



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

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## **Once Upon a Time...**

The function of storytelling in a startup lab

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# **Once upon a time...**

## **The function of storytelling in a startup lab**

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### **Abstract**

The field of entrepreneurship and the concept of startup companies have grown rapidly in Sweden during the last years and is further considered as a key to create more job opportunities, increased growth and welfare. As a result of this, different startup initiatives have been established in society that function as support organisations to new ventures. It is suggested that startups use storytelling as a part of their organisational process in order to uphold the approval from stakeholders and the public, which in turn affect the way that the startup are structured and how processes emerge in their daily activities. This report seeks to investigate how storytelling is taking place within a support function organisation and investigates seven startups companies that are members of the organisation. Furthermore, the report will use a theoretical framework consisting of learning, becoming, decoupling and legitimacy, within the perspective of storytelling. The results indicate that the function of storytelling consists of three main topics: creation of legitimacy, creation of identity and the relationship between storytelling and performance.

### **Keywords**

Decoupling, entrepreneurship, legitimacy, startup, storytelling

### **Introduction**

The term entrepreneurship has grown rapidly in Sweden during the last years and is today seen as a key factor to create more job opportunities, increased growth and welfare (Regeringen, 2016). This development could be explained by a growing attention for entrepreneurship in society and media where companies in high technology industries are exploding, venture capital financing is growing and regional clusters are developing (Cooper 2005). In addition, the field of entrepreneurship has grown in legitimacy and is today considered as an area of great interest for academic research (Jones & Wadhvani, 2006). Sweden is one of the top countries in the world when it comes to entrepreneurship and innovation (Davidson, 2015; Dutta, Lanvin & Wunsch-Vincent 2015) and Stockholm is the second largest tech hub per capita in the world after Silicon Valley (The Telegraph, 2015). Almost fifty per cent of the Swedish population in age 18-70 years old reports that they are willing to start their own company (Entreprenörskapsbarometern, 2012). A startup company could be defined as *the initial phase in the life cycle of a company where the business idea of the entrepreneur is being transferred into structure of the business, securing of financing and starting or trading the operations* (Business Dictionary, 2015). Usually, startups are driven

under a large risk where the driving forces are fast growth, large revenues and the wish to succeed in the market (Hansson, 2008). The organisational form could be described as a human institution that is designed to create a new service or product under the conditions of an extreme uncertainty (Ries, 2011). Moreover, a startup typically works to solve a problem where success is not guaranteed and the solution is not obvious. Normally, these companies operate with a more 'creative' approach where the key attribute is the ability to grow and to utilise a scalable business idea (Robehmed, 2013). The organisational form of a startup company usually lacks in itself the structural daily processes and activities that a more developed company has, naturally since the company is in a first stage of development. Instead, startups are designed to be flexible and to face situations that contain extreme uncertainty (Ries, 2011).

Historical research on entrepreneurship has mainly focused on different motivators, the effect on the development within the economy and the process of structural change, i.e. entrepreneurship as a driving force within the historical context of the business landscape, the industry and the economy (Jones & Wadhvani, 2006). Moreover, a lot of earlier research has focused on the understanding of how and by whom business opportunities that turn into future products and services are discovered and what consequences this may have. In addition, the focus has mainly been given to marketing strategies, personal traits of the entrepreneur and business plans enables the entrepreneur to access and mobilize resources in order to start a new business and promote the new business ideas, processes or products that have the ability to create wealth. In summary, since historical research of entrepreneurship mainly has focused on either the historical conditions of wealth creation on a more abstract level or the traits of the founders, little attention has been given to have the process of entrepreneurial emergence happens. This means that the field of entrepreneurship to a large extent has overlooked the broader cultural and social aspects that surround the entrepreneurial venture (Lounsbury & Glynn, 2001). Additionally, few studies have been made from a micro perspective of what is actually taking place in the daily operation within a startup (Ries, 2011).

As a consequence of a growing attention of entrepreneurship in society, different stories and myths about the startups are circulating in society. Traditionally, the personal characteristics of the entrepreneur is seen as one of the most important factors for the development and success of a startup. This is also a picture that media continues to build when portraying highly successful entrepreneurs as the face of the company and its success. The fact that different notions surround the startup might fill another function that is part of a broader concept of how startups organise and promote their business. Most classic management research is not designed to deal with the kind of uncertainty that the startup faces (Ries, 2011). This means that a startup seeking to manage processes with the help of traditional management tools is provided with detailed business plans, product milestones and standard forecasts, which might not be an accurate match for a startup company (Ries, 2011). Therefore, it is suggested that startups, instead of only using traditional tools for their development, solve this problem by making use of storytelling, which in turn affects how they structure their business and organise its activities. Storytelling has become a crucial method that connects entrepreneurial resources, wealth creation and capital acquisition. In that sense

storytelling is used to facilitate the creation of a new venture identity that help startups to create sustained competitive advantages and serves as a way to legitimate the startup to a network of investors, competitors and other actors. More specifically, the stories have the ability to attract investors and potential customers, which in turn open up market opportunities and access to capital. This would mean that storytelling is crucial in the entrepreneurial process of gaining legitimacy from stakeholders and the public, which in turn affects the way that the business is structured and how the entrepreneurial processes emerge in the daily operation. Furthermore, entrepreneurial stories circulating around the startups also define the startup in the way that it could lead to positive associations regarding the wealth-creating possibilities of the business, which then may have the ability to enable a resource flow towards the startup. To sum up, the storytelling utility is a way to legitimate and identify the new business. Additionally, stories could be seen as organizational symbols that use written language or verbal expression. Many startups are unknown to the public, which means that a comprehensive and attractive story might be one of the most important resources for a new entrepreneurial venture. Due to the lack of valid external arguments, the entrepreneur must use alternative forms of communication, e.g. storytelling, in order to prove that the business is comprehensive with already existing and acceptable activities. Simultaneously, the stories enable potential venture capitalists, entrepreneurs and different institutional actors to find the business opportunities with highest potential in a complex and ambiguous environment in order to make investment decisions (Lounsbury & Glynn, 2001).

The need of a more customised organisational support designed specifically for a startup has resulted in the establishment of different kinds of startup initiatives and actors that contribute to the overall development of the startup community. One of these initiatives is different kind of support function organisations where the members are connected to each other as part of the same network. The support function organisations usually provide a physical location with more or less explicit support to the members that are part of the organisation. The startup scenes in Stockholm and Gothenburg have followed this development where different support organisations are growing rapidly with the aim of putting the cities on the global startup map (Chalmers Ventures, 2015; Frick, 2014). One of these organisations has been chosen in this study and will hereafter be referred to as the lab. The lab is operating in Gothenburg and provides both a shared office space and different kinds of support function to its members. This paper will also investigate seven startup companies that are members of the lab, where it is possible to study how storytelling is used in the process of organising within an environment of support designed specifically for startups and also developed as a result of integration between other startups.

The aim of this report is to investigate the function and meaning of storytelling within in a startup lab. Further, the report will investigate what implications that the storytelling might have for the actors within the lab. This will be done through looking into what is actually going on in the lab, how the founders of the lab describes the support, how the stories are affected by the support functions and how the support is perceived by the members. The report will begin to examine the daily operation in a startup using a theoretical framework based on learning, becoming, decoupling and legitimacy, within the perspective of process

view. Further on, the research methodology will be presented followed by a presentation of the empirical data. Finally, the researchers will present a discussion and an analysis that will be summarised in concluding remarks and with suggestions for possible future research.

