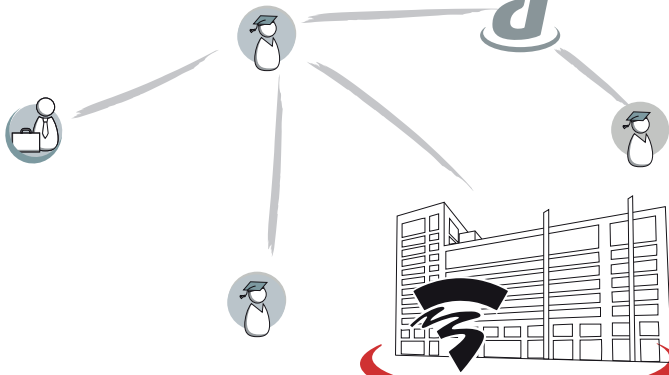


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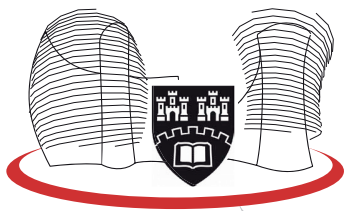


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2021



Project Fenix

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Project Fenix



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Foreword

Project Fenix is at the forefront of pedagogical innovation in teaching entrepreneurship. It is an excellent example of international research and teaching collaboration in practice.

Preparing student entrepreneurs to launch, grow and thrive with their startup businesses, and equipping them with tools and strategies to be able to deal with any uncertainty, especially in the context of a global pandemic, is vitally important for Northumbria University and Amsterdam University of Applied Sciences. We are therefore pleased to introduce this book about Project Fenix, a research and teaching collaboration that has helped students learn about entrepreneurial failure directly from those who experienced it, and has enabled researchers to better understand business closure.

The Fenix team is one of the first projects to receive grant funding bolstering the international collaboration between universities, and is an excellent example of working in partnership, doing research that is valuable for everyone involved: students, teachers and entrepreneurs. This book showcases the project, and serves as a useful source of research, evidence and student stories about the positive impact of learning about entrepreneurial failure and business closure.

Project Fenix has undoubtedly helped us empower young entrepreneurs not only to start businesses and launch products during the global pandemic, but also not to be afraid of failure, to learn from failure, and to know how to responsibly close a company under any circumstances.

We hope that Project Fenix continues to create a domino effect around it, sharing with others how any entrepreneurship course could include learning about business failure and closure, and helping us better prepare the entrepreneurs of tomorrow.



Introduction

Fenix Businesses: Learning From The Ashes

As teachers and coaches of bright students, we have seen many student ideas turn into vibrant companies. At the same time, we have witnessed just as many ideas thrown into a bin. Both scenarios are part of the marvellous world of entrepreneurship, where the courage and decisiveness needed to start a business are just as important when it comes to shutting it down. Whilst supporting our students on their journey to become entrepreneurs, we noticed that students become very well equipped to learn from successful and accomplished entrepreneurs and to take over the world, so to speak. However, we also noticed that students lacked skills to spot signals of businesses about to fail. As such, when it came to business failure, students were not aware of the necessary paperwork to close a company, the consequences of company failure for their staff or for themselves, and lacked understanding of how best to deal with such difficult situations.

To address these skills, knowledge and experience gaps, we developed Project Fenix in a format to alert students that business failure and business closure can happen to anyone, and that learning from those episodes is crucial. In 2017 and 2018, we spent hours trying to figure out the best way to give form to this project, checking inspirational sources from research and from practice. We had countless meetings with colleagues at the Amsterdam University of Applied Sciences, learning from their methods and finding ways to improve them. We finally launched the project in 2018, and since then it has enjoyed great success, both in the learning process of students and the collection of data.

On this journey, we have matched with partners in other academic institutions, beyond the Amsterdam University of Applied Sciences,

who share this view of learning from the bad times in entrepreneurship. Newcastle Business School quickly jumped in to join forces, not only adopting Project Fenix but adapting it in the best way possible in their curriculum. Avans University of Applied Sciences quickly took on board the potential to learn from past failures in their programme about business innovations, and they have even been open to testing new changes we have introduced over time to improve this project.

We could not do this project alone, because learning from such tough experiences can only be accomplished by calling upon those who have lived through them. Entrepreneurs who were approached by our students have been so kind and open to share their experiences without asking for anything in exchange. We are very grateful for all the information, tips, tricks and advice that have been shared over the course of Project Fenix. We put all this together under the umbrella term 'lessons learned'. These lessons have informed and been translated into a wide variety of products: reflection for students, integral parts of business plans, media products, research proposals and written articles.

In addition, these lessons have been translated into teaching materials. Students from different faculties have been able to use lessons from entrepreneurs who have experienced failure to do more research in their theses and to find inspiration for their actions as entrepreneurs. We have condensed the learning process in a workshop about learning from failure, sharing with other educators about the value of vicariously learning from the experiences of others. Moreover, we are expanding these teaching tips to other languages, by strengthening the collaboration with colleagues all over Europe and the world.

This booklet lays the foundation of this journey we have covered since the seeds were planted in 2017. Our journey has allowed us to learn from our past failures and turn them into stepping stones to reach out to more and more people. By walking this journey, we have met academic soulmates who share the idea of bringing the topic of business failure and business closure to students. The

journey for others who have crossed our paths takes different turns: we hope entrepreneurs can learn from past mistakes, and our aim is that nascent entrepreneurs in our classrooms will perform better than previous generations.

We would be pleased if you become a new companion on this journey. With this booklet, we invite you to read the highlights – and mistakes – of Project Fenix from various points of view. That is why we give a podium to our different partners who have contributed with their own ideas, own motivation and own time. You may be one of our readers who have experienced business, or other type of, failure yourself; therefore you know the difficulty of overcoming that stigma and relaunching your ideas. We are sure that the following pages will trigger many thoughts and we invite you to share them with us! Together we can learn better from business failure and closure.

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Fenix Project In A Nutshell

Personal Reflections



Introduction

Resilience, pivoting and adaptability are what inspired the name of our project: Fenix. This name refers to the phoenix, the mythological animal that was born again from its own ashes. We consciously chose to deviate from the Dutch version of the name, which is written as *feniks*, but also from the English version *phoenix*. So we chose something in between with the intention to be recognized in the Netherlands, but also leaving the door open to go abroad in the future. This mythical figure has become our logo, as you can see from the cover of this publication.

At Amsterdam University of Applied Sciences, the team was very eager to learn more about entrepreneurial failure. We had long and inspiring working sessions and meetings with entrepreneurs, trying to figure out the best way to research this topic. We listened to diverse reasons for failure, types of events and different stories. That is why our definition of failure and its recovery ranges from extreme cases of insolvency or involuntary termination to less extreme cases of personnel reduction and threatening financial indicators. As part of that process, we worked out that the best way to research this topic is to talk about it! By opening our ears to listen to stories, we realized this exercise turned out to be quite therapeutic for the entrepreneurs. We also noticed that so many lessons were shared, and we began to dream about our students learning directly from those stories instead of us, as educators, trying to translate everything into educational materials. That was the moment when Project Fenix started to take shape.

Like entrepreneurship, our project has been characterized by trial and error. We tested our initial interview guide with entrepreneurs who openly shared their story and also shared how they felt after the interview with us. And we tested if someone else without our previous knowledge could also make use of this interview guide. After several versions, we were ready to share this educational tool with our students. And since 2017, we have been improving this guide each academic year, to adapt to the specific topics that are relevant for entrepreneurs and for students.

The reality for entrepreneurs is harsh. They all lost something in their business story: money, products, business partners, employees and even family relationships. But above all, they feel the burden of carrying that label of having failed, and they struggle to turn that experience into a learning process. For some of them it has worked: they have learned to adapt, to pivot, and to get back on their feet again. Every time we have the privilege to listen to one of those stories, we can relate to that process of trying, failing but still going towards a goal.

Let me take you on a chronological journey to show our origins, our struggle, our expansion and our current situation in 2021. We are grateful that so many educators and researchers have joined us on our journey, in particular our partners at Northumbria University. And we are proud that many entrepreneurs and students have been matched to teach and to learn about entrepreneurial failure and recovery.

