Research of Vertical and Team Leadership in Slovak Startups*

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Abstract

Start-up is a fast growing, innovative enterprise. Only ten percent of the start-ups will grow into real companies that have a value. One of the most common causes of extinction of the remaining ninety percent of start-ups is the inability of the founder to create a functional start-up team. Start-ups are therefore considered the ideal context for studying both vertical and team leadership. Within the framework of vertical leadership, it is necessary to examine the quality of the start-up founder's ability to formulate an original and attractive vision, to inspire co-workers to achieve it, to encourage them in crisis situations and also to develop their competence. The essence of team leadership is the creation of a cohesive team, whose members support each other, have divided roles, responsibilities and authorities. Based on a research sample of 76 Slovak start-ups, there was investigated the founder's tasks in the start-up and the quality of teamwork in the start-up team. The results of the research project help clarify the nature of the vertical and team leadership in the start-up.

Introduction

Start-ups are young, starting, quickly and dynamically growing businesses expected to develop quickly and exponentially and to achieve high return of invested means in a relatively short time and therefore their business is often built on innovations, improvement of high technologies and formation of user applications. Start-ups are innovative addition to medium and large businesses, because they enter topics large businesses consider non-attractive, risky and unimportant or which are out of their sight. Start-ups are small and simple form of business, allowing space for self-fulfilment, thoughts adventure, creativity, informal business relations, as well as high work deployment and in case of success extraordinary or non-standard reward. Start-ups are source of job opportunities for young people and graduates, who decided to take their life planes into their own hands, who does not want to be ordinary employees and who perceives entrepreneurship as tool securing their own source of living via satisfying other’s needs. Start-ups are expected to play social role, where they create work places, economic role, when they can effectively assess invested resources and position of business and development, when they satisfy needs or improve quality of life by creating, inventing and satisfying completely new needs.

Start-ups, founders, leaders and teams

Many people believe than start-up is only a foreign name for small businesses in phase where they launch their business. In a literature number of authors lean towards differentiation of start-ups and starting businesses. Very popular is especially statement of Blank (2013) claiming that „start-ups are not only a small version of a large business and..."

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work as other traditional small business, because their beginnings and internal functioning are completely different. Thanedar (2012) distinguishes start-ups from small businesses on bases of five criterions, which are profitability, long term value, incomes, growth potential and ability to scale. Small businesses aim to achieve profitability and stable long term value, while start-ups focus on income and growth potential. Therefore, start-up businesses have specifications differentiating them from other newly found businesses.

There is no singular or generally true definition of term start-up. However it is possible to identify common aspects appearing in these definitions. First common sign is that **start-ups do not have to do their business exclusively in IT sector, develop and apply high technologies.** This is confirmed by Ries (2011) who states that “start-up is not about technological revolution, product or idea, it is something bigger than sum of these parts”. Definitions authors agree that **the core of start-up is unconventional thinking, creativity, originality or novelty.** Innovation as a base for understanding of start-ups is promoted by Ries (2011), who defines start-up as “human organisation designed to supply new product or service in conditions of extreme uncertainty”. Start-up offers new innovative product or service, which has not been tested on a market due to very high risk of failure. **Uncertainty or uncertain future** represents third mutual point in characterisation of term start-up. Blank a Dorf (2012) claim that “start-up goes from failure to failure in an attempt to learn from every failure and find out what does not work in process of seeking repeatable business model with high growth”. Uncertainty in starting business is caused by short business tradition, lack of skills and low level of developed routines and processes. Uncertainty is also connected with external environment where start up operates and is determined especially by specific conditions of environment, complexity and dynamics of the market. Fourth residing criterion in start-up definition is **growth criterion.** Damodaran (2012) states that “value of start-up lays exclusively in its future growth potential”. Aspect of growth is stressed by many authors, who consider start-up a company created to grow quick. Fifth point states that in start-up characteristics there is possible to find **relation with phases of company life cycle.** As a start-up is considered company which transfers from state of business idea and moves to preparations of production, marketing and actual sale of a product. Several foreign sources characterise start-up as business subject in first (early) phase of lifecycle in which entrepreneur goes from business idea to securing financial resources, setting company organisation and creating its structure and initiation of business activity.