## **Theoretical Framework**

The following chapter will present the theoretical framework of the report. Starting of with presenting the framework and perspective of storytelling, the report will further use organising as a way to describe processes in the daily operations, learning and how a state of becoming is growing as a result of the organising processes. Furthermore, decoupling and legitimacy will be used to analyse the reasons behind a membership in the lab and how support functions in the lab are contributing to the creation of storytelling. The theories will be used in order to analyse and discuss findings, and at last drawing find conclusions in order to answer the research questions.

## **Storytelling**

Several researchers have emphasized the importance of storytelling for companies in order to create credibility and expand the brand knowledge among stakeholders. As a new company on the market, storytelling becomes a particularly important tool in order to e.g. create brand awareness, attract investors, capital and overall stakeholders to the company (Jennings, Jennings & Martens, 2007; Lounsbury & Glynn, 2001). Through the use of storytelling the startups and the lab are able to create legitimacy and identity, which in turn increase the possibilities for creation of sustainable competitive advantages on the market (Lounsbury & Glynn, 2001). Hence, storytelling could be seen as one of the most effective tools for new ventures and might be considered as an essential component in all new organisations (Jennings, Jennings & Martens, 2007). Lounsbury and Glynn (2001) propose the concept of cultural entrepreneurship, meaning that stories will make unfamiliar companies more familiar, understandable, and acceptable and thus create legitimacy. However, in order for the stories to be accepted by stakeholders, they must be in alignment with the interests and norms of the stakeholders (Lounsbury & Glynn, 2001). Cultural entrepreneurship also suggest two means of storytelling: (1) emphasising the distinctiveness of the new venture through a focus on identifying its unique characteristics, and (2) stressing the normative appropriateness of the new venture by identifying its symbolic congruence with similar organisational forms and ideologies (Lounsbury & Glynn, 2001: 551). The stories should focus on presenting the successes and positive features of the startup, i.e. the characteristics that make them unique (Jennings, Jennings & Martens, 2007; Lounsbury & Glynn, 2001). In order to manage this, the startups is suggested to take help from already “famous” or successful entrepreneurs, which could help the startup to quicker spread their story and take advantage of the other company’s already credible legitimacy (Jennings, Jennings & Martens, 2007; Lounsbury & Glynn, 2001). The relationship with a high-status company or person, which is already known to the society, will function as a certifier to the startup (Lounsbury & Glynn, 2001). In that sense it becomes clear that a startup could not be a sole creator of stories (Czarniawska, 1997). Rather, companies are dependent upon other actors sharing and certifying the story, i.e. a so-called positioning takes place in the conversation (Czarniawska, 1997). Further on, storytelling could also be explained as the use of narrative knowledge, i.e. what a company is

actually doing and how the daily operation is performed (Czarniawska, 1997). Narrative knowledge could be seen as the core of organisational knowledge in that sense that it contributes to an understanding of what is happening in the everyday life of organisations. Compared to a theatre, where a solution is needed because the audience have to leave, the organisational theatre continues and the same audience must pick up the thread day after day. The force of narrative fulfils the purpose of social negotiations by offering alternative linear plots, putting the unity alongside the rupture and the conventional alongside the exceptional (Czarniawska, 1997).

Earlier research has emphasised entrepreneurial storytelling as a method for entrepreneurs to gain stakeholder support and to establish venture legitimacy. Since startups often have problem to gain resources because they lack legitimacy from stakeholders, storytelling could be used as a key aspect to solve this problem (Garud, Lant & Schildt, 2014). However, Garud, Lant & Schildt (2014) highlights the paradox where projective stories set to increase venture legitimacy also could be a source of future disappointment where expectation from the stakeholders are not met. In turn, this could lead to a loss of legitimacy. In order to handle the paradox of legitimacy, entrepreneurship might be recognized as an on-going process where legitimacy could be maintained through revised storytelling, either proactively or reactively. This revision of the entrepreneurial story involves reconfiguration and replotting of the story in order to set new expectations that are seen as plausible and comprehensive by the stakeholders. Deuten & Rip (2000) illustrate the concept of revised storytelling through a study where a project team put together a credible startup story in order to convince the board of the project. The project team had to use the story as a road map even though the road was not there yet and unforeseen events had to be dealt with in order to maintain the legitimacy that the story had contributed to. When effort to fulfil the plans in the startup story failed, the project team had to create a credible revised story based on the strategic reorientation which in turned had to be accepted by the board. In the end, the board was able to use the new plot as a broader story for the public and thereby mobilise new resources. Additionally, the public release of the story generated an internal commitment to the project. To conclude, the paradox of legitimacy shows that expectation plays a great role in establishing legitimacy for entrepreneurial ventures and emphasis the fact that entrepreneurial storytelling is an on-going process (Garud, Lant & Schildt, 2014).

### **Learning, organising and process view**

As previously stated storytelling is a tool to understand what a company is actually doing and how daily operations are performed, through the use of narrative knowledge (Czarniawska, 1997). Further on, to build on this story (what the startups are doing) one also has to know how the process of learning is established in the company. The process of learning is a way for the startups to turn their experiences into knowledge (Warren, 2004) and is thus could be considered as an important tool in their story, since without knowledge one does not know how to tell the story. The process of learning can happen in many different forms, both through individual learning where the actor learns from its own performance and experience, but it could also happen through the relationships with others – a two-way process through exchange of experience and knowledge turned into learning (Warren, 2004).

As earlier stated, startups are not considered as a business form like already established companies and traditional businesses. Instead, startups are still finding their position on the market and operate under high risk of never surviving and becoming an established company (Ries, 2011; Warren, 2004). The companies are under constant move, struggling to find their way on the market (Hernes & Weick, 2007). Hence, startups are under constant change and also under constant state of organisational learning in terms of organisational knowledge and experience (Clegg, Kornberger & Rhodes, 2005). This is due to when the companies continue to establish their business they keep on learning over time since they keep on acting and performing different activities on a daily basis, because where actions and performance happens, learning is created (Clegg, Kornberger & Rhodes, 2005). With learning in this report authors refers to learning about their daily operations, meaning ordering, structuring, controlling activities, and also as a way to reduce complexity (Clegg, Kornberger & Rhodes, 2005) going on in the chaotic daily work of a startup. As the future is unpredictable and uncertain, especially for a startup, a big part of the learning concerns improvisation (Clegg, Kornberger & Rhodes, 2005). The companies are young and also lack previous knowledge about how to run a business, its daily operations and the processes organising. This, together with the unpredictable future (Warren, 2004), makes it impossible for the companies to calculate every single step in these processes (Clegg, Kornberger & Rhodes, 2005). The startups coordinate their daily activities freely and explore how different decisions and activities affect the company through improvisation. Slowly, after performing the improvisation, they learn which activities are working and these become a part of an established process of daily activities (Clegg, Kornberger & Rhodes, 2005). This means that the company has stopped treating organising activities as single entities or events, but rather as enactments (Tsoukas & Chia, 2002) and further as established processes (Hernes, 2014). Consequently this means that the learning has reached the notion of becoming, where entities collide and together build a new system, i.e. a process, and the entities in themselves are not questioned (Clegg, Kornberger & Rhodes, 2005; Tsoukas & Chia, 2002).

Learning and becoming are something that has to be created over time; how things changes over time and how the knowledge and experience becomes an advantage for the company are all things that will affect how you learn and further on becoming (Hernes, 2014). Processes emerge from the daily operations and involve routines, structure, control an ordering, but applying a processes view also challenges companies to work with the unknown and apply alternative courses of action – to use their imagination (Hernes, 2014). The process view also encourages organising in a world that constant changes and is on a constant move (Hernes, 2014). To study processes, like the daily operations in the lab, entails following what is going on in the companies, the events affecting the working routines and daily tasks and extracting information about what took place in the present (Hernes, 2014). But also how the past and future shape these. This view implies that actors are present and acting upon the events taking place at the company and the actions shapes how processes are structured, but also that it is not about one single event, more about several events in the past, present and also the future. The idea of process thinking is to embrace this constant changing environment, act upon it and create a stable process (Hernes, 2014; Hernes & Weick, 2007).

