

# POLICY BRIEF #1



## WHO ARE THE GREEN ENTREPRENEURS AND HOW THEY CAN BE SUPPORTED IN THEIR BUSINESS JOURNEY?

### CONTENTS

#### 1. INTRODUCTION

#### 2. APPROACH & RESULTS

#### 3. CONCLUSIONS

#### 4. IMPLICATIONS & RECOMMENDATIONS

### EXECUTIVE SUMMARY

I AM GREEN is a Horizon 2020 project, which aims to investigate and develop new approaches to support SMEs, start-ups and other actors within the green innovation ecosystem.

The overall objective is to co-design a widespread incubator and start-up academy model to support entrepreneurs at all stages from the business idea design to market penetration, passing through a tailor-made training and incubation path that gives particular attention to sustainable development and ways of “greening” the business.

Research activities have been conducted at the beginning of the project to answer to the following questions:

- Who are the green start-up entrepreneurs?
- What is their current experience and how do they interact with the ecosystem?
- What kind of support can the I AM GREEN model provide to the identified actors in terms of matching, training, empowerment and coaching?

The answer to the first two questions will be provided in chapters 1 and 2, namely “Scenario Analysis” and “Value Proposition”, of the Design Option Paper (DOP), which represents the main output of the project. The contents of these chapters are described in this document, which aims at offering political decision-makers an overview of the added value of the I AM GREEN model for green entrepreneurs and investors, and what measures can be implemented at a policy level in order to support green start-ups.



# 1. INTRODUCTION

Sustainable development, a concept deeply rooted in European policies, is development that manages to meet the needs of current generations without compromising the ability of future generations to meet theirs.

Over past decades, the European Union has put in place some of the world's strictest environmental standards and most ambitious climate policies, including the taking of a leadership role in the championing of the Paris Agreement. The EU is also launching a series of growth strategies connected with the European Green Deal with ambitious goals to be reached by 2030. The goal consists in supporting the sustainable development of industry, so that it becomes greener, more circular and more digital, while at the same time remaining competitive on the global stage. The three drivers that will transform European industry, support our SMEs and keep Europe sustainable and competitive are:



Green Transition



Global Competitiveness



Digital Transition

Taking up the challenge proposed by the European Green Deal, the I AM GREEN Consortium takes active part in the process, by developing tools and actions aimed at supporting start-ups and entrepreneurs to feel a spirit of industrial innovation and invest in that direction.

## 2. APPROACH & RESULTS

### Identification and analysis of project target start-ups

I AM GREEN is not a solution for all entrepreneurs at all stages of development in all sectors. Rather I AM GREEN focusses on start-up with impact potential in the area of sustainable or green development. To this end the I AM GREEN project defines a green start-up as a newly created company which brings to the market a new product or service, embodying a measure of sustainable innovation. This new product or service should have a positive environmental impact and contribute to the green transition of the economy.



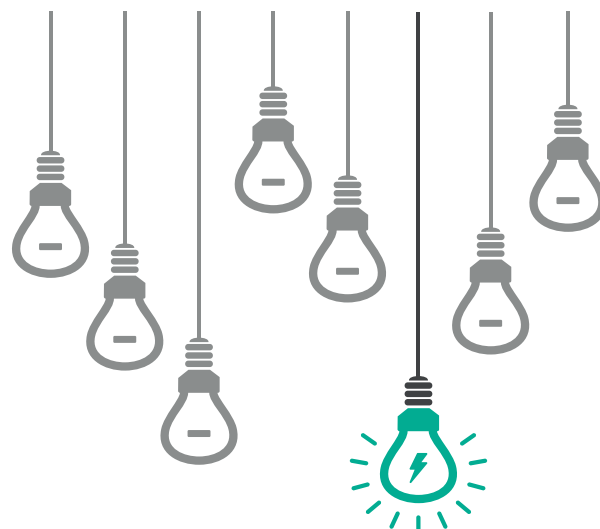
According to the categorisation proposed by Bergset and Fichter (2015), the sectors in which green start-ups thrive are: renewable energy, energy efficiency, renewable sources, resource efficiency, circular economy, waste management, reduction of emissions and climate protection, including biodiversity and ecosystems. In the same paper, the authors identified the following types of green start-ups, which are in turn adopted for I AM GREEN:

- The alternative start-up, whose entrepreneurs exhibit a personal motivation in reducing negative environmental issues and/or social injustice.
- The visionary start-up, characterised by the “change the world” mentality of their founders, who find business the best way to reach their goals.
- The inventive start-up, with highly inventive and technically skilled entrepreneurs, usually lacking business education or experience.
- The ecopreneurial start-up, identifying opportunities in the green domain that are likely to be scaled and, thanks to internal high level of business skills, actually manage to scale them.
- The unintentionally green start-up, creating positive environmental impacts or externalities within its business, without this being an underpinning motive.

I AM GREEN also identifies the profile, journey and business model of two more classes of target users: the eco-investor, who shares the same green values and is driven by ethical and environmental criteria when deciding who to finance; and the consolidated company, becoming a potential investor itself or creating synergies with the start-ups in terms of industrial symbiosis or circular economy projects.