Establishment and development of start-ups is necessarily linked with leadership, because leaders have deciding impact on success or failure of start-up. In companies there are two core types of leadership, those are vertical leadership based on knowledge and decisions of single person (leader) and team leadership involving number of team members into decision making processes.

**Vertical leadership** is based on appointed, formal leader (e.g. CEO, executive director). In application of vertical leadership, only the person who is on the top of the company hierarchy is formally entitled to influence actions of those on lower levels (Ensley, Hmieleski, Pearce, 2006). This approach strongly dominates in a literature devoted to leadership. This is confirmed by Klotz et al. (2014), who argue that researches usually focus on a role of founder (leader) in development of a new company. Baum, Locke a Kirkpatrick (1998) found out that “inspiration and vision of the founder are driving force of start-up”. According to Timmons a Spinelli (2008) success of start-up is dependent on strong leadership from the founder.

Vertical leadership is clear in start-up primarily in early phases of lifecycle. It is usually an individual with leading or visionary skills who identifies possibility of business in external environment and consequently establishes a new business. Even though start-ups are often established by team of people in many cases there is one formal leader appointed within this team (Ensley, Hmieleski, Pearce, 2006). In the beginning, leader formulate vision of a
business, sets first objectives, obtains necessary resources (financial, non-financial and human), influences investors, partners, suppliers or customers. Baum, Locke a Kirkpatrick (1998) claim that “the task of a leader as a founder of start-up is to create a vision of a new business and influence others (investors, employees, partners, suppliers, customers) to "buy his dreams". According to Bryant (2004), “leaders in starting businesses must achieve extraordinary commitment and participation of their employees in order for start-up to succeed in realisation of innovative and considerably unexplored business plan and at the same time to be able to compete with settled competing business”.

In case start-up is successful credit is usually given to founder as an individual who leads the company (Klotz et al., 2004). However, according to Timmons a Spinelli (2008) success of start-up is conditioned not only by strong leadership from the founder but very important is also building of a team, whose members have mutually complementing skills, talents and ability to work as a team. Klotz et al. (2014) claims that most of the new businesses is led by teams not individuals. Pearce (2004) defines team leadership as “current, ongoing and mutual influencing of people and processes within the team, which is characterised by serial formation of official and non-official leaders”. In application of shared leadership is every member of a team authorised to influence actions of other team members and therefore, it is not possible to differentiate who is the leader within the team and who is follower (Pearce, 2004). Gronn describes this approach as “distributed leadership”. Pearce a Conger mention “shared leadership”, Senge and Covey describe it as “distributed leadership”, Kocolowski mentions ale the term “collective leadership”. The most commonly occurring term in the literature is the team leadership.

Timmons and Spinelli (2008) state that start-ups with high growth potential are mainly built and led by a team, moreover in case of successful start-up with high growth potential there is higher share of founder teams than in failing start-ups with high growth potential. Manz and Sims (1993) warn that „teams with high performance do not have structure of formal leadership. Leadership in these teams is divided in a way that employees with appropriate knowledge and skills provide their opinions in specific situations, which are then solved by a team as a whole. This means that in a given situation leader of the team does not make a decision, but member of a team who has the most relevant knowledge or skills regarding the issue or business opportunity. While vertical leadership depends on wisdom of an individual (leader), team leadership benefits from ideas and knowledge of a whole team. It is a leadership coming from within a team, which means that leadership is a team process performed by team as a whole and not previously appointed individual. Decision making competence and responsibility for decisions made is evenly divided between all members of the team and all members of the team are equal in team leadership. Therefore, team leadership is based on cooperation of the team. Pearce and Sims (2002) found out that “application of team leadership enables companies to achieve better results in comparison with vertical leadership especially in management of change and in virtual teams”.

As start-up grows it is not possible for single leader to perform all functions and take all responsibility, no matter how capable or charismatic they are. This is supported by Timmons and Spinelli (2008) who state that for leader of start-up with high growth potential it is very demanding to manage growth of such start-up alone. Start-up founder must learn to delegate tasks and responsibilities and not attempt to do everything on their own. Inability of any founder to work in a team or inability to create a team belongs to one of mostly occurring causes of start-up failures as investigated by several researches (e.g. research of company CB Insider or research of entrepreneur Mitchell Harper).

