
# 7 Appendix

**Appendix 1 – Survey Results**

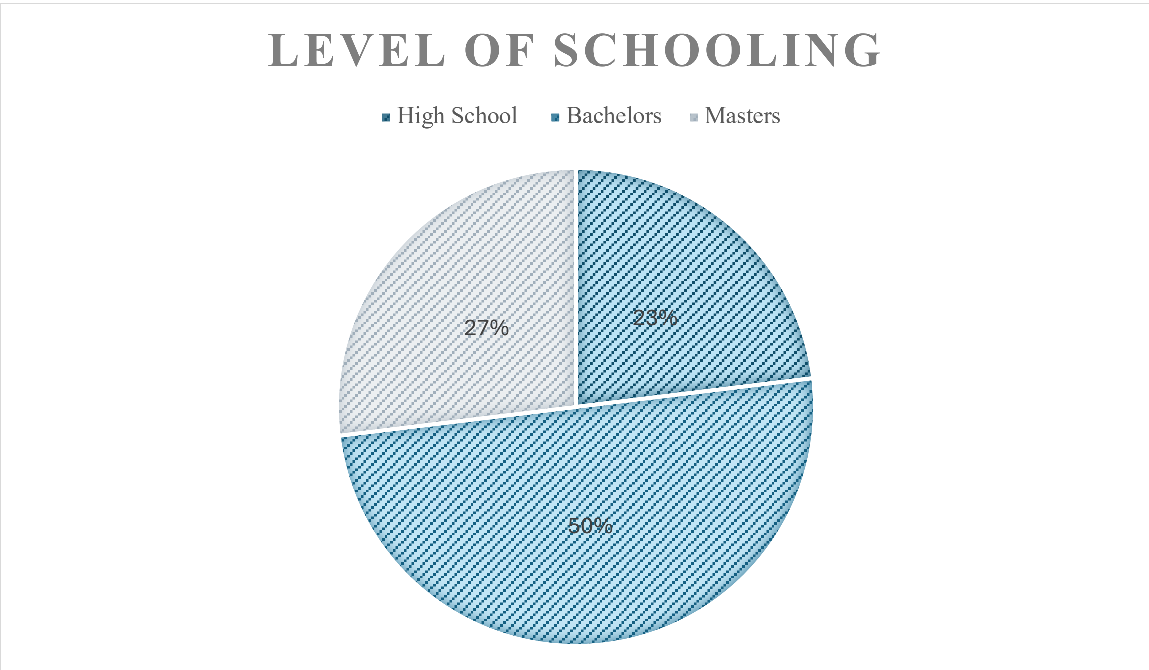
**Appendix 1.1 – Survey Results (Age Groups)**



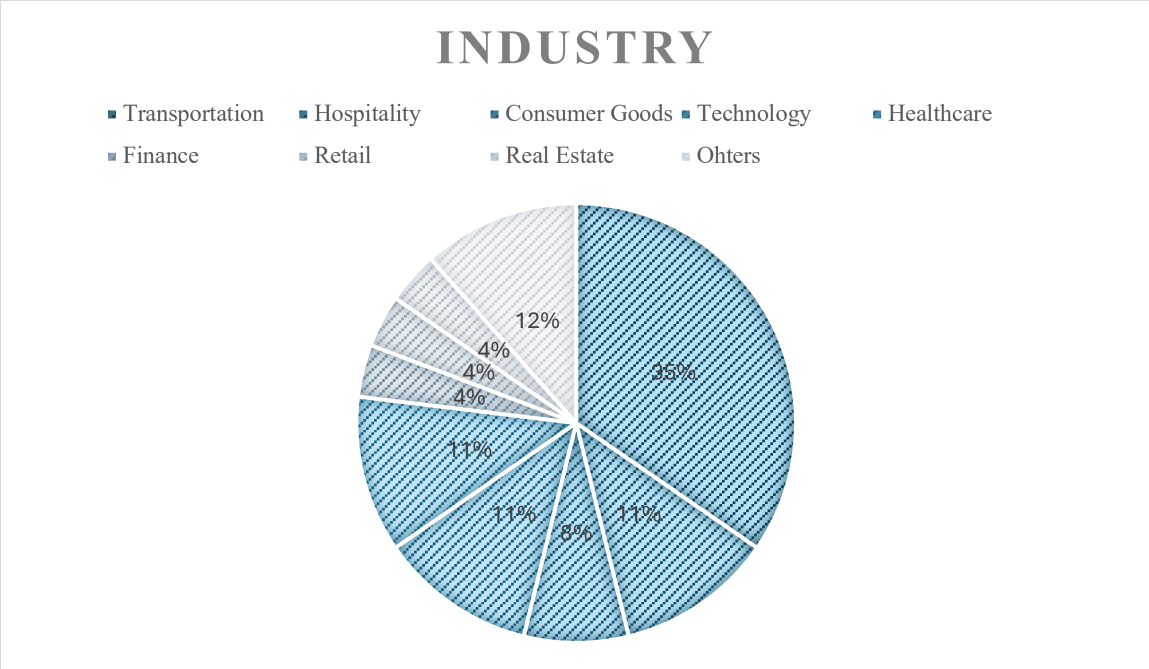
**Appendix 1.2 – Survey Results (Gender)**