Further on the term learning, specifically focused on startups, Ries (2011) developed the concept of validated learning. This concept focuses on demonstrating the progress when a company is embedded in an environment of extreme uncertainty, which a startup is in. Ries (2011) means that as a company acts in an ever changing and uncertain environment, the learning has to take into account what the customers actually validates in your product or service. Validated learning is about empirically show that the startup has discovered valuable truths about the product or service present and future on the market, which thus also help to structure and prioritise the daily operations (Ries, 2011). The concept is about learning what is useful in your business and to waste the things in your business that are not contributing to growth. In order to get access to the learning the company has to ask customers, frequently, what they actually value with the product or service, how well it is working, what is not working and so on. But the company should also gather feedback from other people in your surrounding, such as the case in this report – a startup hub or meeting spot. It is important to be real to yourself and waste what is not working and not fear to try again in a new manner, every mistake should be treated as an experience (Ries, 2011).

As stated earlier, the changes in past, present and future shape the process of organising. However, the company culture and identity are elements affecting how actors act upon events and flows in the daily work, thus also affect the process of organising. The main basis for culture is history, learning and shared experiences and often evolves around technologies and markets (Hernes, 2014; Schein, 1985). The culture could be seen a collective experience in the company based on structures that over time has created a memory. These memories are strengthened by specific events, routines and rituals in the company and will affect how actors within the company act and perform tasks in accordance to the culture, without thinking about it (Hernes, 2014). It becomes interesting in the way the actors articulate their memory into meanings of structured elements and processes. To summarize, the process view, learning and becoming consists of reducing differences among actors (Tsoukas & Chia, 2002) and the process implies generalising generic categories of actions (Hernes, 2014; Tsoukas & Chia, 2002). For an event, flow or activity to be considered a process actors must have learned a given set of cognitive categories and a typology of actions, these are no longer treated as single entities and not questioned – meaning that the state of becoming has been reached (Clegg, Kornberger & Rhodes, 2005; Hernes, 2014). These have become stable and treated as a sustained structure in the daily work. Important to remember is the fact that learning and becoming are on-going processes, in a company and a world on a constant move.

### **Decoupling**

Another important factor how the lab is affecting its members is the ability to acquire legitimacy and support by the environment. In order to achieve this, it is suggested that organisations use processes, outputs and structures to mirror external inconsistencies. However, the inconsistencies also reflect an obstacle to organisational action. This dilemma is solved by decoupling organisational action from the reflection of inconsistencies (Brunsson, 1986). Moreover, organisations are dependent on external support, i.e. the environment willingness to exchange services, people, money or goods with them. This might be achieved by using force to establish the exchanges, however most organisations express congruence



with the norms and values that exist in their environment in order to receive support (Brunsson, 1986). These norms and values often exist within an environment that they are unable to influence to any great extent. If organisations use different methods of decision-making, production and control that are not align with external norms and values; they might risk external support due to the fact that they might lose legitimacy. In this sense processes and structure become the output of the organisation that is important for external support. Another important aspect of gaining external support is collective organisational action where efficient organisational action enables organisations to compete with other organisations. However, the two strategies of achieving external support, i.e. reflecting inconsistencies and acting, might also lead to conflicting demands within organisations. One way of dealing with this dilemma is to separate integration from dissolution, i.e. decoupling, and thereby be able to achieve both. Dissolution and integration can be decoupled over issues, time, organisational subunits and environments (Brunsson, 1986).

Furthermore, the formal organisational structure has earlier been seen as a way of answering to the requirements that are origin from the everyday activities in organisations and also as the most efficient way to control and coordinate organisations. However, studies have shown that the formal structure is not able to correspond to internal work activities and that the formal structure is unable to control and coordinate events in the organisation. In that sense, the organisational structure distinguishes from what is actually going on in the daily operation in organisations and the structures are thereby decoupled from on-going work activities and from each other. Instead, the formal organisational structure contributes to legitimacy in the sense that it reflects myths in the institutional environment within organisations (Meyer & Rowan, 1977). Meyer & Rowan (1977) means that institutional rules deriving from the formal organisational structure function as myths that organisations incorporate in order to gain legitimacy, stability, and resources that increase the prospect of survival. Institutional rules make it easier to be accepted by the environment and if an organisation does not embrace the myths it might have problem with legitimacy. Furthermore, it is important for an organisation to be accepted by other valuable organisations in order to create and maintain legitimacy. The survival and success of an organisation could in that sense be related to its ability to become legitimized and adapt to institutions in its environment. To sum up, the formal structure does not contribute to the function of the organisation; rather it has an effect of creating legitimacy. This means that the central part of organising is to adapt to myths in the environment and thereby create and maintain legitimacy (Meyer & Rowan, 1977). The concept of decoupling describes how the formal structure is being separated from what is actually going in the daily work within the organisation. This means that the organisation structure could be divided into two different structures – the formal structure and the informal structure. The formal structure is the one that could easily change according to changes in market trends, laws and norms (Meyer & Rowan, 1977) whereas the informal structure is being used to coordinate what is actually going on in the organisation (Brunsson & Olsen, 1990). Decoupling will in that sense increase the ability to adapt to changes in the environment and thereby increase the probability of survival. Additionally, organisations will be able to keep its identity and privacy and simultaneously answer to external influences (Weick, 1976). Decoupling will in this report be used to explain the formal and informal structure created in both the lab and the

startup. Further the formal and informal structure will help the authors to explain the creation of legitimacy as a part of the storytelling in the startup lab.

## **Method**

### **Research design**

The startup lab is a support function organisation founded in Gothenburg in 2015 with the aim of creating a live arena for Gothenburg based, specifically technical, startups. The vision of the lab is to spearhead the digital revolution of the north and generate collaboration across all industry verticals by inviting specific chosen startups to networking with passionate people on a regular basis with a long-term goal to establish a ‘unicorn’<sup>1</sup> company from Gothenburg by 2021. The lab started with the idea of creating better opportunities for tech startups in Gothenburg, help them to establish and build their companies in the city, and additionally contribute to the overall startup community in Gothenburg. In addition, seven startups have been selected, all which are members of the lab, in order to investigate how these companies perceive the support functions that are given by the lab in various way. The lab in this report has been chosen due to its variation of members and the fact that the authors aims to study the function of storytelling within the context of one of these startup arenas in Gothenburg. The lab has two different kinds of members; members who use the office space and members who do not use the office. Both the lab and the member companies have been anonymised to reduce focus on specific company names and similar, and instead put emphasis on what is actually happening in the lab and its storytelling.

In order to be able to fulfil the aim of this report, a qualitative method has been chosen. A qualitative research method enables a deeper understanding of a specific situation or social phenomena and is beneficial to use when studying organisations and people in practice (Silverman, 2013). In order to collect relevant data to the study, interviews have been conducted with the founders and employees at the startups as well as with the two founders of the lab. This allowed the authors to obtain a more comprehensive understanding of what is actually taking place within the startups (Silverman, 2013). A limitation of this study is that the researchers only has been able to collect data through interviews, in order to study what is actually going on in the lab observations might have been to prefer as a complement. Due to limitations of access this was not possible. However, all respondents in the study gave similar answers to the asked questions and saturation of information was reached after approximately five interviews with the members. In order to make sure that the saturation was correct, two more interviews collected with members.