The Origins Of Project Fenix

Our project is defined by the people who take part in it. Our team has managed to go through good and bad times together. We all share the desire to learn from entrepreneurial failure and recovery, acknowledging in the process that these experiences can be traumatic and heavy for the entrepreneurs and those around them. That is why we have realized that deriving lessons from such hard experiences can help other people in that process, particularly prospective entrepreneurs who can incorporate the given lessons in their entrepreneurship education.

The person to start with is definitely Ingrid Wakkee. She had the vision to gather the team together and shared her expertise accumulated from many years of research about entrepreneurial failure. In her current position, she takes an active role in analyzing data, writing findings and making connections with partners outside the academic walls. In the following section, there is a very interesting scientific contribution from her.

Jeanne Martens is a driving force of the project who has been in contact with entrepreneurs for many years. Her large networks of contacts all over the Netherlands and her interest in the gender perspective of entrepreneurship provides a fresh and critical view that is crucial for Project Fenix. And there is myself, JuanFra Alvarado Valenzuela, with long experience in sustainable economy and migrant entrepreneurship. I contribute to the project with methodological skills and an international approach.

The three of us together share the idea of bridging research with education in entrepreneurship. We agreed that the voices of entrepreneurs needed to be collected in a large database upon which research could be built, and at the same time those voices would resonate in the learning processes for students. We planted the seed of Project Fenix as an innovative integration of research and teaching in the field of entrepreneurship education.

When we began, we set objectives that we would need to accomplish within three academic years:

- to create awareness about the frequency of entrepreneurial failure and recovery;
- to show that failure and recovery are natural parts of the entrepreneurial process and that even the best and most experienced entrepreneurs can encounter them;
- to describe how entrepreneurs and their stakeholders respond to and overcome business failure;
- to formulate lessons to reduce the costs (financial, social, emotional and other) of business failure and to speed up the recovery process;

- to share these lessons, through publications, presentations, teaching materials, and policy advice.

Now that we are running the third academic year of Project Fenix, we realize that one objective needs to be added:

- to identify the diversity of failure stories and their impact on the modelling of lessons for students.

In this 3-year trajectory, a very important partnership with Northumbria University has strengthened the team. After initial discussions with and visits of James Cunningham, the role of Natalia Blagburn started to emerge. Her focus on business closure and on the activities of executive boards is unique. Natalia's constructive enthusiasm has reinforced the project and turned it into an international collaboration, as can be read in this booklet.

Why Combine Teaching And Research About Business Failure And Recovery?

One of the main driving forces is the concept of 'significant learning experiences' from Fink (2013), whereby the purpose of education is to: a) provide students with something more than information, and b) trigger a positive behavioural change in their lives. By researching about failure and recovery, we encourage students to get in touch with the real experiences of entrepreneurs, and to share a bonding story with lessons to take into their own professional paths.

Another driving force is to make the topic of entrepreneurial failure and recovery more visible for students who want to become entrepreneurs, and for researchers who have not paid enough attention to this entrepreneurial event. For the first group, we had the privileged position of having a large pool of experiential educational programmes in our university, and we decided to approach the coordinators of those programmes. For the second group, this is ongoing work, which involves providing workshops, bringing the topic to conferences, and writing related articles and reports.

When looking for students, the first partner came to us from our own faculty at Business and Economics. The programme of Commercial Economics quickly embraced our ideas. They were running an experiential programme in which students were creating their own business, launching sales programmes and developing their individual skills for being an entrepreneur. It took a couple of meetings to show our proposal and to align with their existing activities. The main challenge was to formulate the task in as much detail as possible for students to follow, but at the same time as general as possible for students to appropriate and own it. By this time we had already tested the Fenix interview guide, so we focused on developing guidelines for students about the use of that guide.

Almost at the same time, the Media and Entrepreneurship and Media Concepts programmes also became our partners. Together we further developed the assessment of the assignment to interview entrepreneurs, with the aim that Media students would be able to tell someone else's story. The main challenges were to re-adapt the grading to match the learning objectives of this programme, and to train the coaches to talk openly about failure and recovery.

The first year went beyond our initial expectations, with many of the students making amazing conversation with entrepreneurs and reflecting upon those interviews. Students managed to collect more than 300 stories of entrepreneurs. But of course there were students who did not manage to find an entrepreneur on time, or those not following the interview guide, or those critical of these novel protocols for an assignment. Overall, however, we were satisfied, particularly when students commented on what they had learned in just one hour. Surprisingly, some students who expressed their dislike of this assignment at the beginning came back after the interview to say how much they enjoyed learning from the entrepreneur.

The second academic year was our biggest period of growth in terms of project partners, and we also increased the database with another round of more than 350 stories. We continued the collaboration with

the Commercial Economic and Media Entrepreneurship programmes, but discontinued our partnership with Media Concepts. Our first setback made us realize the difficulty of integrating this topic in the existing curriculum but also triggered a self-reflection to open up to creative outputs from the students instead of the traditional research outputs. On the bright side, we managed to secure another partner, namely the Sports, Management and Entrepreneurship programme. This led to running Project Fenix on three fronts, with the same methodology but different deliverable products for the students.

Outside of our own institution, we also expanded our project to Avans University of Applied Sciences and to Northumbria University. With the first one, the matching with the Innovative Business track fitted quite well and the process of learning from entrepreneurs was very attractive for failure but also for other topics. With Northumbria we found a close match with the module of Business Closure in which attention was already been given to problems and setbacks during the development of an entrepreneurial idea. The choice of continuing a company or closing it was already present in this module, and an interview with an entrepreneur added the voice of experience to that decision.

Finally in the third academic year, which is now coming to an end, we have expanded further with pilot tests in Thapar in India and in Banska Bystrica in Slovakia. We have also recorded a video together with Northumbria and published on our universities' social media about the learning process of students, we published the first scientific article about the vicarious learning of students and we translated initial findings into Smart-Up, an Erasmus Plus project about early warning signals for business crises. Finally, we anonymized all stories to protect the identity of our respondents and made our database available for other researchers to conduct further studies. So far there is an ongoing professional doctorate, three completed master's theses and six completed bachelor's theses.

Foundational Knowledge - The Voice Of Experience

During the expansion of Project Fenix, there was one aspect that we kept consistent: the focus on entrepreneurial stories and the lessons derived from failure and recovery. To accomplish this, the interview guide was regularly used while the assignment post-interview was changing. The protocol used by students to interview entrepreneurs was presented in class and exercised with a classmate. Thus, all students attended lessons in which the central topic of learning from failure and recovery was applied to prepare for an interview.

Although each story is personal, the questions for the interviews were standardized to mainly focus on the behaviour of the entrepreneurs during those events and the social interaction with people around them. This interview guide can be found online on our university's website and is also available upon request. The version used in the last academic year has been continuously improved with the feedback from fellow educators and from students. It is important for us to keep updated with contextual changes in the economy and society while also listening to students and teachers as final users.

Once the students have collected the stories, they submit the original files as evidence for their assignments. Each student is graded for the process that led them to interview an entrepreneur, extract those lessons and use them in a final assignment. These final assignments have been diverse: reflections about the process, reflections about failure and recovery events, media products, addendums for business plans and SWOT analyses. Besides the grading, we collect these files as raw material for the research component. We make a selection of the stories in which the students have accurately followed the guidelines of the interview guide. This means that those stories where there is no consent form are put aside and those that are very superficial talks and therefore too short are also discarded and archived.

Once the learning process for the students in the module is completed, the research process begins. Each interview and the student are given a code to proceed with the process of anonymizing. Because of the

sensitive nature of the story and the privacy of the entrepreneurs, we have taken care that every story in the database is not traceable to an individual or a company. Finally, this anonymous database is used exclusively for scientific research and educational purposes.

Bringing Learning To Practice – Looking To The Horizon

We have had a wonderful time working with students, colleagues and entrepreneurs. We have listened to many stories of closure and failure, and have read about the learning process in our students' assignments. Colleagues have approached us, have discussed things many times with us and we have supported each other when needed. So where do we go from here?

It is clear for us that Project Fenix has helped to put the topic of business failure and recovery in the spotlight. The current pandemic has shown us how important it is to give attention to strategies and behaviours to adapt quickly, to prevent failure but also to speed up the recovery process. The entrepreneur is at the core of this process, and the experiences shared with others can only contribute to strengthen the resilience of future entrepreneurs to prepare for and deal with events of failure and recovery.