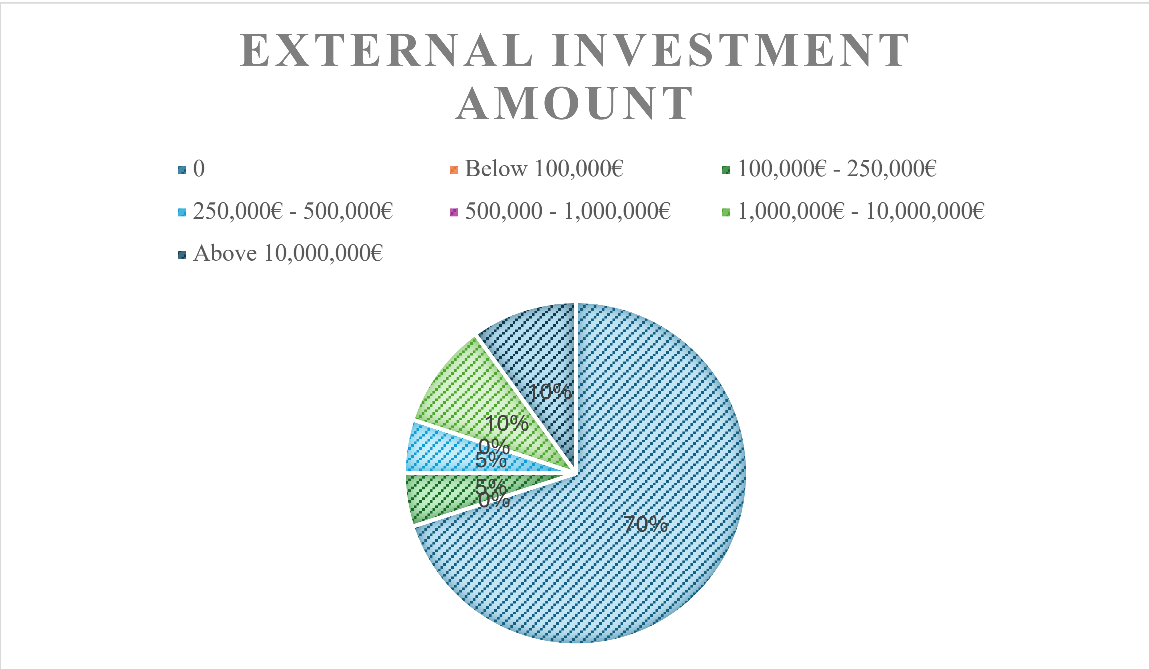

**Appendix 1.3 – Survey Result (Level of Schooling)**



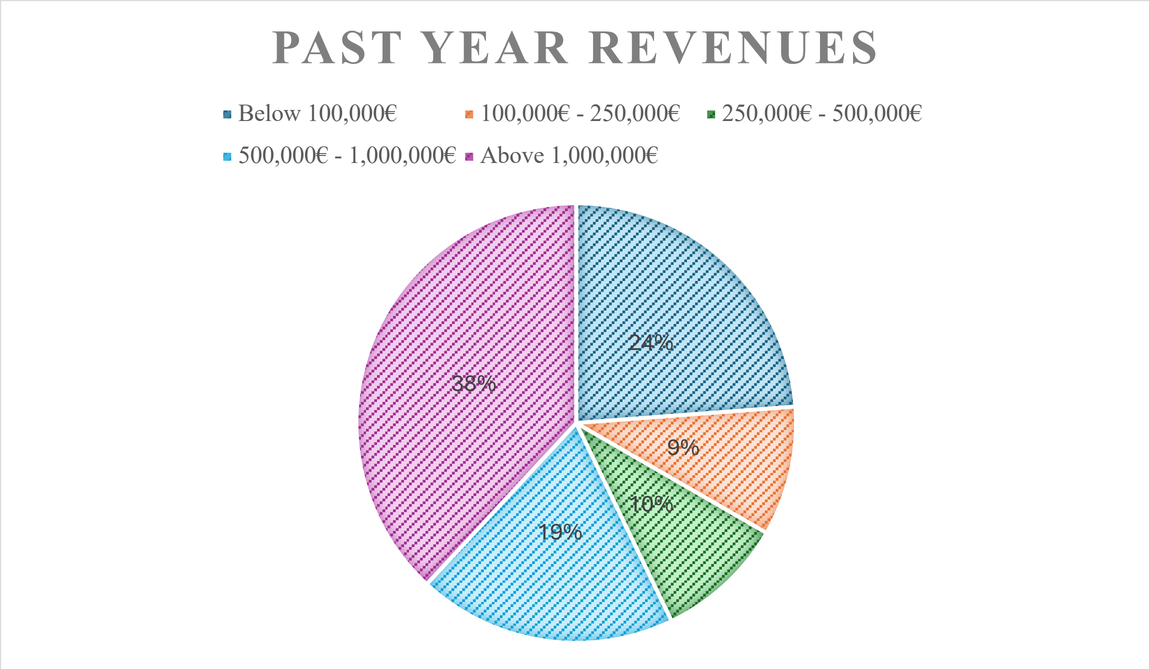

**Appendix 1.4 – Survey Result (Industry)**



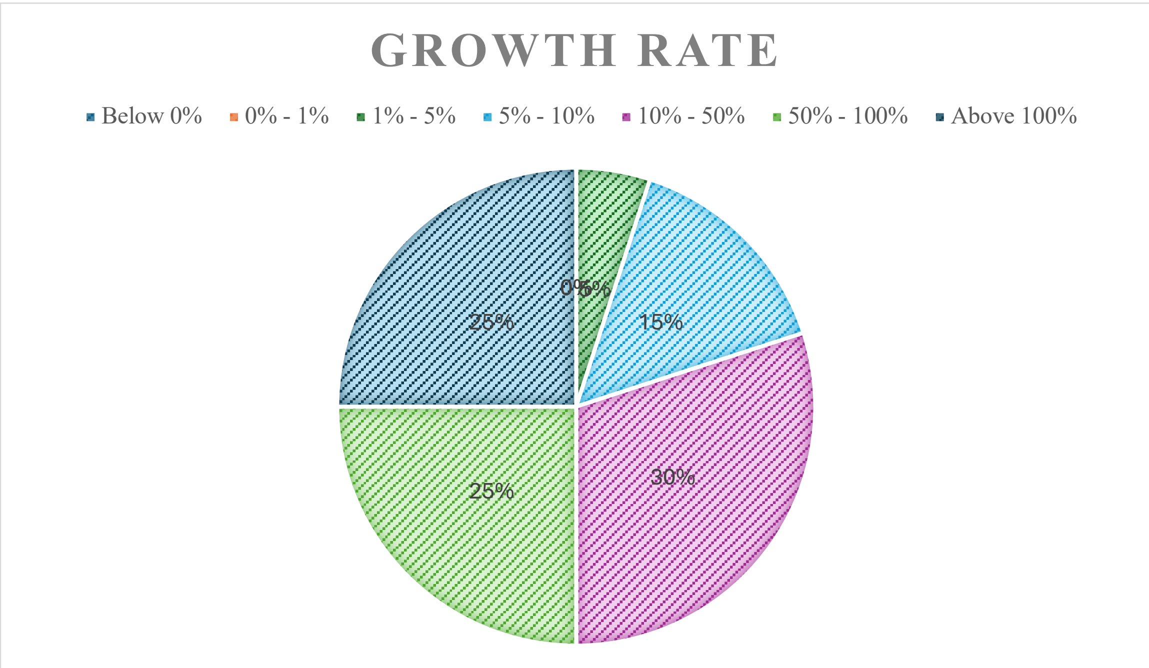

**Appendix 1.5 – Survey Result (External Investment Amount)**



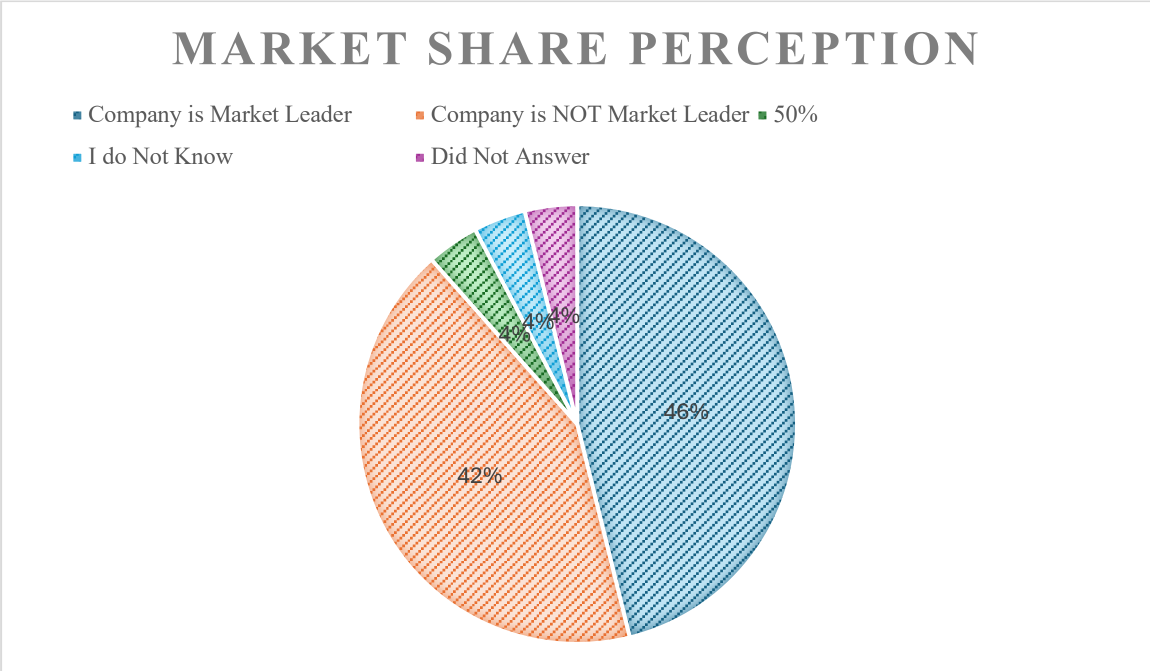

**Appendix 1.6 – Survey Result (Past Year Revenue)**



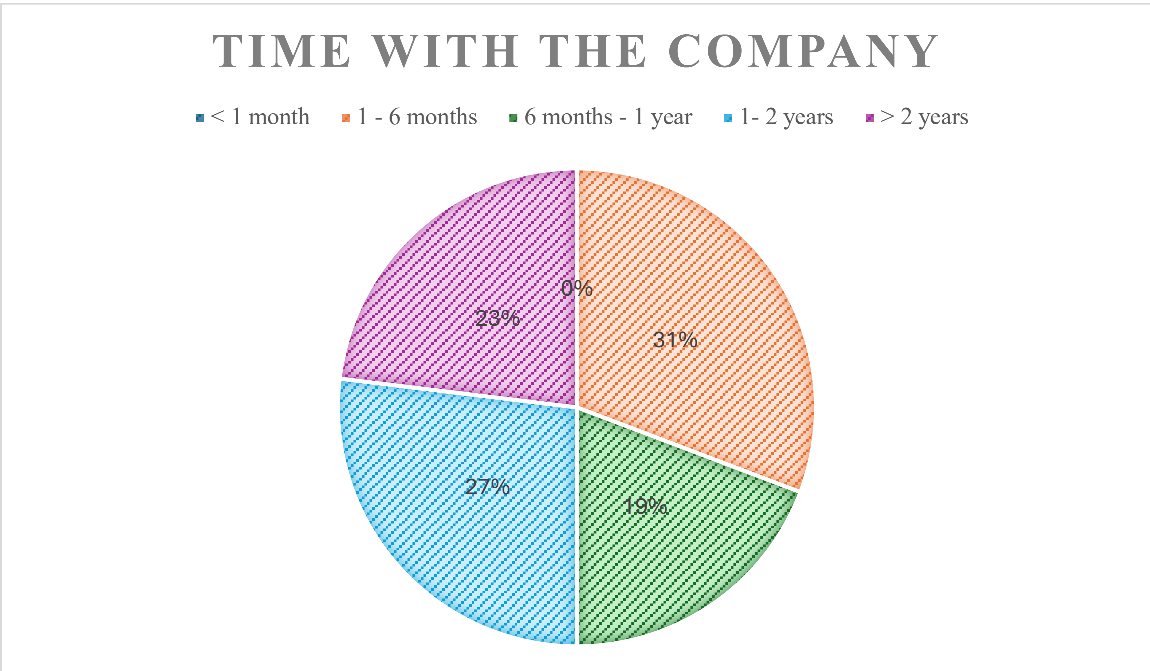

**Appendix 1.7 – Survey Result (Past Year Growth Rate)**



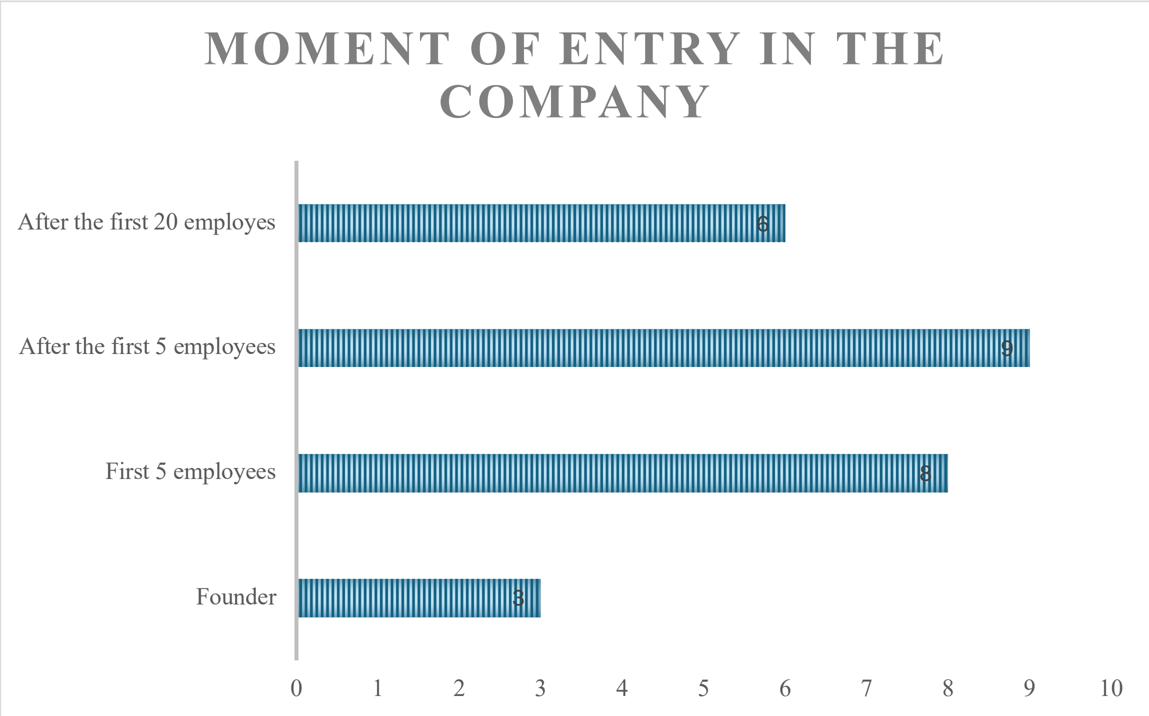

**Appendix 1.8 – Survey Result (Employee Market Share Perception)**



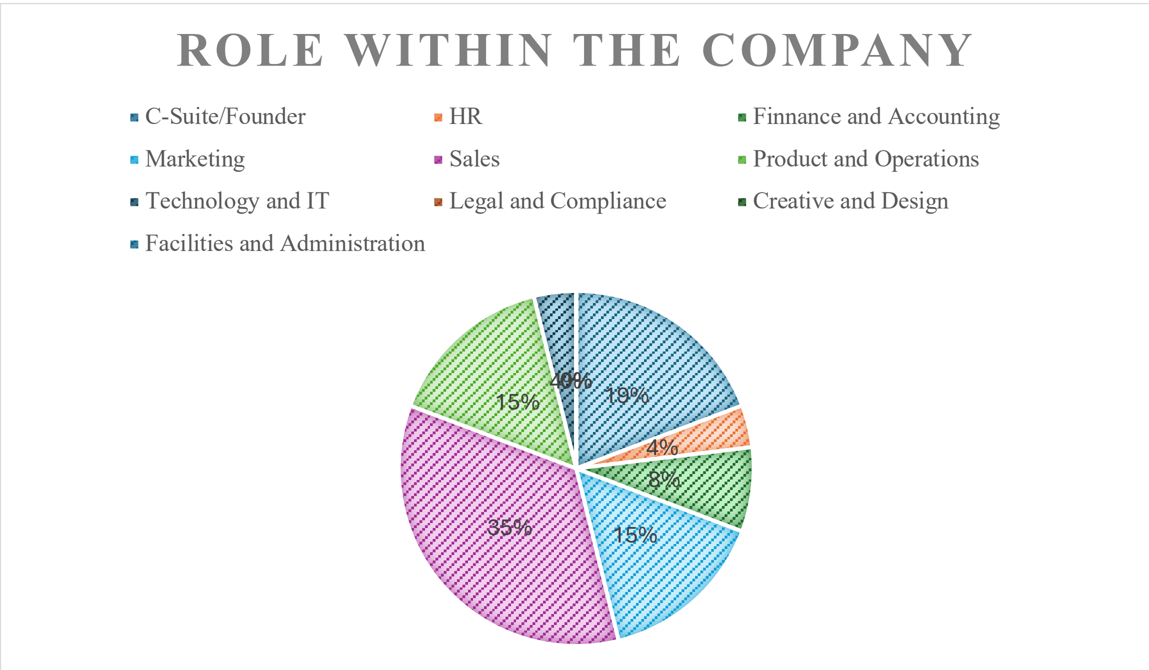

**Appendix 1.9 – Survey Result (Time with the Company)**




**Appendix 1.10 – Survey Result (Moment of Entry in the Company)**




**Appendix 1.11 – Survey Results (Role within the Company)**




**Appendix 1.12 – Survey Results (List of Role Responsibilities)**

**Respondent A –** Increase sales, client satisfaction and onboarding, LTV of clients;

**Respondent B –** SEO Optimization, Google Ads, Facebook Ads;

**Respondent C –** COO;

**Respondent D –** Manage service, ensure customer service, stock management;

**Respondent E –** Accounting, regulatory reporting, operations;

**Respondent F –** Talent acquisition, payroll, compensation and benefits;

**Respondent G –** Selling;

**Respondent H –** Content creation, social networks management, digital marketeer;

**Respondent I –** Finance, administration and HR;

**Respondent J –** Content creation, PR, social networks management;

**Respondent K –** Ticket resolution, customer support, client-seller updates;

**Respondent L –** Board Member;

**Respondent M –** Cold calling, selling, following up;

**Respondent N –** Sales;

**Respondent O –** CEO, CTO;

**Respondent P –** Growth, sales and marketing;

**Respondent Q –** Continuous improvement processes, increasing factory productivity, shift and personnel planning;

**Respondent R –** Customer relations, customer acquisition, account maintenance;

**Respondent S –** Client acquisition, car procurement, documentation processing;

**Respondent T –** Customer support;

**Respondent U –** Sales, client satisfaction;

**Respondent V –** Digital marketing and data analysis;

**Respondent W –** Selling, managing and listening;

**Respondent X –** Sales, negotiation, account management;

**Respondent Y –** Budget achievement, sales, accounting;

**Respondent Z –** Operations manager

**Appendix 1.13 – Survey Results (List of Improvement Suggestions)**

**Respondent A –** Production of fictitious projects such as shopping centres or buildings, with the aim of bringing in 'bigger' business in the future;

**Respondent B –** Ending Facebook ads;

**Respondent C –** A lot of things, from marketing strategies to the full operation department. Because I was the first employee, I have participated in every strategic decision of the company;

**Respondent D –** Have just simple videos explaining how our product so the customer can absorb the information while he waits to receive the product;

**Respondent E –** Move functions between countries;

**Respondent F –** Recruiting young talent (interns);

**Respondent G –** Deep diving into the operations department for