

Startups and Crisis Management

Dafna Kariv

O Routledge
Taylor & Francis Group
LONDON AND NEW YORK

Contents

Acknowledgements	ix
An inspirational foreword	xiii
1 Paving the way for the 'new normal': an introduction to the field	1
<i>Takeaways</i>	1
<i>Overview</i>	2
Reciprocal relationships	2
<i>Theoretical glimpse</i>	5
<i>Looking at the emerging 'new normal'</i>	7
<i>What does the 'new normal' entail?</i>	8
<i>The impetus—COVID-19: an unexpected 'occurrence' in a highly technological era</i>	9
<i>The methodology</i>	11
<i>Summary</i>	12
<i>Reflective questions for class</i>	13
2 Startup dynamics	17
<i>Takeaways</i>	17
<i>Startup dynamics</i>	17
<i>Demarcation of a startup</i>	18
Startup distinctiveness	20
<i>The external perspective</i>	22
Startups and the context	23
Context and crises	26
Ecosystems	26
Ecosystems and crises	28
<i>The internal perspective</i>	29
Organizational view	30
Management aspects	31
<i>A process view—opportunities and inhibitors</i>	31
Portrayal of startups	32
<i>Inherent disruptors</i>	35
<i>Summary</i>	36
<i>Reflective questions for class</i>	37
3 Types of crises	45
<i>Takeaways</i>	45
<i>Introduction</i>	46
<i>Crisis portfolio</i>	47
<i>Demarcating crises</i>	48

vi Contents

	<i>Indicators of disruptive events</i>	49
	<i>Crisis dimensions</i>	50
	<i>Crisis core topic</i>	52
	<i>How does the event topic affect the startup?</i>	56
	<i>Sequential crisis events</i>	57
	<i>Generation of 'other indicators'</i>	59
	<i>COVID-19 and the new wave of crises</i>	61
	<i>Summary</i>	63
	<i>deflective questions for class</i>	63
4	Born into crises	67
	<i>Takeaways</i>	67
	<i>Born into crises</i>	68
	<i>Conceptual models of startups under crises</i>	68
	<i>The role of perception</i>	69
	<i>Startups' views of crises</i>	70
	<i>Chronicle of a crisis foretold</i>	73
	<i>A closer look at crises: the when, why, and what</i>	76
	<i>Crisis life cycles and characteristics</i>	77
	<i>The distinctiveness of the COVID-19 pandemic crisis</i>	79
	<i>Startups create crises</i>	81
	<i>Abilities and skills—enablers or inhibitors in deciphering crises?</i>	82
	<i>Leadership styles in depicting crises</i>	83
	<i>Summary</i>	84
	<i>Reflective questions for class</i>	85
5	External effects of crises	91
	<i>Takeaways</i>	91
	<i>Introduction</i>	92
	<i>The outward impact of crises</i>	94
	<i>Main external concerns</i>	96
	<i>Effects across sectors</i>	98
	<i>A glimpse into COVID-19</i>	99
	<i>Tourism—a unique case</i>	101
	<i>External systems affect ecosystems</i>	101
	<i>Stakeholders' feedback—a fertile ground for crisis management</i>	106
	<i>A chaos perspective</i>	107
	<i>Summary</i>	108
	<i>Reflective questions for class</i>	109
6	Effects of crises on startups—a micro-perspective	115
	<i>Takeaways</i>	115
	<i>Micro-perspective—an inward look</i>	115
	<i>Process/business innovation</i>	118

<i>The 'new normal' in the business</i>	121
<i>Being prepared for the 'new normal'</i>	123
<i>Making the exception routine</i>	123
<i>The digitalized entrepreneur</i>	125
<i>Summary</i>	130
<i>Reflective questions for class</i>	130
Strategy, preparation, and design	135
<i>Takeaways</i>	135
<i>Introduction</i>	136
<i>Startups design the action in the face of crises</i>	136
<i>Startup management's assessment of the situation</i>	140
<i>Cognitive heuristics</i>	141
Heuristics and biases	142
<i>Designing the strategy</i>	142
<i>The focus of preparation</i>	145
<i>Decision-making in times of crisis</i>	146
<i>Crisis preparedness</i>	148
<i>Designing the required capabilities</i>	150
<i>Summary</i>	151
<i>Reflective questions for class</i>	153
Managing crises	157
<i>Takeaways</i>	157
<i>Introduction</i>	158
<i>Fight or flight?</i>	159
<i>The effective crisis management plan</i>	161
The concept of change	161
Reframing the concept of acute	162
<i>Implementing the crisis management protocol</i>	163
<i>Shared coping action</i>	164
<i>Response strategies</i>	166
<i>The entrepreneur's dilemma</i>	168
<i>Coping with crises using innovative strategies</i>	170
<i>Reviewing business models</i>	171
Delving into the pillars of business models	M3
<i>Summary</i>	175
<i>Reflective questions for class</i>	176
Entrepreneurial psychological capital	181
<i>Takeaways</i>	181
<i>Psychological distress in times of crises</i>	182
<i>Effects of the CO VID-19 pandemic on emotional stress</i>	186
<i>Stressors</i>	187

viii Contents

<i>Emotional representations</i>	190
<i>Assessment of stressful events</i>	193
<i>Entrepreneurial psychological capital</i>	195
<i>Summary</i>	196
<i>Reflective questions for class</i>	197
10 Female entrepreneurship in crises	205
<i>Takeaways</i>	205
<i>Female entrepreneurship: a general overview of its uniqueness and challenges</i>	206
What makes female entrepreneurship an exclusive aspect of entrepreneurship?	208
Business interpretations and perceptions	210
<i>Female entrepreneurship and crises: identification and exploitation</i>	212
<i>Entrepreneurial emotions—a gendered look</i>	213
Emotional intelligence	218
<i>Strategic orientation from a female entrepreneurship point of view</i>	220
<i>Women's psychological capital</i>	221
<i>Summary</i>	222
<i>Reflective questions for class</i>	223
11 Beyond the pandemic: The path to the new normal through case studies	231
<i>Introduction</i>	231
<i>Case 1: The pandemic's role in stimulating startup creation: ASEM</i>	232
<i>Case 2: A startup that failed due to the crisis: Valeries</i>	234
<i>Case 3: "Put a ding in the universe" (Steve Jobs): Papaya Global</i>	238
<i>Case 4: "Against all odds"—A story of resilience, trust, and sustainability: Guesty</i>	241
<i>Case 5: "A pivot is a change in strategy without a change in vision" (Eric Ries): Bizzabo</i>	245
<i>Case 6: Ecosystem stakeholders embrace startups: Startup Mexico and Dux Capital</i>	252
<i>Case 7: Reciprocity is the name of the game: JetztInvest (JI)—the open innovation platform</i>	255
<i>Case 8: Forging the future: Co-Creation Network Universities (CCNU)</i>	258
Index	275