This categorisation made it possible to carry out structured research activities and collect a database of stories from representatives of each label from the three countries involved in the project: Italy, Ireland and Israel. This activity enabled to better understand the perspective of the potential users of the IAM GREEN business model, defining their profiles and journeys, identifying their activities, their gains (i.e. what can create additional value) and pains (i.e. what is not working well) – according to the structure of the Business Model Canvas (Osterwalder, 2005).



### Difficulties start-ups can find in their journey

- Understanding the goals, motivations and mentality of other actors in the ecosystem that they will need to help get their business up and running and growing into the future.
- Attracting investors and finding adequate funding, especially when large capital expenditure is required from the beginning and does not entail a return in the short term.
- The need of multiple actors with different skills to ensure the success of a new business. Big megatrend ideas, in fact, cannot be developed by small personally funded micro-companies. Actors with different competences are thus needed to cover all the processes – from manufacturing a product to selling it.
- Start-ups with a very specific approach find it hard to integrate themselves in the innovation eco-system, but also to find a mentor.
- Excess of bureaucracy, administrative and normative procedures in the decision-making processes.

### The resources mostly needed by entrepreneurs

- External, independent, experienced and unbiased advice.
- Measures and incentives to establish a business in a certain geographical area.
- Technical and scientific support from Universities and other research institutes, especially when the product or service launched needs constant innovation and a research-backed experimentation.
- The co-existence within the start-up team of both technical and commercial/marketing skills, in order to cover all the needs in the initial phase. This is important to attract investors and the interest from industrial players and commercial partners.
- Since the start-up teams are small by definition, sometimes they lack professional skills which are instead needed in order to make the business flourish.
- Incubators offering support all along the start-up journey, and not only in the launch phase.
- Technical mentoring in the specific field where the start-up operates.

## 3. CONCLUSIONS

From the analysis carried out in the initial phases of the project, there are a number of suggestions to strengthen green start-ups and help them thrive on the market. First of all, they should make sure that their launch on the market targets a payback in a relatively short time. Early market traction will make investors feel safer when providing funding all along the company life path from launch and consolidation to scale-up. Secondly, it is essential that entrepreneurs keep an open mind when it comes to the possibility of reinventing their whole business, especially in times of crisis or radical market changes. A business model needs to be developed by analysing current trends and focusing on products and/or services that are especially required in a specific moment. Thirdly and most importantly, the green entrepreneurs need to have a clear vision of the objectives they want to achieve and the direction they want for their business.

### Services to support green start-ups

- Early stage funding
- Business matching and networking with investors
- Mentoring and coaching
- Skills development
- Advice and guide to access national and EU R&D funding programmes
- Tailored mentoring/consultancy activities
- Matchmaking and meeting with project teams aiming to create sustainable innovation
- Awareness raising and communication



## 4. IMPLICATIONS & RECOMMENDATIONS

### The added value of an incubator academy model

How can the I AM GREEN Consortium create value for its target users? How will this value be translated into new services to really support the innovation ecosystem at a local level? In order to provide an answer to these questions, the Value Proposition Canvas (Osterwalder, 2014) was used as a tool to understand if and how the proposed value succeeds in fitting customers' needs.

To this end, a market analysis has been carried out for the start-up types developed by Bergset and Fichter that are outlined above. The following is a summary of that analysis developed through the I AM GREEN project:

- Alternative start-ups: I AM GREEN suggests the provision of support by mentoring and advising them in their business and technological development through services such as early stage funding, matching and networking with stakeholders, mentoring, and skills development.
- Visionary start-ups: I AM GREEN suggests guidance through the most challenging innovation funding programmes and through the provision of the following services: advice and guidance to access national and EU R&D funding programmes, matching and networking with investors and skills development.
- Inventive start-ups: I AM GREEN suggests empowerment of their teams and establish networks with visionary and philanthropic investors. Services such as matching and networking with investors and skills development will also help.
- Unintentionally green start-ups: this group really needs to understand the impact of their innovation and be supported in fostering the growth of the company. Therefore, I AM GREEN suggests they will benefit from services like tailored mentoring/consultancy activities, skills development, advice and guide to access national and EU R&D funding programmes, matching and networking opportunities with investors.
- Ecopreneurial start-ups: I AM GREEN model will foster growth and matchmaking with consolidated companies, with the aim to create synergies and business integration. Services such as business matching and networking, tailored mentoring and consultancy activities, skills development, advice and guide to access national and EU R&D funding programmes will be offered.
- Eco-investors: need to find the best green projects to invest in, in order to fund developments in terms of sustainable innovation, while not renouncing to a ROI. For this reason, they will benefit from matchmaking and meeting opportunities with project teams, awareness raising and communication campaign.
- Consolidated companies: are also included in I AM GREEN model, which provides support by enhancing collaboration and the creation of fruitful synergies between them and innovative start-ups. They will particularly benefit from open innovation projects and matchmaking opportunities.



[www.iamgreen.eu](http://www.iamgreen.eu)



[@iamgreenh2020](https://twitter.com/iamgreenh2020)



[I AM GREEN H2020](https://www.linkedin.com/company/i-am-green-h2020)



[innovazione@sinergie-italia.com](mailto:innovazione@sinergie-italia.com)

#### PARTNERS



This project has received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 959548

[www.iamgreenh2020.eu](http://www.iamgreenh2020.eu)  
[innovazione@sinergie-italia.com](mailto:innovazione@sinergie-italia.com)