The first phase of data collection was of a more informative kind where a first contact with the startups was established. In this phase we contacted a representative of the companies who gave us an initial overview of the business. Simultaneously, we gathered facts about the startups from the Internet in order to further deepen our understanding. Furthermore, these persons put us in contact with additional interview objects that allowed us to extend our

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<sup>1</sup> A ‘unicorn’ is nickname for a technical based company with revenue of over one billion dollars (Griffith, & Primack, 2015)

empirical work. From the first initial contact with the representatives we gained deeper knowledge of the companies, which enabled us to ask appropriate interview questions that brought in new perspectives to our study. The second phase included conducting interviews with the founders and employees at the startups. The same structured was followed when establishing contact and interview the people at the lab.

### **Data collection**

The data was gathered through interviews in a semi-structured and open-ended format, which opened up a more free discussion (Kvale, 1996; Silverman, 2013). This means that the respondents are able to share their experiences and opinions in a deeper way than would have been possible compared to quantitative methods (Bryman, 2011). Each interview was recorded and took between 45-60 minutes to accomplish. Additionally, notes were taken in order to minimize the risk of technical issues as well as when particularly interesting aspects were brought up that potentially could be further investigated. In total eleven interviews were conducted with seven startups and the lab. A more detailed overview of the interviews in each company and the lab can be found in Table 1 below. The broad range of interviews enabled us to obtain a wider base of data collection with different perspectives in order to broaden the overall picture of what is actually taken place in the daily operation within the lab. The interviews were conducted in the same manner were two questionnaire were developed; one for the startups and one for the lab. The questionnaire for the startups included 32 questions where subjects regarding the founders' and employees' definition of a startup, their view of entrepreneurship in society, their daily operation and the membership in lab were asked. This contributed with a broader perspective of how the daily operative is being done within the startups and what activities is actually performed within the lab. The questionnaire for the lab was composed with 19 questions where the similar subjects were included but with a deeper section regarding the operation of the lab and the founders' view of the support functions to the members. Less focus was spent on daily operation when interviewing the lab, since this only concerned the startups. Instead, the focus was more concerned with the support functions of the lab. In sum, the collected data enabled us to identify certain pattern and narratives regarding the characteristics of a startup, how the daily operation is performed and how the membership affects the startups in various ways, in terms of activities and support functions.

<b>Interviewee sample overview</b>	
<i>Company</i>	<i># of interviews</i>
A	2
B	1
C	1
D	2
E	1
F	1
G	1
The Lab	2
<b>Total</b>	<b>11</b>

*Table 1 – Interviewee sample overview*

## **Data analysis**

After the interviews were conducted the collected data was to be analysed. The first stage of the data analysis was to identify the main elements in the data collection, which were identified as themes both linked to the theoretical approach of the study and also where the respondents were giving similar answers that could be grouped into one collective theme. In this phase it was important to focus our data collection on what was most relevant for this study and research aim. After finding themes and groups of topics, an appropriate theoretical frame of reference was chosen, which in this study consists of learning, becoming, decoupling and legitimacy, all within an perspective of storytelling.

The interviews were analysed by listening to the recordings as well as going through the notes taken during the interviews. Thereafter transcriptions were made which made it possible to further categorise and acknowledge different concepts and themes (Martin and Turner, 1986). By looking for keywords, particular interesting quotes regarding a certain subject, as well as similarities and differences in answers, we were able to find the categories and themes that later have been used to present the empirical data in the next chapter. The empirical data is strengthened by quotations from the interviews. Worth mentioning is the fact that these have been translated from Swedish to English and spoken language has been rewritten to written language, hence, a few corrections to the quotations has been made. Further on, we were able to discover theoretical concepts that were deriving from the comparison of the field material (Silverman, 2013). The collected data was further analysed and discussed together with the theoretical frame of reference (learning, becoming, decoupling and legitimacy). At last, we were able to come up with conclusions to the research aim and suggestions for future research.

## **Empirical data**

As presented in the research method, eleven interviews in total have been conducted and the result of these will now be presented. The chapter is divided into five different sections which all treat different material of the findings. The first part will present the respondents perception of the view of entrepreneurship in society and how the conceptualisation of the entrepreneur impacts the respondents. This section contributes to an overall understanding of how the storytelling around the entrepreneur and entrepreneurship are constructed and uphold in the view of the public and further communicated by actors in the startup community. Additionally, the first part will give a background story to why the lab was established as a consequence of a willingness to further establish and develop the startup community in Gothenburg. The second section presents the view of the founders including what practical support functions that the lab contributes to in terms of different support functions to its members. In addition, the story given by the members is presented, i.e. what the membership according to the members actually means in terms of what reasons there is for a membership and how the support functions actually contributes to their daily operation. Furthermore, the next section will present a more detailed view of what the daily operation in a startup looks like, i.e. what daily activities that are performed within the startups and which of these activities that are prioritised before other activities. This material highlights the characteristics

of a startup in terms of lack of structure, control and routines in the daily operation and the storytelling that is build around the organisational structure and identity of the startup. The last part of the findings concerns the startup mentality and culture, which indicates that the underlying mentality and overall culture in the lab and between the startups is concerned with the fact that the actors in the lab believes that a startup is disorganised and unstructured.

### **The rock star view and trend**

In order to understand the function of the storytelling within the lab, the view of how the entrepreneur and entrepreneurship is being portrayed by the lab and the members has been investigated. As previously stated, the attention of entrepreneurship has grown rapidly in Sweden and become a trendy and desirable profession in the society today. This view has contributed to several changes in behaviour, one of the major being that more people today are willing to start their own company. However, the view of entrepreneurship portrayed in media and society is according to the members not equal to what it is actually like to be an entrepreneur.

*Entrepreneurs today are ‘rock stars’ – they are hip and trendy. This gives a poor image of what the startup world looks like. It is extremely uncertain; a person who don’t want to or can’t handle risk shouldn’t be here. We in the startup community know that it is very difficult, hard and comes with a large risk. (Founder, Company A)*

The respondents are well aware of the ‘rock star view’, however all of the respondents clearly state that this view is exclusive to the people outside the startup community. Inside the startup community the view of entrepreneurship is instead a shared picture that it is extremely difficult and contains a high risk that not everyone can handle. In addition, this knowledge contributes to a mutual respect and collaboration between the members where the entrepreneurial identity clearly distinguish the members in the lab from the public. Simultaneously, there are certain traces of additional changes in the view of entrepreneurship in society, where entrepreneurship is understood as something that is much more complex than the rock star view might reveal.

*It is a glorified picture that it is cool to be an entrepreneur, but that is not true – it is one large stomach ulcer. However, today it is a bit more realistic view, with more questioning, hesitation and showing of the tougher sides of the job. (Founder, Company E)*

The members means that entrepreneurship has a glorified picture that is constructed in society and maintain through stories with examples of successful entrepreneurs and fast growing tech companies that is expected to be the next star of the startup world. However, the gap seems to partly have even out over time where the more complicated side of entrepreneurship are being discussed to a larger extent today. Based on this more realistic view of how to start, operate and grow a startup, the lab strives to gather the startup community in Gothenburg and provide an environment for growth and networking. Furthermore, the vision of the lab is to retain

entrepreneurs of Gothenburg in the city, since it has previously shown that several startups leave Gothenburg when the company start to grow.

*There is a large brain drain where people leave Gothenburg to Stockholm, Berlin or any other typical 'startup city' due to the lack of network, financial investors and role models in Gothenburg. Few people want to stay in Gothenburg because it is much easier to create a global company from Stockholm today. We want to establish the same atmosphere in Gothenburg and create a startup unicorn such as Spotify, Klarna or Skype. (Founder 2, The Lab)*

The founders of the lab put great emphasis of the importance of keeping startups in Gothenburg and thereby create a startup community that will be put on the global startup map. This is considered as one of the most important functions of the lab.