In Slovakia there is consulting company KPMG devoted to systematic research of start-ups, which undertook researches in years 2013, 2014 and 2016. In report from 2013, there is stated that typical characteristics of start-up worker are ambition and drive, global view and
perception, progressive thinking and innovativeness, cooperativeness and indomitability. Most of the addressed start-up workers (77%) prefer to remain independent entrepreneurs, despite global average of 54%.

Report from 2014 states that 79% of respondents are aged from 25 - 34 years, 16% are above 34 years and the rest is below 25 years. Similar age profile is in Israel, in the USA average age of start-up founder is 40 years. However, young entrepreneurs lack their own financial resources and experience. 79% of start-up founders have university education of second degree and higher, in the USA it is only 43%. 40% of start-up workers have education in fields of business economics and management and 42% from IKT. Teams are therefore unilaterally oriented. 76% of start-ups do not have a female founder. 17% of start-up workers work alone, 66% work in teams of two and three founders. Founders realise the need and usefulness of a team and therefore 78% created jobs, however 22% have no employees. 78% of founders have from 4 to 9 employees, 22% have 10 employees and more.

Further, in report from 2014, there is mentioned that some of the strong abilities of start-up workers are technical skills, enthusiasm (ability to work hard), there are lower abilities to create new ideas and build teams, also lower is critical thinking, at the bottom is business intuition. Weaknesses are financial planning, expansion on new markets, resource obtaining, business models and leadership skills.

In report from 2016 there is stated that that factors driving growth in accordance with start-up workers are building of high quality team, obtaining of financial resources and access to international markets. Investors consider important qualities such as building of high quality team, access to international markets. Most of investors (82%) believe that dispensable investments surpass business opportunities. Organisations supporting start-ups have noticed deficiency of leadership and management skills and very few high level ideas.

Academics and investors perceive human resource quality as important investment criterion. Peter Thiel notes that every new business must answer seven questions, while one question regards people: “Do you have a right team?” Paul Burns assesses business ideas in accordance with twelve criterions and one of them are managerial skills, which can be developed or amended. Most of start-up workers should avoid nine capital sins of development and introduction of a new product, which are typical for entrepreneur's way of thinking in spirit of rules and traditions of a traditional business. These tricky ways of thinking might be altered into their opposite and turn them into warning criterions of angelic investment, e.g.: start-up team must be accustomed to change, chaos, learning from mistakes, risks and unstable situations with no guide how to solve the problem, must be curious, enquiring, creative and eager to seek repeatable and scale able business model.

Club of business angels of Slovakia (KPAS) is the first network of business angels in Slovakia, established in a year 2011. Project seeking after investors, must describe, apart from other criterions, composition of realisation team. Investment club G4 combines narrow circuit of selected investors seeking synergy and space for diversification of their free resources. Applicant receives money, in case they or their team can prove to be able to fulfil these criterions. Neulogy Ventures invest into technological businesses in different states of idea development. The main task is to find outstanding tams capable to turn their ideas into commercially successful products. Idea without a team able to realise it is almost priceless. Credo Ventures seeks entrepreneurs in middle and east Europe with a vision to get beyond regional lines and create global businesses. Most of those investments are performed based on positive relations between C team and star-up. Equally important is favourable atmosphere within the start-up team. Institutional investors Arca Capital and Genesis Capital consider important investment criterion skilled and determined managerial team.

Andrei Kiska junior from Credo Ventures states that it is very difficult to explain the process of assessment for investment opportunities, which is based on subjective judgements,
feelings and intuition. Eventually, the key criterion which decides is very subjective. It is a team and its ability to perform. Marek Truban is a Slovak entrepreneur in field of information technologies, who recommends to persuade an investor with “miraculous cocktail of ingredients” which includes 33 % of the right motivation and an outstanding team which stands behind all the work? Angelic investors realise unreliability of quantitative criterions and therefore, they consider in their decisions personality of an entrepreneur, their history, team quality, impression, trust, affinity and actions.

**Objectives, research sample and research methodology**

It is believed that one of very significant condition for success of a start-up and its transformation into company which makes profit, are its people. Object of this research are personal data of founders and quality of leaders and teams. Quality of leaders and teams is measured in every phase of a cycle of start-up progression. The aim of this research is to bring new knowledge of personal background of start-up as an attractive yet still very little investigates form of a business.