We would like to strengthen the existing collaboration, but also expand to new realities. Together we can prepare prospective entrepreneurs' paths, and give them tools that can be used in practice. The best way is by listening stories of failure and recovery, and talking about this topic in the classroom, in meetings with practitioners, and in academic conferences. We are privileged to have found valuable partners, and we hope to find more in the near future.

For us, it is clear that Project Fenix can keep improving and growing in these three aspects:

- **Application** – Adaptation of the existing questionnaire for different contexts. We can include socio-economic dynamics of other cities and countries, and adding up-to-date issues. It is important to ensure that the information can be reused by students in their existing curriculum.
- **Integration** – Use the lessons learned as the foundation upon which students can match more stories to their own experiences. The design of pedagogical tools to facilitate the contact with these lessons could complement or reinforce the learning process of interviewing an entrepreneur.
- **Human Dimension** – Keep the story of the entrepreneur in the spotlight, and take note of the healing process of storytelling when entrepreneurs share sensitive events and students are confidants and listeners. Recovering from failure and empathy go hand in hand in research and pedagogy.



JuanFra Alvarado Valenzuela

When I think about business failure, my advice for entrepreneurs would be to take a deep breath, realize this is a normal process and consider, among those around you, from whom you can ask for help.

Working with other partners improves the resilience of businesses. I think that entrepreneurs should always work together with a professional who speaks directly, clear and without sugar-coating.

What personal characteristics do I think entrepreneurs need to develop to become more adaptable? Be on top of changes in the social, economic and political context, and when those changes are happening take immediate action and ask people to brainstorm which direction you should take your business.

Learning from past experiences is important because we have the capacity to adopt what went well in the past, and adapt what could be better next time.

Q&A with Team Fenix

Learning how to close a business includes learning other skills, such as being grateful to those who offer help, and being consistent with the promises made.



Natalia Blagburg

When I think about business failure, the first piece of advice I would give entrepreneurs would be to talk to someone who has been through it.

Working with other partners improves the resilience of businesses. I think that entrepreneurs should always work together with a trusted group of peers and professional expert advisors.



Jeanne Martens

When I think about business failure, my first recommendation for entrepreneurs would be to talk with people you trust around you and to talk with other entrepreneurs. It is crucial to use the social capital provided by people in your surroundings.

What personal characteristics do I think entrepreneurs need to develop to become more adaptable? High-quality thought processes, assumption testing, and deep reflexivity.

Learning from past experiences is important because when nobody openly talks about business failure, stigma and fear of it continue to linger.

Learning how to close a business includes learning other skills, such as negotiation and resilience.

Working with other partners improves the resilience of businesses. I think that entrepreneurs should always work together with an advisor. If you have someone who regularly holds up a mirror to you and with whom you can discuss your business in confidence, problems are more likely to surface earlier.

What personal characteristics do I think entrepreneurs need to develop to become more adaptable? To be more adaptable, an entrepreneur must be able to balance several things. Passion for your own product and company should be balanced against realism and an eye for your customers and the market. When there is less demand or there are other negative external circumstances, entrepreneurs must look elsewhere for opportunities and possibilities.

Learning from past experiences is important because it can provide a steep learning curve and should enable entrepreneurs to avoid making the same mistakes again.

Learning how to close a business includes learning other skills, such as letting go, considering other options, and broadening your horizons.



Entrepreneurial Failure: Teaching About It



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Introduction

Over the last three decades, most institutes of higher education have introduced some form of entrepreneurship education (Arnaut, 2020). These programmes differ extensively in terms of focus (e.g. ranging from small business management and retail to high-tech startup), pedagogy (from conventional lecture-based programmes to learning by doing), objectives (e.g. creating an entrepreneurial mindset or increasing startup activities) and target groups (from business school to science and technology students) (Mwasalwiba, 2010). While they all share an emphasis on concepts such as starting, growing and success, they all lack attention for adversity and failure (Alvarado Valenzuela et al., 2020).

Failure is, however, an inherent part of the entrepreneurial process (Jenkins and McKelvie, 2017) and many entrepreneurs are confronted with failure at some point in their career (Martens and Valenzuela, 2019). Therefore, the lack of attention for entrepreneurial failure results in an incomplete and unrealistic depiction of what it means and takes to be an entrepreneur and/or to support entrepreneurs in their activities. Fortunately, this situation seems to be changing now – albeit slowly – as evidenced by a number of recent publications (Alvarado Valenzuela et al., 2020; Melati et al., 2020; Klimas et al., 2021).

Here, I contribute to this upcoming debate by putting forward some ideas on how to introduce the topic of failure in entrepreneurship education. Specifically, I look at how the topic can be addressed when teaching prospective entrepreneurs, and argue why it should also be part of the education programmes of a wide range of professionals active in the broader entrepreneurial ecosystem.

The Concept Of Entrepreneurial Failure

In the literature, various definitions of entrepreneurial failure are used. For instance Zacharakis, Meyer, and DeCastro (1999) equate entrepreneurial failure with discontinuity of a venture due to bankruptcy or insolvency. Alternatively Ucbasaran et al. (2013) view unmet expectations as the main indicator of failure and define it as: *'the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the (founding) entrepreneur'* (p. 36), thus indicating the firm may continue but without the involvement of its founder. More recently, Alvarado Valenzuela et al. (2020) define failure as adverse situations leading to significant and structural changes to a firm including layoffs, the closing of a division or even termination of a venture. Politis and Gabriellson (2009) even take it one step further and state that failure includes every negative deviation of actual outcomes from expected ones. In such cases, the venture may actually survive, but at an unsatisfactory level from the entrepreneur's point of view, causing them to withdraw from the venture (Ucbasaran et al., 2010).

Entrepreneurial failure is very common. It happens at different stages of firm development (Hamrouni and Akkari, 2012; Jenkins and McKelvie, 2017) and is attributed to a wide variety of internal and external misfortunes and mistakes (Cardon, Stevens and Potter, 2011; De Jong, 2018). Despite the variation in causes of failure, it is still implicitly or explicitly equated with some level of inadequacy on the part of the entrepreneur and, consequently, failure is a (perceived) source of stigma (Shepherd and Haynie, 2011; Simmons and Wiklund, 2011). As a result, talking to students about failure has been a taboo for a long time, as some believe that the fear of failure would lead to reduced entrepreneurial intentions amongst them (Hebl, Tickle and Heatherton, 2000). Even today, many educators are quick to suggest that the label "failure" should be avoided when introducing the topic and that we should talk about concepts such as challenges, learning experiences, or resilience instead. Such use of euphemisms as a means to avoid offending or scaring off students has been well described in the literature about taboos and stigmas (Xiaobing and Qiong, 2017).

While it may help to enhance learning, it is nevertheless a telling sign that educators do not feel comfortable talking about the topic of failure.

Different Audiences

Whether or not entrepreneurship can actually be taught is a recurring topic in the literature on entrepreneurship; and if it can, what are the appropriate methods? The same question should be addressed when it comes to entrepreneurial failure: can we even teach it, and if so, how should we go about it? In this respect, Hindle (2007) makes an important distinction between teaching it and teaching about it. According to Hindle (2007), teaching it refers to the very hands-on, vocational aspect of entrepreneurship including practical aspects such as setting up a financial administration for a new company as well as more fundamental aspects such as learning how to spot and select opportunities. Alternatively, teaching about it means focusing on its meta aspects: underlying theories and how they are impacted by and affect other phenomena. Both aspects are relevant and can be combined in a single course or programme, or taught separately.

While entrepreneurship education is most widespread in business school and management education, those students are certainly not the only ones to benefit from entrepreneurship education. Indeed, there have been a great number of studies stressing the importance of teaching entrepreneurship outside the business school, notably to engineering students (Brand, Wakkee and van der Veen, 2007; Wang and Verzat, 2011) or medical students (Ozdemir, Dabic and Daim, 2019). Yet, as is shown from the extensive literature on entrepreneurial ecosystems (Stam, 2015; Spigel, 2017; Malecki, 2018), entrepreneurship can only flourish if the wider institutional framework is adequately developed and if many different professionals take up their role, ranging from policy makers to bankers and from lawyers to accountants and many others. These professionals are responsible for creating the financial, informational and legal infrastructure in which entrepreneurs operate, and for providing the professional services that are necessary for entrepreneurs to keep their business up and running

(Stam, 2015). Given their importance in the system, it would make sense to teach them the basics of entrepreneurship as part of their education and training, i.e. what it means to be an entrepreneur, what they need and how they operate. However, in practice they seldom are, and it is common to hear entrepreneurs complaining that the person 'behind the counter' does not truly understand them and thus cannot support them sufficiently.