### **The lab – an arena for networking and growth**

The lab contributes with five different support functions to its members. The first and most obvious one is the office, a physical co-working space where the members get 24/7 workplace access, free coffee, internet access and discounted conference rooms. Secondly, the lab organise different kind of events and activities where the members are given the opportunity to network with actors in the startup community and thereby gather the startup community in Gothenburg. Additionally, the lab has established an advisory board that consists of successful entrepreneurs from Gothenburg. One of the founders explains how the advisory board is supposed to function as an inspiration to the members as well as to contribute to the overall perception of the startup community in Gothenburg.

*Gothenburg has many famous entrepreneurs and founders of successful startups, but no one has shed light on them and visualised them to the society. This is something we have changed at the lab, by creating our advisory board. Their primary task of the board is to be rock stars. (Founder 2, The Lab)*

The advisory board has thereby more of an indirect support function in terms of role models and inspiration to the members. Additionally, the members have to a limited extent also the possibility to meet with the advisory board, however, only if the members themselves ask for a meeting. Moreover, the lab also offers their members the possibility to connect with financial investors through partners companies that works with investment and capital funding. The partner companies also have an indirect function of contributing with guidance regarding investment and overall experience how to run a business. Finally, the last support function of the lab, which also could be seen as the most obvious one besides the physical workspace, is the fact that the organisation opens doors for the startup members. More specific, the lab provides a network of senior knowledge, experience and financial capital.

*The main support factor of the lab is the fact that each person connected to the organisation has a strong network, whether you're a founder, member or partner. Our community is about opening up your network and share with the rest of the organisation and open door. [...] However, it is what you make it to, as a startup you have to ask for help in order for these doors to open. (Founder 1, The Lab)*

To sum up, the founders explains that the primary role that they have is to share their network with the startups in order to give them the best possible support for each challenge they might face. Simultaneously, the primary vision of the lab is to build startups with global ambitions in a high quality working environment, generate collaboration across different industries and contribute to the development of the digital revolution in the north. The lab strives to create more jobs, unveil entrepreneurial rock stars and generate regional tax revenues in Gothenburg.

### **The membership – a cheap office or great opportunities?**

The startups are members in the lab mainly for four reasons; the physical location and office space, the social network, the quality assurance associated with the lab, and the subconscious security that the support gives them, i.e. to have someone believing in them. More specific, most startups mention hygiene factors as the primary reason for choosing to become members. The hygiene factors are explained as the central geographic location, the need for office space, the flexible office time (24/7 work space access) and the acceptable rent. In addition, there are different motivation factors that are explained as the secondary reason to be a member of the lab. These include the lack of social exchange from previous work places, the opportunity to be a part of the network that the lab provides (e.g. the other members, access to venture capital and advisory board) an opportunity to further develop the business and be part of something that might benefit the company in the future. For example, the fact of having someone believing in the business and be accepted as a member in seen as an important indirect support function that contributes with security and motivation.

*The membership eases the daily operation in several ways – it feels good to have someone believing in you. We are not alone in believing in our business idea and the membership opens up a lot of doors. The most important thing is the contacts you get – but you have to dare asking for help. (Founder, Company C)*

Even though the members have a clear perception of why they are members of the lab, the opinion is diverse regarding how active and visible the support functions provided by the lab are. The majority of the members are aware of the network, including the advisory board and the personal network that the founders have (e.g. investors, partner companies and other actors in the startup community) and are positive about the fact that this support exists. However, few of the members have used the network support actively. The lack of usage are described to be either a consequence of the fact that the members have not felt the need of the support offered in the current phase of the business development, but mostly because the members does not know how to get access to the network. In fact, it is evident that the purpose and vision of the lab, as well as several of the support functions that are offered, are unclear to the members.

In contrast to the diverse opinion about the support given directly by the lab, the members all agree upon and stress the importance of the network between the other members that is developed as a consequence of the physical location. Some members claim that the support given by the other members (e.g. the exchange of knowledge, experience, feedback and motivation) is in fact the most important aspect of the membership in the lab.

*The other members are an extremely important support in the daily operation in terms of knowledge, ideas, contacts and network. Being surrounded by other persons with the same drive is very positive and you get energy and inspiration from the other members. (Founder, Company E)*

In that sense the collaboration between the members is what differs the lab from being more than a regular office hotel. Since the office is mostly an open environment, where the majority of the members share desks and operate in the same environment, the members are under constant integration with each other and to an extent become quite dependent on each other.

*Without the other members, the lab is nothing. It is the most important reason for being a member – everyone helps, collaborates and strengthens each other. (Co-founder, Company B)*

However, the physical location is something that the founders do not emphasize as a primary purpose of the lab.

*The office is not the primary part of the lab and our support; we could manage the organisation without it. The objective of the lab is to create a network that can help you build your company, which is something the office does not contribute to. (Founder 1, The Lab)*

In sum, the purpose and support functions are to a large extent unclear amongst the members and also differ in perception compared to the founders of the lab. However, all members are aware of the vision of creating a unicorn by 2021 and also that the lab strives to create a live arena for the 'best' tech startups in Gothenburg. This objective seems to be established amongst the members and the majority mention the fact that the lab is selective when choosing members is seen as an important factor. It becomes clear that this approach is something that has been communicated both externally and internally in the lab.

### **Daily operation within the startup**

Since a startup is a complex and dynamic organisational form and the business idea has not existed before nor been evaluated, it becomes difficult for the members to structure the business and also to set any repetitive work activities and establish work processes in the daily operation. The members explain that no day is similar to the other and the fact that the future is unpredictable requires the members to be responsive and have an open and flexible mindset.



*We can't really structure the daily work since the workdays don't look the same. Sometimes the work is done faster than estimated, which means that it is hard to know what the next step should be. Since everything is done for the first time, it is hard to know what is right or wrong in a startup.* (Founder, Company E)

Another aspect is the potential fast growth and major changes that are built in the mind-set of the members where established processes are seen as both unnecessary but also impossible. Usually, established processes are seen as not able to keep up with the major changes of the business plan that sometimes are required for the startup to develop and grow.

*In the beginning, the team put a lot of effort and time on trying to establish different work processes, but realised that it wasn't needed. One of the biggest challenges is to find and set up processes that are relevant and sustainable since things are changing all the time.* (Founder, Company C)

Instead, the daily work in the lab is performed as a continuous process where different problems turn up that needs to be solved on continuous basis and processes are created as they are done and transform as the members develop. Thereby, the organising in the lab is mainly an emerging process taking place in the allowance of a flexible and open environment that the lab provides.

*We have to be able to make quick decisions and there is no hierarchy – you ask you colleagues 'shall we do A and B' and then we decide. There is no structure or process for this, it's all about testing and see if something works.* (Founder, Company D)

The lack of structure in terms of processes and activities also contributes to a lack of routines in the startup.

*One of the biggest challenges is to know what should be prioritized and prioritize the right things first; a lot of time is spent on stuff we don't use later. It takes a lot of time to figure out how to solve a certain problem since we haven't done it before. Another challenge is to be dependent of external actors who don't work as fast as we do.* (Founder, Company E)

Simultaneously, despite the lack of standardised processes and formal work documents, there are traces of structure and established work activities in the daily work of the members. Most of the time in the daily work is spent on sales, networking, administration and business development. More specific, the work tasks could include preparing for meetings with customers and investors, create relationships, communication towards customers and colleagues, collect resources and adjust the product after feedback provided by test users. All members mention sales as the most critical and important task in order to get customers to start using the product or service – no matter how far the company is in its development. Therefore, a lot of time during a workday is spent on targeting and meeting potential customers, gather feedback of the product or service and attend different events which could

open new doors to customers. The startups describes that no matter your position in the company, everyone have to work with business development and customer relationship management. Additionally, the startups use digital channels frequently in order to communicate with each other and to somehow structure the business. Social media apps (e.g. Slack and Trello) are used by all of the members and is seen as one of the most important aspects of the daily operation.