cost cutting and process streamlining;

**Respondent H –** Starting a content department;

**Respondent I –** New financial processes, internal invoicing, some controls;

**Respondent J –** Weekly meetings for high and low point sharing;

**Respondent K –** DNA;

**Respondent L –** Fundraising strategy;

**Respondent M –** Changes to remuneration structure for salespeople;

**Respondent N –** Improve specific price issues;

**Respondent O –** DNA;

**Respondent P –** Licencing the marketplace business model we had;

**Respondent Q –** Increase the amount of time that the machines, in one of our sections, should be up and running;

**Respondent R –** Weekly client report meetings;

**Respondent S –** All cars delivered be checked before the driver leaves;

**Respondent T –** Making damage control more efficient by making the dealership do a check on the car before they send it to Portugal;

**Respondent U –** Better logistics and field structure;

**Respondent V –** Engagement team;

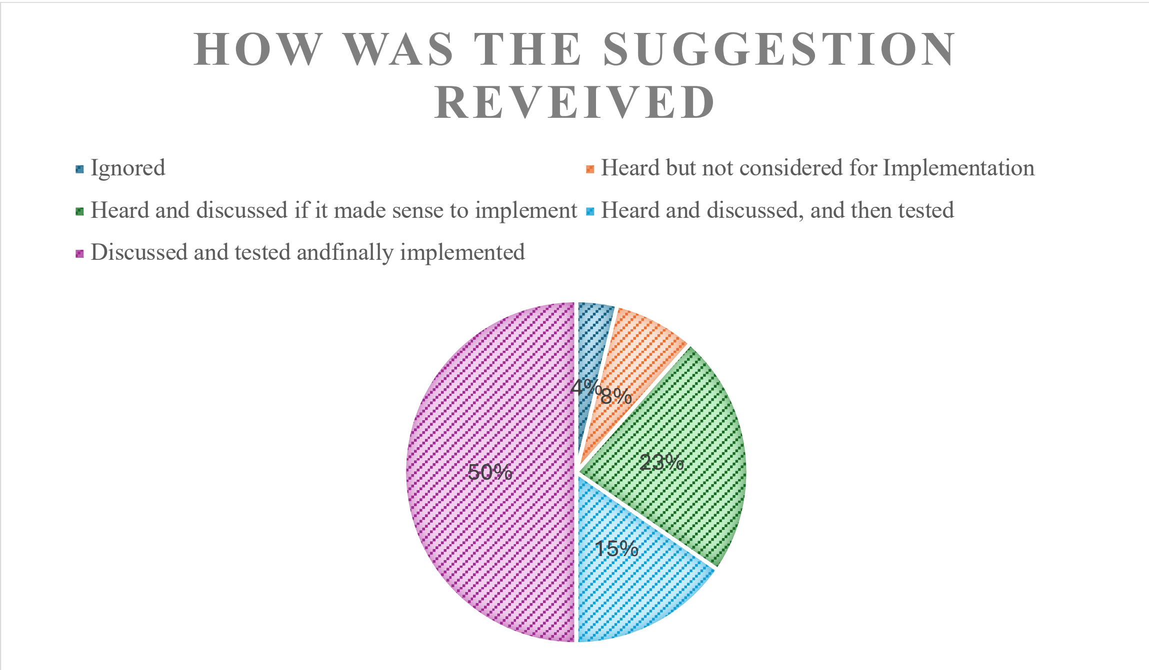
**Respondent W –** Sales team separation;