The same logic applies to education on entrepreneurial failure. Entrepreneurial failure is very common, and its processes are very complex and involve a great number of different actors from a variety of professional backgrounds. Accountants (De Bos Van Birgelen, 2020), liquidators (Wakkee, 2014), bankers (Wakkee and Sleenbos, 2015; Arcuri and Levratto, 2020) and even social workers and mental health professionals (Mohr, 2000; Kidger et al., 2011) have a role to play in the process leading up to and after failure. Introducing entrepreneurial failure as a topic in students' education may help to reduce both the prevalence of entrepreneurial failure and the impact of failures that are unavoidable.

Teaching About Failure To Prospective Entrepreneurs

Prospective entrepreneurs form the major target group of entrepreneurship education and their programmes cannot be considered complete without attention for failure (Bolinger and Brown, 2015). From my perspective, meta-reflective elements form an important starting point and should not be overlooked in today's entrepreneurship programmes, which are largely experiential in approach (Neck and Greene, 2011; Lackéus and Middleton, 2018). Students should know relevant facts and figures (including prevalence as well as causes and consequences) to raise their awareness of and alertness to potential warning signals, and to prepare in advance. Additionally, a failure curriculum should include the role of social and institutional networks in the entrepreneurial ecosystem in general and in relation to the process of entrepreneurial failure in particular. Understanding will also ensure that, if it happens, they are not alone. This will not only reduce the emotional burden but may also enable

them to seek available help. Learning how to scan their local ecosystem as well as building up their networks can be achieved through a combination of desk research, company visits, attending network meetings, and interview assignments.

Most importantly, students should learn how to identify early warning signals (Bisson and Diner, 2017; Cantamessa et al., 2018; Alvarado Valenzuela, Wakkee and Grijsbach, 2020) so they can take counteractive measures in time, as evidence shows that most entrepreneurs only try to take action to prevent failure when it is already too late.

In addition to getting students to write business plans, which is common practice, they should be taught how to create a 'Plan B', which specifies alternative routes of action to take when confronted with adversity. Again, case studies, in which students are challenged to draw up a Plan B for their own prospective ventures, may be a viable way to achieve this. Lessons learned from more experienced entrepreneurs through guest lectures or from interviewing them (Alvarado Valenzuela et al., 2020) may offer a fruitful starting point as well. An important aspect of a Plan B should be a tentative list of stakeholders and potential supporting actors to whom they might turn in difficult times.

Another vocational aspect pertaining to the topic of failure concerns the development of practical and actionable knowledge about voluntary and involuntary business closure. Just like entrepreneurship programmes today pay attention to issues such as the choice and implications of legal forms and how to register a business, they should also address the liquidation process and teach students about bankruptcy and the associated rights and responsibilities.

Finally, as was already pointed out by Shepherd (2004), the emotional aspects of failure should not be left unaddressed. He suggested that a combination of vicarious learning (guest lectures given by experienced entrepreneurs), role-playing and reflective introspection can teach students how to cope with the sense of loss and grief when confronted with the loss of their venture.

Teaching Professionals About Entrepreneurial Failure

Entrepreneurship is a highly embedded process and many actors are involved in ensuring that the entrepreneurial ecosystem can flourish (Malecki, 2018; Audretsch et al., 2019). Yet, as indicated, most professionals working in entrepreneurial ecosystems nowadays have had very limited exposure to entrepreneurial education. Filling this gap seems important and may also start enhancing their understanding of their (future) position in this ecosystem and roles in relation to failure. For instance, (future) policy makers should gain a better insight into aspects such as entrepreneurial dynamism (entry and exit) as well as the implications of specific policy instruments on entrepreneurial failure. Case studies, guest lectures or interviews with entrepreneurs can help to achieve this. Also, role-playing and simulations can help policy makers to develop higher empathy levels towards entrepreneurs, which will help them design new policies that do justice to the daily practice of entrepreneurship.

Likewise, professionals working in financial services play an important role in the process of entrepreneurial failure as well as the recovery from such failure. For instance, De Bos Van Birgelen (2020) described how bookkeepers and accountants are critical gatekeepers as they have early access to financial indicators (and hence early warning signals) while they are also often close confidants of the entrepreneurs (Blackburn and Jarvis, 2010). Yet, accountants may not necessarily take a proactive role in raising the alarm, or may keep their distance when situations deteriorate. From her research, De Bos Van Birgelen (2020) concluded that perceptions of risk are a significant determinant for whether and how actively accountants will support an entrepreneur during a failure process. Furthermore, she concluded that the difference in world views and perceptions of reality lead to suboptimal collaboration, and that bringing entrepreneurs into the classroom to share their stories and experiences would help future accountants understand the motivations and needs of entrepreneurs better.

Bankers also play an important gatekeeping role in the process leading up to entrepreneurial failure. Entrepreneurs find it more difficult to confide in their banker (Saparito, Chen and Sapienza, 2004), for fear of

being put under special surveillance. Education of future bankers should pay attention to developing strategies to overcome such trust issues so that they enact their gatekeepers' role successfully. As was shown by Wakkee and Sleebos (2015), many bankers proved to be reluctant to provide credits and loans to entrepreneurs who had previously been involved in a bankruptcy for fear they would pose a greater risk than other applicants, even when bank policy allows it. More insight into actual risk levels and showing that serial entrepreneurs are less likely to fail compared to novice entrepreneurs may be helpful to give failed entrepreneurs a new chance. Showcasing examples of how renascent entrepreneurs became successful can offer an appropriate teaching method.

Lawyers and those active in the legal domain are professionals who would benefit from learning more about entrepreneurial failure, particularly liquidators. As shown in a previous study (Wakkee, 2014), there are a lot of misunderstandings and miscommunications pertaining to the roles and responsibilities in bankruptcy processes between them and entrepreneurs. It was shown that the way and extent to which entrepreneurs are involved in the bankruptcy settlement affects both the duration of this settlement process as well as the recovery process. Hence, whereas future entrepreneurs should learn more about the legal part of this process, sensitizing liquidators to non-legal aspects of entrepreneurial failure and its impact on the entrepreneur would be useful. Case studies as well as role-playing and simulation could help lawyers to better understand why entrepreneurs act as they do and the impact of legal action in the recovery process. It is important to stress that a swift and full recovery process is beneficial for the individual as well as for society.

Finally, while not typically considered in studies about entrepreneurial ecosystems, social workers and mental health professionals should be considered as an important target group for education on entrepreneurial failure. Indeed, entrepreneurial failure, and particularly business closure, is a very stressful experience for the entrepreneurs involved (Singh, Corner and Pavlovich, 2007).

Unfortunately, marital breakdowns, burn-out, depression and even suicide are common consequences (Ucbasaran *et al.*, 2013; Yamakawa, Peng and Deeds, 2015). Mental health professionals have taught us that they often find it hard to help entrepreneurs, as they generally do not know what entrepreneurship entails and do not speak their jargon. Particularly, independent entrepreneurs who are confronted with personal bankruptcy have indicated their frustration about interactions with social workers in debt relief programmes who do not understand how starting a new business would actually help them pay off more debt more quickly instead of having to wait for the formal terms of debt arrangements. Guest lectures given by experienced (failed) entrepreneurs could benefit these professionals. Furthermore, working on actual cases or role-playing might develop the sensitivity they need to help entrepreneurs dealing with personal debt and/or emotional distress.

In Conclusion

I argue for the introduction of entrepreneurial failure as a topic of education beyond the traditional audiences of entrepreneurship education (Wakkee, 2017). I suggest that the entire entrepreneurial ecosystem should be involved in order to reduce the occurrence and impact of failure. Professionals in their expertise need to develop a better understanding of what entrepreneurial failure is, the ways to deal with it and its consequences on the personal, economic and societal levels. They need to learn practical skills that will prepare them to act appropriately and empathetically, when confronted with the entrepreneurial failure of a client or stakeholder.