*We wouldn't survive without these [social media apps]. They help us as a small company to do our work without having to see each other all the time, in that sense we can communicate and prioritize what is most important first. (Founder, Company D)*

The applications are used to facilitate communication and task prioritizing. Slack is an application used to facilitate real time communication in the companies and could be likened to a chat forum where direct messages could be send to a group or one person in the company (Slack, 2016). Trello is an application that helps the startups to create different tasks that has to be done, which could further be marked with who should perform them and in what prioritised order they should be performed, as well as marked as done (Trello, 2016).

### **The startup mentality, organisational culture and entrepreneurial identity**

It has been concluded that the business form of a startup differs from an already established organisation. This is much a consequence of the mind-set and organisational culture that derives from the entrepreneurial identity.

*When working in a startup company you have the driving force of doing something more than to just perform your work tasks. You want to change something, contribute to something or someone and to see your idea turn into something other people need. [...] You have other incentives than to just earn money, because you work so hard and might have to give up a lot to reach your goal. (Founder, Company F)*

The founder or employee of a startup has to be driven by the fact that the company has not yet found its place on the market and might not have a clear business model. The members describes that a startup is a company who wants to challenge the existing market and make a difference for people with their product or service. Additionally, the organisational culture exists of a perception that a startup is an indefinite and high-risk business that lacks structure, hierarchies and control and very much depend on the creativity and personality of the people in the organisation.

*In a startup you work with responsible freedom, you are expected to do your job and no one will control and make sure you do it. [...] In a startup we do not have any structure or clear processes and we do not have any guides for how to do our job, everything is done for the first time and very much affected by the people running the company. The business is continuously changing, affected by the people around it. (Employee, Company G)*

The chaos and unstructured environment is thereby part of the business form, culture and mentality of running a startup.

*Startups are very much about shooting from the hip and see how it works. After some time you will see if it works and you can start establishing routines around this. But that is how it is supposed to be I think, it is part of the charm. (Founder, Company C)*

However, in this unstructured and quite chaotic environment, structure is slowly becoming established as a consequence of the development of the business. As the companies become more established on the market and are encountered with certain amount of challenges, they start working out routines on how to address the challenge. All respondents are however clear with the fact that this is how it is supposed to be and there is no idea to set up routines, processes, or control documents from the beginning since no will follow them or they will change anyway when the company changes. The chaos and unstructured environment is part of the business form, culture and mentality of running a startup.

## **Discussion**

The following chapter will present an analysis and discussion of the empirical data together with the theoretical framework. The discussion intends to find answers and conclusions to the proposed research aim presented in the introduction. The chapter is divided into four different parts. The first part will briefly discuss the different stories told in the lab – where the founders of the lab and the members both agree and disagree about how the lab is functioning. The second part will present a discussion of the decoupling happening in the lab due to the disagreements and how this is affecting the storytelling. The third part will present the daily operation performed in the lab, since the actions of the members is an evident part of the storytelling within the lab. Lastly, the fourth part will discuss the paradox of the storytelling in the lab and the practical implications that this has for the storytelling. The chapter will end with a final discussion and summary of the function of storytelling in the lab.

### **The stories in the lab**

As shown in the empirical data several stories are told in the startups, between them, in the lab and in the society. Founders and members both agree on some parts regarding the function of the lab and are in disagreement about other parts. This means that they tell stories that both are similar and different to each other. They are in agreement about the belief in the potential of the lab; the founders of the lab are considered to have great visionary skills and strong personal networks, which functions as a comfort or security to the members. The feeling of exclusivity when only letting a few selected startups in the region become members is also something that both parties are in agreement about and that this continues to strengthen the feeling of comfort and security. All members agree upon the fact that the membership contributes with having someone believing in them and the potential of their business, something that is considered as important in their otherwise quite uncertain workday.

Simultaneously, there are certain disagreements in the members' and the founders' stories about the lab. The members are all in agreement about the fact that the greatest value in the lab is the office space and the network that is created among the startups at the office. The founders, on the other side, put emphasis on other functions of the lab, mainly the external network that the members have access to outside of the office, i.e. through the founders, partners and advisory board. However, the fact that the members have to ask in order to get access to the external network is something that the members seem to lack knowledge about. Instead, the external network that the lab provides could be seen to function as a quality assurance to the members, in the sense that the lab is considered as well connected and an significant actor in the startup community.

### **Say one thing, act in another**

It could now be concluded that there are different stories told on what is actually happening in the lab; i.e. the founders explain one version of the value, which is then explained as something different by the members. The founders portray a vision of the lab as a foundation for entrepreneurship and the startup establishment in Gothenburg, where network is built, companies are connected to capital and potential resources, and the next generation of successful companies are growing. Simultaneously, the members rather emphasise the value of having a physical office to work in, the collaboration between the members, and the willingness to be part of a phenomenon (i.e. the lab) that might not yet have happened but potentially will lead to future benefits as a consequence of being related to the lab. The fact that the stories somewhat differs between the founders and the members is an example of what Brunsson (1986) describe as decoupling, where the organisational actions is decoupled from the reflection of inconsistencies. The inconsistencies in this case are the fact that the two parties (members and founders) in the lab are claiming two different things about what is happening in and around the lab. Thus, a formal and informal structure is decoupled and created in the lab in order to create legitimacy amongst stakeholders (Meyer & Rowan, 1977). The informal structure illustrates what is actually happening within the lab on a daily basis, whereas the formal structure reflects the storytelling communicated by the lab to the outside environment. Further on, decoupling is an example of how the lab adapts to the myths of the institutional environment, which contributes to acceptance by the environment and external support from stakeholders (Brunsson, 1986; Meyer & Rowan, 1977). The myths of a startup could be described as an idea of a chaotic and unstructured business form. In this work environment routines and processes are dynamically created as time passes and as the startups learn what activities and tasks that contributes to increase growth and expansion of the business. This is a view that is stated by all members and could therefore also be treated as a norm (Meyer & Rowan, 1977) within the lab.

More specific, the formal structure consists of a variation of different activities, in this paper referred to as support functions. All of the support functions are in one way or another contributing to the story about the lab and thereby to the creation of legitimacy. An example is the advisory board, even though the members do not use them in the exact way that the lab has the intention to, the board function as a seal of approval due to their personal brands and success stories related to them. Furthermore, the support function of having partner

companies could also be explained as a way to gain legitimacy to the lab – both from outside stakeholders, due to strong company brands. The partners also create legitimacy to the members, as the partners' function as a monetary security for the startups in need of financial investment. The advisory board and the partner companies are a clear example of what Lounsbury and Glynn (2001) explain as the use of high-status persons in order to create credibility and legitimacy to the own company (i.e. the lab) and thereby as a tool for storytelling by making use of already established and respected names or brands (Jennings, Jennings & Martens, 2007). Moreover, the physical location of the lab could also be explained as a creation of legitimacy. The lab is able to use the central address as a quality assurance towards potential investors, members, senior partners or customers, whereas the members as newly established companies are able to refer to a physical office located in the city centre. In sum, the empirical finding indicates that the support functions provided by the lab are not used completely as they are intended to. Instead, they might play an even more important role as a legitimacy creator in the way that they contribute to the lab's adaption to myths and norms in society (Meyer & Rowan, 1977). In that sense, the lab is able to position itself as a consequence of the legitimacy (Czarniawska, 1997) created by the storytelling. This would mean that the lab is actually dependent on the support functions in order for the story to be created and spread amongst the members and external stakeholders. In that sense, the support functions could still be argued to work as support functions. However, in reality they could be seen as transformed into a different and more indirect support that enables the members to grow the business – which in turn was the original idea with the support provided by the lab.