Content of this article includes processing and interpretation of research results, which was performed on a sample of 76 start-ups. Every start-up was investigated by a single member of research team, who in a properly managed interview, normally with a leading person, personally recorded answers to closed and opened questions of questionnaire. Source of knowledge regarding investigated start-ups are also case studies, assembled from publicly available information. In this article, there are published knowledge of personal identification of start-up leading person, quality of leadership and team work in a start-up. Quality of leadership and team are examined also in relation to start-up development phases noted on a scale of development of business idea (business cycle): 1 - idea/concept/research, 2 – product development, 3 – product prototype/testing, 4 - first incomes, 5 - growing incomes and on a scale of cycle of start-up financing (investment cycle): 1 - pre-launching capital (angelic phase, thought, no product), 2 - launching capital (seed phase, works on a product, produced/realised prototype, detection of interest in product), 3 – capital for an initial development and further growth (series A/B phase, 1., 2. round, investment into business which already has customers, generate incomes), 4 – development capital (3. round, mezzanine capital), 5 – IPO (public market). Level or degree of development (functionality, excellence) of examined start-up characteristic is assessed in accordance with scale: 1 – none, 2 – first concept, 3 – integral concept, 4 – realisation trials, 5 – complete or almost complete functionality, if not stated otherwise. In case of personal data (quality of leader, quality of team work and quality of relations within the team) there is used the following scale: 1 – minimal, 2 – low, 3 – suitable (however it could be better), 4 – satisfying (there are still some reserves), 5 – excellent.

**Research results**

The age of the start-up leading person is between 26 and 30 (2 - 26-30). Education of a leading person is a secondary school with a graduation up to a college of the 2nd degree (3 - secondary with GCSE, 4 – college education). Length of employment before starting a business making is 5 to 10 years, roughly 7.5 years (2 - till 5 years, 3 - till 10 years). The number of team members is 5.9 and the start-up duration is almost 2 years (Table 1).

<table>
<thead>
<tr>
<th>Basic personal data</th>
<th>average</th>
<th>median</th>
<th>stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (span 1 – 5)</td>
<td>2,33</td>
<td>2,00</td>
<td>0,93</td>
</tr>
<tr>
<td>Education (span 1 – 5)</td>
<td>3,86</td>
<td>4,00</td>
<td>0,59</td>
</tr>
</tbody>
</table>
The typical founder of the start-up is a 28-year-old man with a completed graduate degree. At a characteristic of a typical founder of the start-up, we were also interested in the **motives and reasons for which the start-upers decided to start a business making**. Most respondents mentioned the possibility of self-realization and independence, the possibility of "running their own business according to their own ideas" as the main theme of entering the business. Start-upers stressed the need for autonomy, freedom, and did not want a classical job with superior authority ("to be a master"). The second most common reason to start a start-up business making was "the founders' desire to bring something meaningful and necessary to people and society." Founders want things to do better than others, do something good, solve a problem, help other people or improve the services they provide in a certain area. The third, often cited, theme of entry into business was the emergence of a gap or a unique market opportunity (demand for products or solutions that did not exist on the market at that time), or a challenge to try something new. Many founders said they always had the motivation to do business (though many did not know what), wanted to do something in life, to professionally develop their features and skills in the field they were close to. Some start-ups have emerged from a hobby that has grown into business (sport) or on their own need (mobile app). The four initiators of the start-ups said they were inspired by the start-up community, or by participation in the start-up event.

When examining vertical leadership in start-up teams, we mainly had been founding the quality of the leader to formulate a vision, inspire team members in their implementation, encourage others in case of problems, and further develop the skills of their co-workers through further education, coaching or mentoring.

<table>
<thead>
<tr>
<th>Parameters of leadership</th>
<th>average</th>
<th>modus</th>
<th>median</th>
<th>stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality of the team leader as a creator of an original and attractive vision - a visionary</td>
<td>4,15</td>
<td>5</td>
<td>4</td>
<td>1,22</td>
</tr>
<tr>
<td>2. Quality of team leader ability to inspire / excite / motivate other team members – an inspirer and motivator / sponsor</td>
<td>4,10</td>
<td>5</td>
<td>4</td>
<td>1,27</td>
</tr>
<tr>
<td>3. Quality of team leader ability to encourage other team members in case of any problems / complications / failures – an agitator</td>
<td>3,93</td>
<td>4</td>
<td>4</td>
<td>1,25</td>
</tr>
<tr>
<td>4. Quality of team leader ability to develop co-workers' competence (their further education, coaching, mentoring) – a mentor and coach</td>
<td>3,58</td>
<td>4</td>
<td>4</td>
<td>1,24</td>
</tr>
</tbody>
</table>