**Respondent X** – DNA;

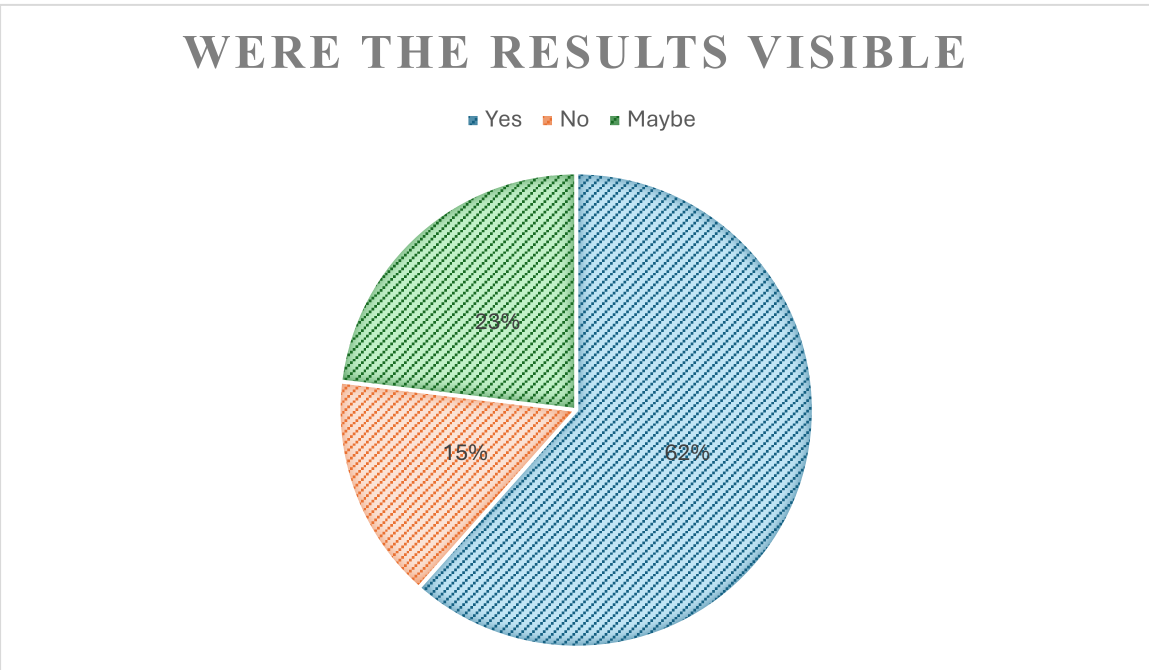
**Respondent Y** – 1 day of home office;

**Respondent Z** – New transport company

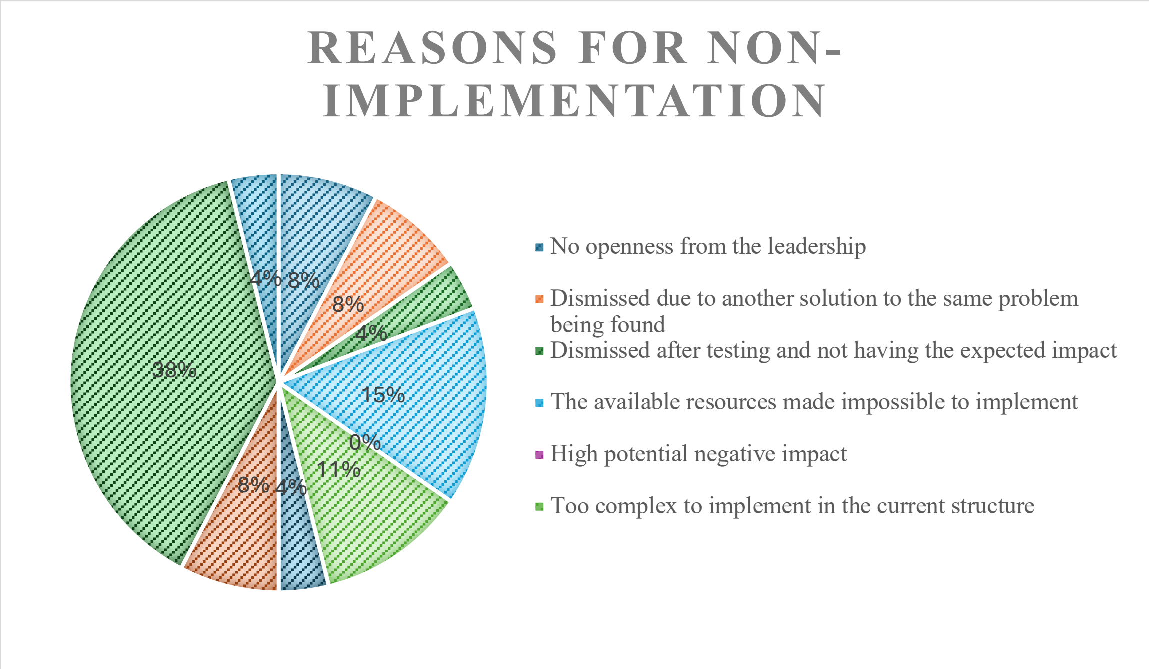
**Appendix 1.14 – Survey Results (How was the suggestion received)**