### **Trial and error, improvisation and co-creation**

The lab does not only consist of the founders and their vision of the organisation and the support functions, but also of the members. Hence, in order to be able to understand the stories told in a startup lab and the creation of storytelling, the daily work of the members has been investigated. Since the members could be seen as exist in a process of constant change and learning (Clegg, Kornberger & Rhodes, 2005, Warren, 2004) where the future is complex and unpredictable (Warren, 2004), the daily activities within the lab are to a large extent a result of improvisation. In this way, fragments of stories could be seen as communicated in the continuous process of expansion and growth of the business. Additionally, the learning process that is taking place as a result of the evaluation of activities (Clegg, Kornberger & Rhodes, 2005) is also a creator of storytelling.

The improvisation is for example described by one of the employees in the startups that startups lack guidelines or some sort of cheat sheet on how to do things, which is most often dealt with as having to trust the gut-feeling. Since it is described that no day is similar to the other one and the startups are struggling to coordinate the daily operation, they improvise their daily routines and try to prioritise what seems to be the most relevant at the moment. Another example of this is in the empirical data is the decision making process, which all startups explain similarly. This process is described as something you do not put too much emphasis on, you ask your co-workers, and maybe someone else in the lab if you know they have the experience, and then you choose A or B. You have to trust your gut feeling and see if it works or not. Activities are afterwards evaluated in terms of how well it worked (Clegg,

Kornberger & Rhodes, 2005) and what results it gave, which also is an example how the startups use the concept of validated learning (Ries, 2011) as a way to evaluate how well activities and actions are working. The evaluation is further an example of why the past and present is important to take into consideration in the process making in startup companies, as the learning from the past and the present will affect the actions of the future (Hernes, 2014; Hernes & Weick, 2007). After evaluation and continuous repetition of the activities that had a positive result, the startup learns how to act in accordance to particular situations or problems and processes are established (Clegg, Kornberger & Rhodes, 2005; Hernes, 2014). Through the process of learning, the daily operations becomes more established and slowly the activities become part of a process that is not questioned, meaning that they are part of the becoming (Hernes, 2014; Tsoukas & Chia, 2002). In summary, the daily work and how the day is structured is mainly structured through improvisation, but the daily operation could also be described as an trial and error process. The startup performs an activity and depending on how well it functioned, it is after evaluation either adopted as a state of becoming (Hernes, 2014) in the daily operations or rejected and one tries another way of performing the activity.

As found in the empirical data, the members share an open landscape office that opens up for a continuous integration and dialogue between the members. All members possess different knowledge and experiences and a constant exchange of these is happening in the lab on a daily basis, meaning that a part of the learning process in the startups is due to this exchange (Warren, 2004). In that sense the members are able to somewhat reduce the complexity of not knowing what to do and operate within an environment that has the ability to provide instant feedback. Additionally, the social exchange is also a part of the storytelling that takes place inside the lab in the sense that the individual member creates their own story based on the unique characteristics of the business (Jennings, Jennings & Martens, 2007), which further becomes part of the identity creation and creates legitimacy to the individual startup. The continuous search for feedback, which the startups also seek from users of the service or product, is also an example of what Ries (2011) describes as validated learning. The way the startups at the office are exchanging knowledge and experiences, and most specifically the continuous feedback between the members, is a way for the startups to learn what users (i.e. customers) values and how well the product or service is working (Ries, 2011; Warren, 2004), which clearly state how invaluable the office is. In that sense, the social exchange happening in the lab is a co-creation process (Warren, 2004) where learning and storytelling are taking place simultaneously between the members. This interaction could be argued as invaluable for the members both because of practical reasons, but also in the way that the members are co-creators in the storytelling of the lab, which further increases legitimacy and thereby approval from stakeholders. In sum, to understand what the startups are doing in the lab is an important factor in understanding how storytelling is taking place inside the lab.

Improvisation, trial and error and co-creation are all examples of how the startups learn and how the daily operation is performed. The way that the members act contribute to the view of what a startup is and thereby illustrates an additional part of how the function of storytelling is used within the lab. The daily operation is a clear example of the use of cultural entrepreneurship (Lounsbury & Glynn, 2001). The different ways of learning shows how

normative appropriateness that are similar to already established companies is taken place in order to create legitimacy and credibility among stakeholders. The use of improvisation and trial and error strengthens the story of complexity and uncertainty in the daily operation in a startup. However, the empirical findings show a paradox in the story told about the daily operation and indicates that there are traces of structure that the members use to organise their business to a certain extent.

### **The paradox in the story**

The members describe a startup as an unstructured business form where the daily work is performed as a continuous process where problems are solved and tasks performed as they turn up. Further, the daily work could be seen as taking place within a process of improvisation, co-creation and trial and error. Because of this work approach the members also describe a problem with knowing what tasks to prioritise, hence the feeling of lack of structure and routines. However, when looking deeper into what is actually going on in the daily work of the startups, it is possible to discover implications of a variation of activities that actually contributes to structure and routines in the lab. For example, the sale activity is described as one of the most important activity in the daily work. Thus, activities contributing to increased sales will most likely be prioritised over other work activities. Furthermore, the use of social media apps such as Slack and Trello could be seen as contributing to an actual structure and routines in the daily work. The apps are described as vital for tasks prioritising and structure of the internal communication. Moreover, other activities that could be argued to provide some sort of structure and routines in the daily work are regular on-going activities that are performed as a natural part of the organisational life inside the lab, e.g. drinking coffee, answering emails and integrate with the other members at the office. These less evident activities are also an example of entities that have provided simple ways for the actors in startups to structure activities. In turn, the activities could be seen as contributing to the shaping of how processes of organising are being created in the unknown (Hernes, 2014) and reaching the state of becoming (Hernes, 2014) without the startups actually knowing. In that sense, it is possible that the members are not noticing that they have established a process for structure and routine around different activities and entities.

The fact that a certain amount of structure actually exists in contrast to the story creates practical implications and could be considered as a paradox in the daily operation. The members are acting with the belief that they are operating within an environment that consist of no structure or routines, while it could be concluded that structure exists but not in the traditional way that the members might have experience from previous work experiences or knowledge. Thereby, it becomes clear that the startups, just like the lab, decouples the daily work and that a formal and informal structure is created (Meyer & Rowan, 1977). In turn, the use of decoupling in the daily operations could be stated as an important factor in the creation of storytelling in the sense that decoupling is a way for the startups to use what Czarniawska (1997) describes as narrative knowledge. The use of decoupling contributes to the understanding of what is happening in the everyday work (Czarniawska, 1997) within the lab. Hence, it becomes clear that a paradox is created.