The leader's quality (Table 2) in the reviewed start-ups is satisfactory (but there are some imperfections) or suitable (but could be better). Leaders identify with their role and have a very high level of judgment. The differences between the leadership parameters are very slight, but they still indicate that in some properties the leaders are better or more pronounced and lacking in some other way. Leaders are able to create above average original and
attractive, but not absolute, top vision. They can inspire at the similar level their closest surroundings so that fellows can follow the prescribed vision and objectives.

The importance of the founder as the creator of the vision, which is the driving force behind the start-up, confirms the words of the founder of the start-up who created the navigation for the operating systems: "I am an executive type. I do not enjoy sitting and dreaming, on the contrary, getting into it and getting things moving. When you start doing things I think you are just beginning to dream about how to do it or how to do it differently. "The leader has to know how to captivate people for his vision. It is also confirmed by the start-up founder who focuses on pay per click sales of advertisement on the Internet. Although, he initially engaged in a job-mediation business, he managed to wow the original business team for the new business making too. He told his colleagues that the original business ended, explained to them a new vision and offered to continue with it. Although more than one year he did not pay wages, team of ten people still stayed and workers gained minority shares in the company.

Leaders encourage other team members when start-up gets into trouble, complications, and suffers from failure. Their agitation in difficult situations only lags slightly behind the level of vision and acceptance of vision by other members of the team. The relatively weakest aspect of leadership is the development of co-workers' competence. The founders of start-ups now pay the least attention to the development of their co-workers' competence. This is due to the fact that most of the investigated start-ups are still in their early stage of development (the average duration of the start-ups in the study sample is 1.93 years), where leadership addresses issues of existential character (establishing a start-up, developing a business idea, creating a start-up team, global expansion). Although currently leaders do not pay enough attention to the development of human potential, it is likely to change with the further development of business. From the summary view of Table 2, it is clear that the leaders of the investigated start-ups are considered superior, self-confident and effective leaders.

<table>
<thead>
<tr>
<th>Parameters of teamwork</th>
<th>average</th>
<th>modus</th>
<th>median</th>
<th>stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Level of team members' cohesiveness and resistance to unpleasant, unforeseen and crisis events.</td>
<td>4,00</td>
<td>4</td>
<td>4</td>
<td>1,24</td>
</tr>
<tr>
<td>2. Mutual support and confidence of team members in unpleasant, unpredictable and crisis events.</td>
<td>4,05</td>
<td>5</td>
<td>4</td>
<td>1,24</td>
</tr>
<tr>
<td>3. Level of role sharing in the team. Informal distribution according to personality characteristics, e.g. conceptualist, executant, administrator, mediator, speaker, intermediary between internal and external environment, and so on.</td>
<td>3,71</td>
<td>4</td>
<td>4</td>
<td>1,36</td>
</tr>
<tr>
<td>4. Level of formal division of labour in the team. Formal division of work obligations, e.g. according to expertise, qualification, practice, workload.</td>
<td>3,83</td>
<td>5</td>
<td>4</td>
<td>1,37</td>
</tr>
<tr>
<td>5. Level of cooperation among team members.</td>
<td>3,91</td>
<td>4</td>
<td>4</td>
<td>1,33</td>
</tr>
<tr>
<td>6. Level of creativity and unconventionality of team members.</td>
<td>3,90</td>
<td>4</td>
<td>4</td>
<td>1,33</td>
</tr>
<tr>
<td>7. Level of personal initiative and rate of contribution of team members to the overall result.</td>
<td>3,84</td>
<td>5</td>
<td>4</td>
<td>1,41</td>
</tr>
</tbody>
</table>

Table 3 Quality of start-up team

Start-up teams are on average 6-member. The maximum number of surveyed team members was twenty (start-up which offers a retail app). Five start-ups from the research sample do not have a team, it means that only one person is running the start-up.
Integrity and team co-operation are a noticeable condition for start-up success. They were identified in a value of 4.05 (satisfactory but still reserves) and 3.71 (above average), the difference is only one third of the assessment point. The quality of the team is high, but there are differences that indicate that teams are acting better in borderline, unpleasant and crisis situations, and team members are willing to cooperate, but teams are resulting a little weaker if the quality of individual members is evaluated, e.g. their personal initiative and individual work contribution, formal division of labour in the team, and informal division of roles. Overall, compact quality of the team is slightly higher than that of its individual members.