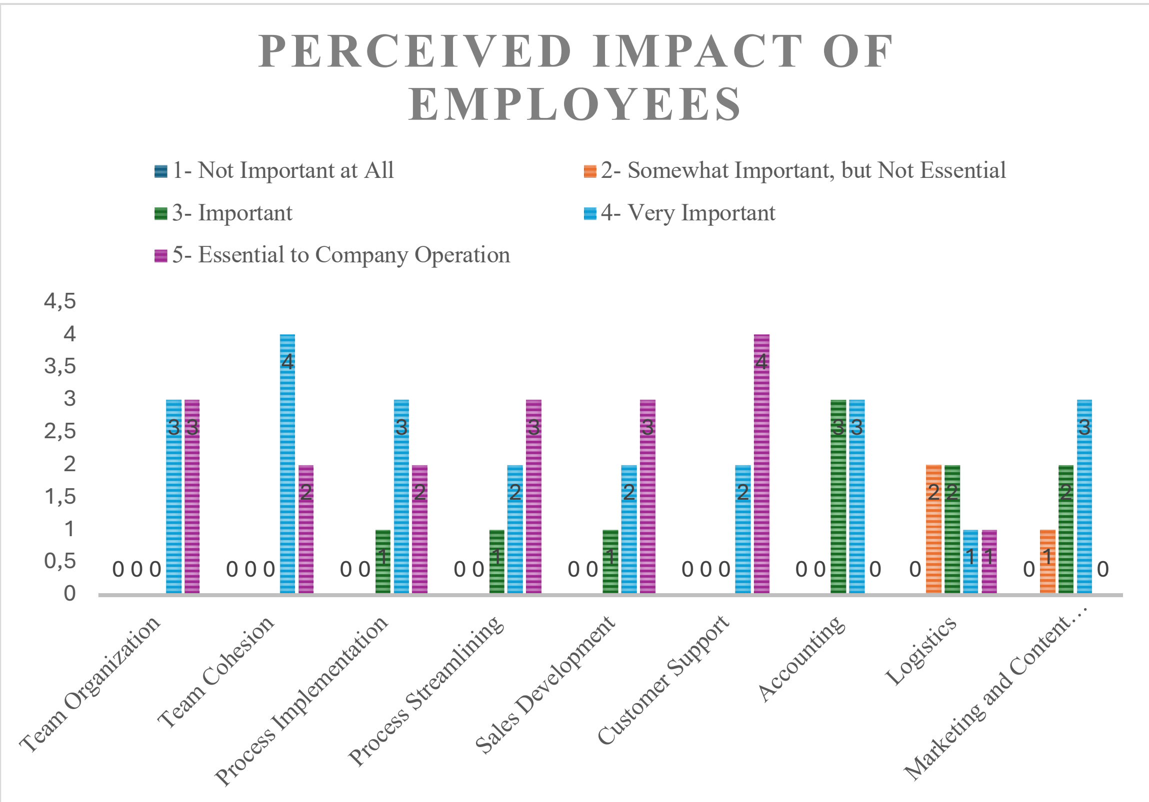

**Appendix 1.15 – Survey Results (Visibility of Suggestion Impact)**



**Appendix 1.16 – Survey Results (Reasons for Non-Implementation)**




**Appendix 1.17 – Survey Results (Impact of Employees on Each Situation)**



**Appendix 1.18 – Survey Results (List of First Role the Founder saw Necessary to Hire Externally)**

**Respondent 1 –** Marketing and Content Creation was the topic on which we needed external help most quickly. The expertise of a company focussed solely on this aspect meant that we could focus on other areas of the business, while at the same time having strong digital marketing that brings us leads on a weekly basis;

**Respondent 2 –** We didn't hire anyone for my department;

**Respondent 3 –** Compliance officer;

**Respondent 4 –** An operational-executive "right arm" to the founder CEO;

**Respondent 5 –** Development;

**Respondent 6 –** Operations

**Appendix 1.19 – Survey Results (List of Reasons for the Choice in the Previous Question)**

**Respondent 1 –** We sell a variety of marketing content focused on the real estate industry, and the only thing we do in-house is architectural projects, which meant hiring architects;

**Respondent 2 –** We didn't hire anyone for my department;

**Respondent 3 –** Lack of knowledge and increase in regulation;

**Respondent 4 –** To free valuable time from the CEO;

**Respondent 5 –** Ensure product quality;

**Respondent 6 –** Because i need to move to sales

**Appendix 2 – Interviews Transcripts**

**Appendix 2.1 – Interview 1 (Founder, female, 46y)**

## Interview No.1

**Q:** In what field is the startup active?

**A:** Architecture and interior design.

**Q:** How many people comprise the company?

**A:** 2.

**Q:** How old is the company?

**A:** 2 years.

**Q:** What is your role within the startup?

**A:** Founder, Senior Interior Designer, Customer Relations, Customer Support, Procurement, Accounting, Process Definition. Basically everything.

**Q:** How does your role contribute to the overall success of the startup?

**A:** Paramount, without this contribution the company does not exist.

**Q:** What does success in your role look like?

**A:** Creativity enhancement, ease of adaptation to client's requests, identification of untapped potential for the client, coordination of suppliers, distributors, contractors and clients, reaching project timeline goals.

**Q:** How do you prioritize your tasks and manage time effectively in a startup environment?

**A:** Considering project deadlines, task management is done in a reverse order, with tasks being prioritized from the end of the project to the beginning, having an overview of what is needed to deliver the project on a certain date, and organizing tasks to make that possible.

**Q:** What is the biggest challenge you face in your role right now?

**A:** Human Resource Management, managing supplier relationships and then managing client expectations.

**Q:** Can you share a recent accomplishment or project you're particularly proud of?

**A:** First partnership with a bigger player in the architecture landscape in Portugal, which springboarded the company to land bigger clients.