The actual implementation of including failure in the curricula is confronted with several challenges, including the competition with other (equally important) topics for time and space in already full programmes, the limited awareness and knowledge of the topic amongst lecturers, as well as a persisting taboo about address the issue. Nonetheless, failure is an inherent part of entrepreneurship – and even more so in times of economic crisis or pandemics, as we are currently experiencing – and the personal, economic and societal costs are extensive. Consequently, persistent attention and advocacy as well as further research will remain essential.

Student story

Closing 'The Cozy Atelier'

I recently graduated from Northumbria University with a degree in Entrepreneurial Business Management. As part of my course, I experimented with, launched, and ran a couple of businesses. My most successful business venture was called The Cozy Atelier, a home accessories e-shop.

In my final year, as part of my module, I interviewed an entrepreneur with experience of business failure. Unexpectedly, this gave me a valuable perspective about certain aspects of business closure, which I could personally relate to. As a sole trader, and the founder of The Cozy Atelier, but also as a soon-to-be graduate, I had to consider my exit strategy for the business and whether or not it was viable for me to continue working on my business post-graduation. At the same time, I was worried about the external perception that closing a business could be branded as a failure. It was encouraging to learn that closing a business is not bad, and, in fact, it brings an excellent opportunity to reflect on what has worked and what could have been done differently.

For example, the entrepreneur really stressed the importance of not just having a good idea, but also that having an idea isn't enough to succeed: it needs to be validated through others' reactions, to prove that enough people want what you are selling. I felt that my business,





The Cozy Atelier, was based on an unoriginal idea. I was re-selling products, so the business was easily replicated, and the products I sold were available elsewhere.

Also, he highlighted that the business idea should reflect the skill set of the team, and whilst I believe that my skills in creativity and marketing helped my business achieve some success, I also felt my product design skills were not developed enough to be able to offer a more unique product range. Lessons from the entrepreneur regarding not having the right skill set just validated my experience, and I also realized I had to have a plan to gain the skills I needed.

The entrepreneur also told me that, counter-intuitively, closing his business actually inspired him to open a new venture! This really made me feel more positive about closing my business. Running The Cozy Atelier showed me how much I enjoy having my own business, but, ultimately, it also made me think that the next venture I embarked on would be based not only on an interesting, but also a validated idea, would help me use my skills effectively and would have a greater potential for scalability and long-term growth. During the interview it was rather reassuring to hear that you can mess up many times and you can have many failed projects behind you – all of this is just valuable learning, and it is simply part of being an entrepreneur!

Business Failure And Closure: Impact And Implications



During the pandemic, business closure has come to the fore in the mainstream media with almost daily announcements about some firms' failure. Other firms, it seems, have been able to adapt their business to the new economic and societal conditions. They have survived and even grown further during the pandemic. What the pandemic has highlighted is that some businesses survive and grow, and some do not survive and have to close. Business failure and closure are a part of industrial activity, and one that is often invisible.

Society becomes aware of business failure and closure when a business in their locality or region close down, and usually only if that business is a large employer, or makes a significant contribution to the local economy and society. The closure becomes tangible, real and visible, and it also often gets etched on to the collective memory of communities for generations. Such closures can have a dramatic impact on the fabric of an economy and society. Some communities and regions rebuild and renew, whilst others never regain the economic prosperity they once had. In the midst of business failure and closure there are individuals who have to make very hard decisions. They have to deal with the personal emotional turbulence and consequences that such decisions entail.

When an entrepreneur starts a venture, it is naturally accompanied by some sort of anxiety or fear. Will the venture succeed? Will it secure enough customers? Will it survive long enough to reach a financial break-even point? Setting up a new venture is a brave and

courageous decision by anyone, whatever their motivation. Some set up ventures out of necessity, while others want to pursue an opportunity they have identified. In doing so some leave secure and well-paid employment. Whatever the route to entrepreneurship, the moment the decision is finally taken to start up a business is often filled with the mixed emotions of fear and excitement to get going on an entrepreneurial journey that will have triumphs, challenges and setbacks.

Within the entrepreneurship field there is growing interest in business failure and closure. Much of entrepreneurship education focuses on preparing individuals for aspects of the entrepreneurial journey. Some of this preparation involves identifying an entrepreneurial opportunity, validating it through using different methodologies and developing a business plan or investment pitch. These are some of the artefacts needed to set up a business. During the validation process some consideration may be given in relation to how the venture would need to adapt if initial plans were not realised. How would the venture and the entrepreneur cope or adapt? Can they pivot the business? Alongside preparing the modalities of new venture creation, some of the preparation focus is on the psychological aspects of entrepreneurship and for the individual entrepreneur to gain a better understanding of themselves – their strengths and weaknesses – before they embrace or embark on their entrepreneurial journey.

Causes

Within the academic literature on business failure there are two main schools of thought on causes. The first school argues that business failure is caused by external environmental factors. Such factors include economic, technological or societal changes. In the travel industry, for example, technological changes have enabled individuals to book their own travel without relying on third parties. These changes have created opportunities for new ventures, some of which have even become global companies. At the same time, the changes have also resulted in other businesses changing or closing down. To continue with the example from the travel industry, most

traditional high street travel agents have had to close or completely re-think their business model as result of this external technological change.

The second school of thought argues that the cause of business failure comes from within the firm, and centres on how individuals within a firm fail to adequately anticipate or respond to a crisis. Going back to the high street travel agent example, this school of thought would argue that management teams should have anticipated that online booking would bring significant changes to the industry. They would have then responded accordingly. In reality, the causes and attribution of failure can be a mix of both schools of thought.

In a study of business failure among ICT-based entrepreneurship that I co-authored with Dr Grace Walsh at NUI Galway (Walsh and Cunningham, 2017), we found that the reasons or attribution as to the cause of failure were a mix of internal and external, as well as some hybrid factors. We found external attributed causes of failure centred on poor market research, excessive focus on niche markets and market turbulence. Internal attributed causes of failure centred mainly on a lack of experience and commitment. We also identified what we termed hybrid (a mix of internal and external) causes related to venture timing and access to capital.

Impact of Business Failure and Closure

The impact on business failure ripples beyond the individual business owner into the wider economy and society. The most obvious impacts of business failure and closure include the cost to the economy in terms of jobs lost, the economic spillover effects on a locality in terms of goods and service supply, and the loss of taxation revenue to local and national governments. Sometimes entrepreneurs attempt to carry on and take actions to save their business, and such decisions can add to the costs of failure. When closure is inevitable but prolonged, the costs and losses can easily increase and spiral out of control.

However, business failure and closures are a normal part of economic activity and development, with all its ups and downs, so the challenge for governments is not only to minimise the costs to the economy, but also to factor those costs into economic planning and entrepreneurship support policies and programmes. More importantly, governments need to carefully consider the different nature of their continued support to individual entrepreneurs and new ventures, and whether this support is fit for the purpose of helping with more invisible costs – societal and personal.

Every time a business fails or closes down there is societal cost. This comes in the form of an entrepreneur limiting their engagement with local stakeholders and networks. In some societies business failure is acceptable, whereas in others it is not socially acceptable, or even legitimate, and so the societal costs can be much higher. As a further consequence of business failure or closure, an individual may not pursue any other form of entrepreneurship, or what is termed in the literature as regenerative entrepreneurship. In contexts where business failure is acceptable, this can lead to regenerative entrepreneurship and does not adversely impact further new venture creation by entrepreneurs that have failed.

For individual entrepreneurs there may also be personal impact costs in relation to breakdown of personal and familial relationships and long-standing friendships, and disintegration of both professional and personal networks. These are often accompanied by emotional costs to the entrepreneur in terms of loss of self-esteem and confidence. All these are significant yet invisible costs.