The informal structure consists of the activities going in the daily work, such as sales activities, meetings and the use of social media apps, which together distinguishes the structure and routines of the daily operations. Furthermore, the formal structure consist of the story that the startups communicate towards the outside environment (Meyer & Rowan, 1977), for example the story told in the interviews about the complex and chaotic business form that a startup constitutes of, which might not be fully correspondent to what is actually going on inside the lab. By decoupling the daily work into two stories of formal and informal structures the startup creates legitimacy from stakeholders (Brunsson, 1986; Meyer & Rowan, 1977) and are able to maintain the myth and norm that exist in society. Thereby, the story function as a way to uphold the formal structure about what a startup is and should be, which is also embedded in the culture and mentality in the lab. By creating the formal structure as a story about the startup, the companies maintain legitimacy among stakeholders (Garaud, Land & Schildt, 2014), which thus is vital for the company survival and establishment on the market. The mentality of startups consists of a view that the environment is risky, indefinite and lack control, which is considered by the startups as the way it is supposed to be. This is a clear example of the use of storytelling and what Czarniawska (1997) describes as an organisational theatre, which is a way to maintain the story about the startup on a day-to-day basis. The startup mentality, embedded in the culture and identity of a startup, also affects how the actors, i.e. startups, are acting in their daily work (Hernes, 2014; Schein, 1985). If the actors of the startups expect the working environment to be messy and without control, they will also act in this way whether or not it is true, because it is embedded in the identity and what is expected. Thus, this also becomes a part of the storytelling and legitimacy creation.

Further on, even though the members describe a positive change in the view of entrepreneurship, where a more complex view is growing in society, the empirical data indicates that the glorified picture is still a part of the story. By presenting a vision of entrepreneurship as something tough and complex performed in a high risk and unpredictable environment, the story suggest that the members are able to perform under extreme circumstances, which further enables the view of the rock star to be maintained. In that sense, the storytelling function again as a legitimacy creator among stakeholders in the society by presenting unique characteristics of the company and success stories about the individuals behind the startup (Jennings, Jennings & Martens, 2007; Lounsbury & Glynn, 2001). The vision of the lab is to create an arena for startups to grow and become successful companies, which also becomes a part of the story of the lab. It could be concluded that a part of the establishment of the lab is to tell success stories about the lab, the members and the different support functions.

Consequently, the functions of storytelling in a startup lab constitutes of a variation of stories, where almost all stories in one way or another exist in order to contribute and create legitimacy for both the lab and the members. However, it has to be taken into a account that the use of entrepreneurial storytelling also comes with another potential paradox (Garaud, Lant & Schildt, 2014). The fact that the lab has a clear vision of creating a unicorn company by 2021 both contributes to creation of legitimacy but could also harm the legitimacy if stakeholders believe that the expectation of this vision is not met (Garaud, Lant & Schildt,



2014). In order to not risk legitimacy loss the lab has to make sure that if the vision is not possible to reach one has to change the story of the lab, i.e. the vision of finding a unicorn by 2021, meaning that they use revised storytelling (Deuten & Rip, 2000) and replot the story by creating a new vision.

In sum, by decoupling parts of the stories, such as value expectations of the membership, the daily operation and the culture, the lab is able to preserve and continue to create legitimacy. This could be concluded as one of the most important aspect and function of storytelling in the startup lab. It could be stated that both actors, i.e. members and the lab, need the legitimacy in order to survive on the market as a new venture. More specific, being a new actor on the market means several implications and challenges. Hence, the storytelling functions as a door opener for both the lab in order to create brand awareness about the organisation – i.e. creating legitimacy among potential startup members, partners and investors. Moreover, it is also a door opener for the members that create brand awareness and function as a mean to reach out with the business idea to customers and the overall market. However, a practical implication for the lab and the members is the fact that in order to be able to create legitimacy and credibility through storytelling, the stories has to be based on success factors. This could be complicated for a new organisation that is not yet fully developed on the market since they might not have a concrete product or service to show the stakeholders. This is where the support functions of the lab have an important function. For example, through the use of a central office address or by having credible and famous entrepreneurs as advisory board or partners, they contribute to give approval of the lab (Lounsbury & Glynn, 2001), through the use of positioning (Czarniawska, 1997), and legitimacy is created to both parties (the lab and members). In the end, the function of storytelling is a vital part of the establishment of a new venture, whether it is a support function organisation or a startup. In that sense, telling the stories of how the startup operates, who is supporting the business or organisation, where the office is located or how tough the job is, legitimacy and identity is created, which is vital for the ventures to become someone on the market and spread the word about their existence.

## **Conclusion**

This paper has aimed at investigating the function of storytelling within a startup lab. It is clear that storytelling is not particularly unique to the process of how organisations gain legitimacy. However, this paper indicates that storytelling might have a special function in startups. Storytelling plays an important part in the establishment of the lab and have practical implications on how the members inside the lab are operating as a response to the entrepreneurial stories. It could be concluded that there are three main functions of the storytelling within the lab, which all contributes to the ultimate goal of creating sustained competitive advantages. Firstly, the storytelling is used as a legitimacy creator in order to gain external approval from stakeholders and society. The entrepreneurial stories told by the lab and its members function as means to create success factors and uphold a certain story towards the stakeholders. Additionally, the use of external certifiers, such as the advisory board and partners, enables the lab to take advantage of the quality assurance that is related to already approved actors and thereby create legitimacy amongst potential members, partners,

investors and other stakeholders. The creation of legitimacy could be concluded as the most vital part of the storytelling within the lab and might indicate that legitimacy creation could be seen as a fundamental part of the creation of new ventures. Furthermore, this paper indicates that decoupling is taking place inside the lab as a consequence of legitimacy creation. Meaning that the stories told in the lab might be considered as not fully related to what is actually going on and how the support functions are used in practice. However, the support functions could still be seen as working as a consequence of the transformation into a more indirect support where the feeling of security and quality assurance enables the lab to provide support to its members.

Secondly, the function of storytelling is a part of the identity creation of the lab and in turn the identity creation of the members operating within the lab. The creation of identity could be seen as existing of two parts – the glorified picture of the entrepreneur as a rock star that is established in society and the internal view of the entrepreneur that the members inside the lab are identifying themselves with. This means that the storytelling as part of the identification is very much a dual process where the external and the internal identity creation are taking place simultaneously. The paradox of the rock star view and the internal view could also be concluded as being vital for the function on storytelling since it contributes to success stories and by extension also to the creation of legitimacy and credibility among stakeholders.

At last, the storytelling is also taking place in the relationship between the daily performances inside the lab. The members emphasize their environment as unstructured and chaotic with a lack of routine and prioritise in the daily work. Furthermore, the daily operation could be seen as a process existing of improvisation, trial and error and co-creation. These factors could be considered as part of the story that emphasises the characteristic of the startup to the external environment. Simultaneously they illustrate the co-creation process of the members as active storytellers. In addition, the storytelling becomes part of the mentality and culture existing in the lab where the story emphasis the startup culture and the mentality of the entrepreneur. In that sense, it could also be concluded that the performance within the lab and the already existing culture build the story about the existence of the lab. However, the storytelling could also be considering as the creator and consequence of the daily operation as well as the mentality and culture in the lab. This means that the relationship between the storytelling and what is actually going on inside the lab could be seen as a dual process of creation where the storytelling and the daily life in the lab form each other.

In sum, storytelling could be considered as needed and vital for the lab to function and potentially as an important part of the members' ability to grow. The storytelling function as a tool in legitimacy creation, identification creation and in the dual process of the relationship between the daily life inside the lab. Finally, these factors contribute to the ultimate goal of creating and maintaining sustained competitive advantages, which increases the survival of the lab and its members. Suggestions for future research concerns looking deeper into the daily operations of a startup, is there any difference between a startup and an already established company? Future research could also look deeper into successful Swedish startups, such as Spotify or Klarna, what are the key successes factors in these companies and could they be translated into more general knowledge for startups? Finally, suggestions for

future research of the lab could include looking further into potential key success factors of being a member and not being a member of a startup lab, through comparing the success of startups that are members and startups that are not members – is there any difference?

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