The quality of relationships in the start-up team is mainly determined by the cohesiveness, mutual support and trust of team members. The team members' cohesiveness in unforeseen and crisis situations in a start-up providing with e-mail service revealed at a recent business event. All five members of the start-up team were entertaining at playing bowling when the start-up chief was called around midnight that the main server was down, causing the entire application to become malfunctioning. The entire start-up team immediately returned to the company's office where they were working to resolve the malfunctions to the early morning hours. The founder of that start-up said that there was no need to push or force anyone, everyone was aware of the seriousness of the situation, proving that they are accountable and mutually supportive to their work.

At the establishing of the start-up, all members should clarify what team roles they will play, respectively to divide work duties according to their expertise, qualifications, practice or workload. For example, one of the founders of the start-up producing training apparatus described the job division and roles in their team as follows: "We are a great team and complement each other. Here is Dušky who takes care of internal organization and presents us as a company. Mat'ko is in charge of finances and playgrounds, and Timo takes care of sponsors and the search for new opportunities for our development. Together we make a great team, and therefore we have been moving forward from the beginning. The more heads, the more reason." This approach is especially important in order to prevent conflicts that arise from discrepancies caused by lack of team roles. Contrary to it, the allegations considering division of roles and labour (duties) in the team gained the lowest average point score (3.62 and 3.76) among the assertions evaluating the quality of the team work in start-up.

<table>
<thead>
<tr>
<th>Development of business idea /number of start-ups</th>
<th>Leadership</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. idea (3)</td>
<td>4,58</td>
<td>4,52</td>
</tr>
<tr>
<td>2. development (8)</td>
<td>4,18</td>
<td>4,16</td>
</tr>
<tr>
<td>3. prototype (20)</td>
<td>3,97</td>
<td>4,04</td>
</tr>
<tr>
<td>4. first income (26)</td>
<td>4,17</td>
<td>4,07</td>
</tr>
<tr>
<td>5. growing income (19)</td>
<td>4,38</td>
<td>4,40</td>
</tr>
</tbody>
</table>

Table 4 Quality of leadership and team in particular phases of business idea development

<table>
<thead>
<tr>
<th>Financing cycle (number of start-ups)</th>
<th>Leadership</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. pre-seed capital (9)</td>
<td>4,44</td>
<td>4,14</td>
</tr>
<tr>
<td>2. seed capital (36)</td>
<td>4,16</td>
<td>4,26</td>
</tr>
<tr>
<td>3. capital for initial development and growth (27)</td>
<td>4,11</td>
<td>4,07</td>
</tr>
<tr>
<td>4. venture capital (3)</td>
<td>4,5</td>
<td>4,29</td>
</tr>
<tr>
<td>5. IPO (1)</td>
<td>5</td>
<td>4,47</td>
</tr>
</tbody>
</table>

Table 5 Quality of leadership and team in particular phases of financing cycle

The leadership quality from the first phase of the business idea and the first phase of the funding moderately, but apparently decreases until the third phase in which the prototype is
designed and the capital is raised for initial development and growth (Table 4). The third phase in both cycles is a test, an hour of truth, because the idea materializes, gets specific parameters and usefulness, becomes a real product or service, and requires significant financial resources that have to prove a return. After this phase, the quality (self-confidence?) of leaders increases. A similar tendency is also visible in the quality of the team (Table 5).

Discussion

Start-ups are young due to age of their founders and leaders. Start-ups are educated and have several years of practical experience from previous employment relationship of their members. Start-ups are small due to number of their members or employees. They do not have a traditional hierarchy and horizontal relationships dominate in them. New ideas are flourishing in an environment without directives, strict superiority and formal rules. The winner becomes the author of the best idea and not the one who fulfils the task with discipline. Youth provides start-ups with freedom, independence, unconventionality. They do not feel the burden of tradition, they do not respect the authorities, they do not have predominantly existential responsibilities and obligations towards their own family. However, numerous typical and beneficial features of the start-up are becoming a dead weight in its transformation into an enterprise of smaller to medium size, and therefore the owners oftentimes sell it. They invest earnings of sale to the launch of another company because they are more suited to discovering and inventing than managing routine business operations.