Grief and Stigma

For the entrepreneur, business failure and closure is a significant personal loss. With loss comes grief. The enormity of the grief can overwhelm the entrepreneur and inhibit them from progressing professionally and personally. Such grief can be intensely felt by the entrepreneur and, if not processed, can be detrimental to their health and well-being. Entrepreneurs who have failed deal with and process

grief differently, and they have different support structures they can draw on for support during the grief process. Some entrepreneurs emotionally prepare for business failure and closure, and, as such, are able to deal with the emotional costs. They are also able to deal in an effective manner with the practical steps that they need to go through in order to close and wind down a business.

How a society views failure can result in stigma for the entrepreneur. The stigma of failure can remain with the entrepreneur long after the business failure and closure. This may result in difficulties for entrepreneurs in re-entering the workforce, or, from a personal level, maintaining, or even growing, personal networks and relationships. Such is the stigma that they may withdraw from society, or even experience rejection from professional colleagues and networks. In her research, Dr Grace Walsh found that entrepreneurs enact stigma avoidance techniques (Walsh, 2017). Some entrepreneurs detach, putting psychological distance between the business failure and closure and themselves as an individual. Other entrepreneurs dilute or downplay the business failure event. Another technique is to acknowledge and accept business failure, engaging with others for support through and beyond this difficult period. The final technique involves deflection, where entrepreneurs ignore those around them who view them in a different light as a result of their business failure or even cut them out of their own network.

Learning From Failure

How entrepreneurs cope with business failure, and their attribution of it, will undoubtedly influence what and how they learn from failure. In a situation where an entrepreneur feels significant grief and loss, learning from failure is more challenging. Some entrepreneurs may not even consider learning, if the grief they experience is too overwhelming. Dr Grace Walsh and I, in our study of learning from failure, found that those entrepreneurs that attributed their failure to internal factors tended to focus their learning on themselves (Walsh and Cunningham, 2016). Thus, they had a better understanding of and an insight into their own abilities and weaknesses, as well as where

they needed to develop their own skill base. Those entrepreneurs in our study that attributed their failure to external factors tended to detach themselves from the business failure. Further research is needed into what learning those entrepreneurs gain from such a perspective. Entrepreneurs in our study that attributed their failure to hybrid factors tended to gain learning both with respect to themselves and outside factors. Consequently, they were also able to better understand and articulate their role within the business failure event. The learning process enabled them to become a regenerative entrepreneur, as they were able to take all the learning from their business failure and bring it into the next venture they founded and created.

Implications For Entrepreneurship Education

There is a growing interest in business failure among entrepreneurship scholars. This is also being reflected in new modules on business failure on entrepreneurship programmes. Exploring and understanding business failure should become the norm on entrepreneurship programmes. A part of the purpose of such modules on business failure is to provide practical insights into how an entrepreneur goes through the process of winding down and closing a business. Business failure should be normalised as a standard part of the entrepreneurial journey and entrepreneurship success, and should be reflected in the case studies and examples used on all entrepreneurship programmes. This will help de-stigmatise, normalize and legitimise business failure, thus simply reflecting the reality that all entrepreneurs face when they make the decision to start a new venture, namely that they might fail.

Explicitly addressing business failure will also provide students with the knowledge with respect to the important emotional and psychological impacts of business failure. Students should get an insight into how entrepreneurs experience and cope with the grief and stigma, and how they learn from business failure. In doing so, students can also reflect on how they would cope with having to close a new venture into which they invested so much of their own time, energy and resources. How would they cope with the stigma, perceived and

actual, that they may experience in their personal and professional lives is essential to include on entrepreneurial programmes. By including a module or modules on business failure and closure, entrepreneurship programmes can provide an opportunity for students to gain new knowledge and insights into the business failure process, as well as the different impacts that can be experienced at individual, company and regional economy levels.

One of the challenges in introducing new modules on business failure and closure is developing innovative pedagogical approaches, tools and techniques that help address this topic effectively. Project Fenix is one example of engaging students in an innovative and dynamic manner, which allows them to develop several other skills through their learning journey of engaging with the project. In the coming decade, entrepreneurship textbooks should also include business failure as a core theme, so students who may not have had the benefit of a specialised module on business failure can, at a very minimum, have some exposure to this important topic. Creating and developing innovative pedagogical approaches for business failure modules requires the participation and support of entrepreneurs that have experience of failure and that are prepared to talk openly about their failure experience. Their stories and narratives provide rich material from which educators can draw on, or even co-create. For entrepreneurs, this takes real courage to admit failure in front of an audience; it shows the real vulnerabilities of being an entrepreneur. Entrepreneurs who are brave enough to share their stories, thus contributing to entrepreneurship education, should be acknowledged and celebrated.

A further benefit of integrating business failure into entrepreneurship programmes is the wider knock-on impact of more students pursuing advanced degrees (MRes, PhD, DBA) on this topic. This topic lends itself to cross-disciplinary research across business and management, as well as integration with other social science domains. Such research could also focus on the entrepreneurship education aspects of business failure and closure. For example, what would be the threshold concepts

required for a module or modules on business failure? There is huge scope for further research to integrate the themes of grief, passion and stigma associated with business failure and study them across the institutional and organisational contexts on a comparative basis. Moreover, a focus on regenerative entrepreneurs is a necessary future avenue of research to understand how they recover from business failure and go on to rebuild their confidence and entrepreneurial orientation to create a new business venture.

A wider consideration and possible benefit of developing modules on business failure and closure is that it opens up very important conversations on the health and well-being of entrepreneurs generally, and, more specifically, through the business failure and closure process. It may encourage students to consider and reflect on their own resilience when they face adversity and challenging periods in their professional and personal lives. Normalising business failure benefits us all: our businesses, our communities, and the individuals who are brave and courageous in starting a new venture.

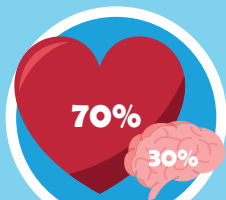
The Qualities That Define A Successful Entrepreneur - Project Fenix Assignment

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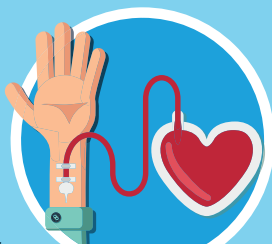
Instagram @by.bodien

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The qualities that define a successful **ENTREPRENEUR**



Act more with your heart
than with your mind



Entrepreneurship is
in your blood



Know your numbers



Like what you do



Dare to take risks



Brainstorm with friends



Share your success



Give love, get love



For Every Success There Are Dozens Of Failures



Whilst studying for a bachelor's degree in Business Economics at Amsterdam University of Applied Sciences, students are challenged to bring the outside world to the class. Special attention is given to translating the wishes and needs of customers into sales and marketing activities. It is important to make choices through market research and follow trends and developments closely. We encourage students to think about the question: what is the best way to get the target group's attention? It is important for our students to have a good view from the point of view of entrepreneurs; and there are certainly some students who will become entrepreneurs themselves. To take part in Project Fenix was therefore an easy decision.

Working with entrepreneurial students for more than five years has made me realize how quickly current students would like to get rich. The student in this quote is a good example:

My main motivation is that I want to earn a lot of money, so that I can be rich later. Of course health is also important, but I think mostly about money. To be honest, I thought that was also the driving force for the entrepreneur I chose. But, I found out during the interview that this was not at the top of his list. It gave the interview a twist and I had to switch my thoughts. (Respondent 5013)

I have noticed that the success stories the students encounter online have greatly influenced them, and of course our education uses such examples of successful and rich entrepreneurs in our programmes.

Positivity motivates! And we want motivated students, so we only bring positivity, with less room for other types of stories. The downside happens when reality starts to kick in, and the students' motivation starts to melt like snow under the sun. Their own experience goes against the everything-and-everyone-is-successful experiences on Instagram and other social media platforms, and they realize that they have to work really hard to have a small chance of success. With various modules we try to get students to be as critical as possible of their ideas, company and themselves as entrepreneurs.

At several points in time during their studies, students must conduct interviews and organize focus discussions with potential customers. They must also look closely at costs and investments. We give all kinds of tips about what to look out for at this point when they are starting entrepreneurs. We invite various guest speakers to motivate them to work carefully and systematically. Yet, as teachers, we noticed the need to provide students with real in-depth insight into entrepreneurship, and therefore to look at both success and failure. Success and failure are extremely intertwined in entrepreneurship, because for every success there is, there are dozens of trials and failures.