**Q:** What motivates you to keep working in a startup, especially considering its unpredictable nature?

**A:** Work-life balance opportunities, the ability to be the beneficiary of all profits of the hard work put in, and not letting them dilute in a bigger corporation.

**Q:** What aspects of your role do you find most fulfilling?

**A:** Building the project from start to finish, the creative part of project conceptualization.

**Q:** If you had to hire externally, what would be the first role you would like to pass on to that person?

**A:** Supplier relationships and procurement.

**Q:** Can you share your vision for the company?

**A:** More partnerships to ensure larger and more regular revenues, grow to the point of hiring externally, become a large player in the sector, and bring structural changes to it, mainly regarding employee payments.

**Q:** What were some of the hardest decisions you've had to make as a founder, and how did you approach them?

**A:** Turning down projects, when installed capacity is not able to deal to with lead flow, in order to ensure sustained growth.

**Q:** What do you believe is the most important trait for someone to succeed in your startup?

**A:** Proactivity and timeline respect.

**Q:** How do you balance overseeing the big-picture strategy with day-to-day operations?

**A:** Sharing with the other founder mainly through task separation, not particularly with project separation. Big-picture strategy is done by the one who brought the client in, and day-to-day operations are separated by tasks, regardless of the project associated with them

**Q:** How do you ensure the team stays motivated and aligned with the startup's mission?

**A:** Creating client-company fit, project-company fit.

**Q:** What areas of the startup's operations would you like to see improved, and how do you plan to address them?

**A:** Proposal time and client feedback time which affects time management. Also, skill development or an external hire in certain fields (3D projections) which is currently being outsourced and increases proposal definition time. Finally, brand awareness through social media presence.

**Q:** What do you believe is the most important factor in building and maintaining a successful team in a startup?

**A:** Team coordination, dialogue, with any team size, maintaining project status knowledge between all team members.

**Q:** What are the key metrics or indicators you monitor closely to gauge the company's health and future potential?

**A:** Client satisfaction ratings, as this is an industry that works strongly through mouth-to-mouth marketing, and it is very important to ensure that client experience is maintained at a high level.

**Q:** How do you see your role evolving in the next 1–2 years as the company grows?

**A:** Delegating some of the more operational tasks such as accounting, procurement, and supplier relations. However, the technical knowledge obligates certain tasks to remain attached to the founder.

**Appendix 2.1 – Interview 2 (Employee, male, 23y)**

## Interview No.2

**Q:** In what field is the startup active?

**A:** Tourism/Industrial Dry cleaning.

**Q:** How many people comprise the company?

**A:** 50.

**Q:** How old is the company?

**A:** 2 years.

**Q:** What is your role within the startup?

**A:** Operations Manager which means I am responsible for setting up of SOPs, responsible for FTE management (Full-Time Employees).

**Q:** How does your role contribute to the overall success of the startup?

**A:** Continuous Improvement Processes.

**Q:** What does success in your role look like?

**A:** Based on KPI-goal achievements related with cost and productivity per Kg.

Achievement of hiring timelines and FTE shift and calendarization objectives.

Mitigation of percentual operational errors.

**Q:** How do you prioritize your tasks and manage time effectively in a startup environment?

**A:** Monthly functions that should be met until a specific deadline, and due to revenue cycles (monthly), I focus on problem resolution from the prior month, mostly related with productivity and cost metrics, in order to make sure of the implementation of improvements in the following period in the most effective way possible.

**Q:** What is the biggest challenge you face in your role right now?

**A:** Scalability issues, need for sustainability with high growth figures, to ensure correct number of FTEs and their resources optimization.

**Q:** Can you share a recent accomplishment or project you're particularly proud of?

**A:** An assessment of the operational cost basis to ensure the most accurate price practiced for the clients.

**Q:** What motivates you to keep working in a startup, especially considering its unpredictable nature?

**A:** Result ownership, accelerated work pace, and due to this pace, the opportunity to experience to work with several departments of the company and learn how to achieve success both in these departments and the company as a whole

Immediate impact.

**Q:** What aspects of your role do you find most fulfilling?

**A:** Quality assurance, verifying the incremental rise in quality, hiring of an ever more specialized and quality team.

**Q:** What initially attracted you to join this startup, and how has your perception of the company evolved since then?

**A:** Initially to explore a personally untapped market, experience quality leadership from its founders. It is a market with high potential but with high structural and cost barriers to entry and leadership is much better than initially perceived.

**Q:** Can you describe a time when you had to step outside of your defined role to help the company achieve its objectives?

**A:** When one of the leadership persons went on holidays and I assumed the role of Customer Relations to ensure it maintained the highest level.

**Q:** What kinds of opportunities do you see for innovation or new initiatives in your area of work?

**A:** Exploring new markets, such as the healthcare market, higher degree of task automation, and vertical supplier integration.

**Q:** How do you feel about the level of autonomy you have in your role? Are there areas where you wish you had more freedom?

**A:** Quite high level, sometimes it is needed to meet investor objectives through a possibly unconventional path (not by raising prices but by increasing size).

**Q:** Have you had any conflicts with teammates, and how were those resolved in a way that benefited the company?

**A:** Had disagreements with C-level executives. However, by being kept in the information loop I was able to we were able to find a compromise.

**Q:** If you could change one thing about the startup's strategy or operations, what would it be and why?

**A:** Quality concern instead of revenue growth concerns.

**Q:** What skills do you feel you've gained or developed the most since joining the startup?

**A:** Time management, and dealing with high performance needs, and adaptability.

**Q:** Do you feel your work is valued within the company? Why or why not?

**A:** Yes, because I am performing tasks that many times don't have much visibility but are essential to the success of the company.

**Q:** What's the perceived importance of your role, and why?

**A:** It focuses on a core industrial issue, which is operational efficiency and is the differentiating factor of the company regarding its market.