Start-ups are young, because modern European and Slovak society is penetrated by syndrome of youth, a higher age is considered to be the symptom and cause of conservatism and the inability to cope with new trends. However, the youth is also an inexperience, and therefore start-upers require a lot of mentoring about the fundamentals of business and entrepreneurship, they lack the necessary business contacts with investors, distributors, marketers, experiences about customers, managerial skills. Among start-upers there is prevailing either business or management education (lack of knowledge of industry and technology) or IT (lack of knowledge of economics, business economics, management and marketing), lack of expertise can be substitute by enthusiasm partially only.

When entering a business, psychological reasons prevail. Situational reasons, especially dissatisfaction with the position of the employee, account for about a third of the reasons. Start-upers are perceptive people who have an increased sensitivity to unresolved problems, unmet or little or ineffective satisfied needs of other people. They see, they spot these problems and needs and try to solve or satisfy them as entrepreneurs. An entrepreneur transforms an idea into a business when an idea after many transformations serves to meet the needs of a customer who is willing to pay for the product that is a vehicle of a usefulness. In payment there is hidden satisfaction of a customer and profit of an entrepreneur.

Start-upers are self-confident leaders, they can dream, inspire, agitate, encourage, but they are less able to help their subordinates, co-workers, and followers. Again, a certain role plays here a youth, inexperience, and hence lack of a specific and top expertise. There is some contradiction between the high level of (assumed) personality traits and the specific personal professionalism that must be manifested as an advice, help, a solution provided to a member of a team who is helpless. Leaders get better in leadership, influencing of the whole team than in leadership, influencing of individuals.

The quality of the teams as though reflected to a large extent the quality of leadership. Teams are able to exert to maximum and extraordinary performance as a whole, they are
excellent in managing border situations, but their work is of lesser quality when performing ordinary, common duties, routine and repetitive work.

Youth of start-upers overlaps their inexperience and incomplete professionality with enthusiasm, perseverance and imaginativeness that can be quickly weakened or exhausted in normal business operations because business practice also brings many permanent, routine and unattractive tasks that cannot be postponed, bypassed or superficially resolved, but they must be done well.

Leadership and teamwork in start-ups are slightly unstable and they are conditioned by the business and investment cycle. They are therefore conditioned not only by the internal quality of leaders and teams, but also by outside circumstances, hence they are conditioned situationally. The situational impact is slightly more apparent (the differences between phases) in the business cycle than in the investment cycle, probably because the business results have a faster feedback and influence on the leaders and team than the consequences of the investment.

Conclusion

Many research studies label the inability to create a quality team as one of the most common causes of start-up failures. The start-up founder is in most cases the bearer of the start-up idea, but it turns out that only an innovative idea is not enough. It is important not only to invent a good product but also to build a team of people who are able to create and manage a new business. The enthusiasm of individual team members, their coherence and support in challenging situations are as important as inspiration and motivation from the founder. The results of the implemented research project confirm the importance of both vertical and team leadership for the success of the start-up making business.

A typical surveyed start-up is a small group of relatively unilaterally educated young people with little life and work experience, the lack of which is replaced by enthusiasm, hard work and a sense of teamwork. They are led by their self-confident leaders with similar experience and professionality. Start-ups are lacking a more distinct internal division of labour and more management than leadership in the later phases of development. Start-ups are typical with their youth in the real and conveyed meaning of the word, start-ups are pervasive, but entrepreneurially immature at the same time.

Evaluation of a start-up reality is strongly recommended from a positive point of view than a normative point of view, since to outline the ideal picture of start-up and the way how to build it does not make a sense. The purpose of the research is to know the real personal background of the start-up, to explain it and to transfer new knowledge into practice. The start-up need to be exposed a mirror, while leaving them unrestricted and free development, otherwise it is threatened the most valuable what they possess and that is enthusiasm, unconventionality, creativity. On the other hand, they can be offered help and support, but according to their needs, will and possibilities.

References

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