Project Fenix fits in perfectly with our goals. This project is an initiative from the Entrepreneurship research group, and they look at different facets of entrepreneurship. The success side of entrepreneurship was often looked at, such as profit, successful innovation or up-scaling, but valuable lessons were missing from stories of entrepreneurs who were struggling to survive or who had not made it at all. I saw that the input from this project could help students not to fall into the same pitfalls as entrepreneurs in the past. In essence, Project Fenix was adapted in our programmes as a mandatory module where students talked with an entrepreneur about their personal failures, and not only about their success. Through this project we aim to demonstrate that (dealing with) setbacks, failure and recovery are a natural part of the entrepreneurial process and that even the best and most experienced entrepreneurs have to deal with them.

We strive to make our entrepreneurship students aware that entrepreneurship is not an easy task, and above all, that they need to learn how to deal with hard work and failures. Students who took part in this project amazed us; they collected a great amount of stories and took those lessons into their own projects. The interviews with entrepreneurs who have experienced difficult situations helped students to create a more realistic picture of entrepreneurship. They took on this challenge to interview about failure in entrepreneurship, without being demotivated in their own aspirations. In the end, many have become more aware of their shortcomings and have shown us their plans to be better prepared for an uncertain future. It gives students insight into the effect of failure on the personal lives of entrepreneurs – but also what they have learned from it and which signs they are now much more alert to.

Based on my talk with the entrepreneur, I would approach my company in a different way. I would do more international market research when going abroad. For example, I would visit similar companies that have been active there for a number of years in order to gain more knowledge about the situation. This way I would know better what is going on and what to expect. (Respondent 5019)

On top of that, students realized that having people around can be important, in particular when you let them observe and advise you. Many entrepreneurs can be very protective of their business. Most entrepreneurs indicate that they actually saw it coming but did not want to give up. All the signs were there, already visible but not taken into account. There is definitely a psychological aspect to it. Making students aware of all this helps them to form a more realistic picture of the resilience of entrepreneurship.

When the entrepreneur ran into problems, he benefited a lot from his advisers, but especially from his large, close network. This enabled him to discuss important decisions and ask for advice. There were also two business partners who, just like the entrepreneur,

played an important role in this situation. And of course, the staff kept the company running for as long as it was needed. Banks and other investors also played an important role; due to the uncertain situation, they no longer wanted to put money into the company. (Respondent 5045)

Entrepreneurship education in higher education remains a challenge. You want to challenge students to be critical of their idea, let them research the market and opportunities, and let them discover different aspects of entrepreneurship by allowing them to experience it. This requires a good dose of positivity. Project Fenix gives students the opportunity to deeply investigate and learn from the failure of an entrepreneur, not through figures or tables but through the experiences of entrepreneurs themselves. We notice that entrepreneurship students often do not want to talk to outsiders. They believe so deeply in their idea or product that they think they have no need to talk to others. And if they already talk to others, it must mainly be about their idea or product. It is therefore quite a challenge to convince students in advance of the usefulness of talking to entrepreneurs about failure. At the same time you want to prepare the students for reality as well as possible. Success does not happen out of the blue; it requires hard work, and entrepreneurs need to deal with setbacks or even major failures and take a close look at themselves as entrepreneurs.

One of the most important things I get from the story of the entrepreneur is to have a good buffer. If I have a very good month, I shouldn't immediately buy all kinds of expensive stuff, but keep this money aside for when a difficult period is coming. It can go very well one day and go completely wrong the next due to factors that you cannot influence, such as COVID, for example. (Respondent 5055)

Our vision is therefore to train as many resilient entrepreneurs as possible, and not only to look at how many companies are being started. Project Fenix plays a major role in this. When they just begin the module, it is our students' least favourite; but afterwards, the students rate the module very positively. Students appreciate the learning through honest and clear stories of the entrepreneurs. They are surprised that entrepreneurs talk so freely and extensively about their failures, fears and difficulties. The students indicate that many entrepreneurs appreciate this assignment and state that they should have done it themselves.

Insight From The Municipality Of Amsterdam



Manou Chen | Government Manager Amsterdam | E: M.Chen@amsterdam.nl

Manou Chen started his position as Head of Small Business Support at the City of Amsterdam in 2014. Around the same time he started his first business. He learned that it's much easier to advise other entrepreneurs than to take an honest look at your own business. He also learned that there is an important distinction between the true risk-seeking, value-creating entrepreneur and the professional that becomes self-employed for tax purposes or even by accident. In the Netherlands, the great majority of businesses is run by the latter. Most of these self-employed people (known in Dutch as 'ZZP'ers') lack entrepreneurial skills and their financial and competitive position is often fragile. Manou is currently dedicating his professional life to empowering vulnerable ZZP'ers.

What Do You Take Into Account When Recommending An Entrepreneur To Close Down A Business?

We look at the following aspects: the market, the company and the entrepreneur. You can be a brilliant and energetic entrepreneur, but if you are operating in a permanently shrinking market it's obviously best to pack it up and try something different. Vice versa, if you are operating in a growth market but you don't have the specific skills or the energy to make your company competitive, it's also time to rethink.

What Are The Top Three Aspects That An Entrepreneur Needs To Change When Things Are Going Bad In The Business?

Get help. Entrepreneurs are used to solving their own problems, but when a business is on the brink of failing there is no room for pride. Accept all the help you can get and don't wait too long. You'll be surprised how keen people/institutions are to contribute, without wanting something in return right away.

Create insight. I'm often surprised how few entrepreneurs can tell you off the top of their head how their company is doing financially and what the forecasts are. Many of them don't see trouble coming until it hits them in the face.

Identify the core causes. We see that often the causes for a business going bad are life events that prevent the entrepreneur having full focus and energy aimed at the business. If you don't fix those problems first, trying to fix the business is a waste of time.

What Kinds Of Skills Are Useful To Have When Closing Down A Business?

If a business is closing down properly with minimal economic and social costs, we generally see that entrepreneurs are good at financial planning, are flexible and have a realistic self-image. In other words: they saw it coming and were prepared and in control of the process of closing down. They did not cling to a fixed idea of how and when the business should end and that closing down the business always meant that they personally failed. They are strong enough to realise that they do not possess the skills or energy to take the business further than it has gone.

How Can Entrepreneurs Learn The Tips And Tricks To Successfully Close Down A Business?

The best thing is to join a network of entrepreneurs. Most entrepreneurs have closed down business before and can tell you what they've done wrong. Be suspicious of success stories. If entrepreneurs are fully satisfied with the way they handled closing down a business for the first time they were either very lucky or they lack self-critique.

What Is The Municipality Doing To Improve The Resilience Of Entrepreneurs Closing Down Their Business?

Throughout our contact with entrepreneurs – even those starting their first business – we try to destigmatize having to close down the business. It's not something to strive for, but it's not the end of the world. It is better to be well-prepared both financially and mentally, and to have a plan B, than to hopelessly clinging to a lost cause.



Innovation Path: Try, Fail And Improve



We make a sustainable difference. We train future-proof professionals ready to enter the workforce. Founded on 1 January 2004, Avans University of Applied Sciences followed a merger of Hogeschool Brabant and Hogeschool 's-Hertogenbosch. We continuously develop new knowledge for education and society in partnership with companies, institutions and government agencies. Our students and employees engage in multidisciplinary collaboration and come up with creative solutions which benefit society as a whole.

Business Innovation at Avans University of Applied Sciences

The Business Innovation programme (formerly Advanced Business Creation) is a four-year full-time bachelor's programme that started in September 2008. Our mission is to help young people learn to create value for the world and its inhabitants through innovation. We do this by training and qualifying them to be Business Innovators and by helping them with their personal development and the socialization process early in their professional lives (Education Framework BI, 2019). The themes on which the Business Innovation programme differs from other programmes are its focus on innovation, creativity, entrepreneurship and sustainability. On this basis, students give substance to being meaningful in a constantly changing world. A significant part of the learning takes place through 'learning by doing'.

The path from a problem to an innovative solution is supported with research, and the Business Innovation programme sees research as a tool for innovation. The applied research therefore has a link with relevant professional assignments, and also with the research phase

needed to successfully complete an innovation trajectory. Testing research, with the help of relevant stakeholders, is used to test and optimize the possible innovative solutions. This includes testing with the user, checking with stakeholders and upgrading the value chain. When bringing an innovative solution to the market, research helps us to realize the innovation as well as adjust it where necessary and learn from the results.

Joining Project Fenix

In Business Innovation, we prefer to combine the learning of knowledge and skills with research topics that have meaning for our students. Sometimes this meaning is from a personal development perspective (e.g. knowledge of a particular industry or related to their own company) and sometimes it is from a more general perspective, namely fitting the professional profile of a Business Innovator. When the opportunity arose to work on Project Fenix, the Business Innovation programme seized it with both hands. We saw this as an opportunity to gather knowledge that matters. With this research, our students contribute to new knowledge intended for teaching entrepreneurship on the one hand, and to their personal knowledge on the other. At the same time, students learn about the content of setting up a large-scale research project, preparing and conducting a good interview, analyzing the data through transcription and coding, and distilling insights from the data. This was an excellent fit with our vision of research, close to relevant practice of writing a business plan for their own company. In the spring of 2019, we started researching “failure” or setbacks in entrepreneurship, where “failure” was defined as having to divest entrepreneurial activities, departments or branches, closing a business or even bankruptcy. 180 students, working in pairs, took part in the first edition.

We sketched a route for the collaboration and, together with the teaching team, we selected a good point to include the module. To do this, we looked at the structure of the lecture programme, the delivery of products, the assessment, and the transfer of data.

The theme of the opening lecture was an entrepreneur's personal "failure story". Rarely have I experienced that a large overcrowded lecture hall was so quiet: you could hear a pin drop. The entrepreneur outlined an impressive story in which the breaking up of a street in combination with an archaeological finding led to the prolonged inaccessibility of his shop. Getting compensation from the municipality required many legal battles and was mired by slow decision-making. This resulted in high legal costs and major cash flow problems. The story of this entrepreneur turned out to be a chain reaction that went from bad to worse, eventually resulting in bankruptcy. On a personal level, the long period of high stress and long working days resulted in a severe burnout and a divorce. What this story showed is that a seemingly small event could lead to the closure of a successful company through an accumulation of events and setbacks. Our students were given the opportunity to ask questions, which they took full advantage of. The entrepreneur ended his story with his recovery and new venture in which he helps other entrepreneurs to prevent bankruptcy.

For the module, the Amsterdam University of Applied Sciences team provided a thorough and complete document with the entire research design, including all necessary information and forms, such as consent statements, confidentiality statements, sample e-mails for approaching entrepreneurs to participate in the research, information about the research and use of data, instructions for selecting entrepreneurs, semi-structured questionnaires, instructions for conducting a proper interview, instructions for transcription, anonymization and coding of data. We also had the opportunity to add our own themes or questions to the research. In the process, the Amsterdam University of Applied Sciences team helped to link the few students who did not succeed in finding a suitable entrepreneur to an entrepreneur with a failure story. After only 4 weeks, everyone managed to find and talk with an entrepreneur with a failure story.

What Did Project Fenix Deliver For Business Innovation And Its Students?

Research knowledge and skills

To start with, our learning objectives in the area of research knowledge and skills were met. Students learned how to prepare, conduct and process an interview. They indicated that they felt the consequences of not preparing properly were heavier because they were interviewing an entrepreneur – they wanted to give a professional impression to him or her. In addition, we wanted students to learn the value a good interview can bring to research. The quote below from the student reflections relates to this:

By transcribing you find out insights you didn't notice during the interview. (J & S)

Knowledge about entrepreneurship

Our students indicated that they learned a great deal from their individual interviews. Many stated that they had rarely learned so much in one hour:

After conducting the interview, we did have a real wake-up call [about entrepreneurship]. In our environment everyone is very positive and enthusiastic about entrepreneurship, but there is little talk about the failure of entrepreneurs. (S & C)

In all 180 reflections, there are some beautiful insights about entrepreneurship. On a personal level, students came back with insights on attitude aspects such as guts and perseverance, on continuing to learn, acting from emotion, a healthy work-life balance, doing what you love, and learning from failure and getting back up, such as illustrated in this quote:

I often feel like I'm running into an obstacle, at school, work or somewhere else. In my case, these obstacles are often very demotivating. The entrepreneur taught me that even though it is demotivating right now, it is only temporary. You will get through it in one piece and it will only help you grow. (J)

Another student reflected on the financial situation, about connecting with the market, the importance of research, the importance of matching customer needs, the role of competition, being aware of changes in your environment and the importance of having a healthy financial situation:

For example, he [the entrepreneur] didn't have a financial advisor because he thought he could do it himself. In the end, he went bankrupt partly because of that. That was an eye-opener for me. (E)

The importance of networking was also highlighted in the interviews – what it means to be an entrepreneur, about responsibilities and personnel, about relationships with business partners, about the role and importance of advisors, the role of the bank, the importance of networking and especially about seeking help in difficult times and not just trying to solve your problems:

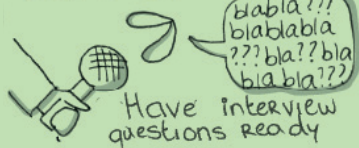
What I take away with me is that I would always keep asking other people for help, especially in areas that you don't know much about yourself. [And] The power of networking, [and] how many doors it can open for you. Because by networking, my entrepreneur, for example, got a lot of tips on financing support. (N)

This is just a small sample of all the great insights students have gathered and shared with each other. All of the data is incorporated into Project Fenix. The entirety of the data is already leading to entrepreneurial advice and education. For BI, contributing to the development of new knowledge was important, and the collaboration even more so. We had high expectations of the learning benefits of this participation, and yet our expectations were exceeded.

Many of the insights gathered may have opened doors for the teachers and researchers among us. Doors have opened for the students as well by approaching a real company and seeing the consequences of their decisions. Hearing something from real entrepreneurs goes much deeper than hearing it discussed in class.

LESSONS LEARNED

1. Good preparation
is key



2. Test with the customer



If, when & how they would purchase a product

3. Pick your battles



Do what you love, & get somebody to help you with what you don't love

&



Appreciate your employees



It's not about power but about collaboration

4 Keep balance



It's very important for your (mental) health

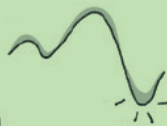
5 Reflect



And dare to pull the plug when needed

6 Talk about failure

We can learn so much from looking at (other people's) low points





Entrepreneurship Courses Are Great, But Is Anyone Teaching How To Close A Startup, And Deal With Failure?



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Whenever entrepreneurship courses are offered to students, whether as a degree programme or as an elective module, they inevitably provide an education about startup creation – a journey from idea to launch, including, in most cases, a pitch for investment. Students typically learn to experiment with developing their own ideas into products, testing business models, and seeking feedback from potential customers. At the same time, they are also encouraged to explore their motivations for becoming entrepreneurs, to improve their communication skills, and to embrace leading and working in teams.

Entrepreneurship courses normally culminate with the creation of a plan to launch the startup, usually accompanied by a presentation to mentors, investors and experienced business founders. However, the overwhelming majority of these courses seem to ignore the most harrowing reality – that failure is, at least statistically, the most likely fate of startups and early stage businesses. Over the past 20 years, despite the proliferation of entrepreneurship education, the emergence of professional startup accelerators, and an increase in the provision of early stage investment, the failure rate of early-stage businesses in general, and tech startups in particular, has remained at infamously high levels. In the UK, for example – albeit depending on which statistic you look at – up to 9 out of 10 startups fail to achieve product-market fit, and more than 50% of businesses close within

the first three years of opening. Yet, even the most comprehensive entrepreneurship courses do not seem to cover failure and business closure, and dealing with their aftermath.

It is fairly obvious that there is a missed learning and development opportunity for students. For one, learning about failure provides a more rounded introduction into the life of an average entrepreneur and business owner. After all, failure is an inevitable part of launching new products and running a company, and experiencing failure comes in different shapes and forms, whether it is being too optimistic about how much customers are prepared to pay for a new product, or not being able to achieve repeatable and predictable revenue streams. Additionally, if it has to happen, closing a business is never a straightforward exercise. Not only do entrepreneurs need to understand the steps to take in order to shut down, but also they often have to seek specialist advice on their legal responsibilities to customers, suppliers and employees. Finally, discovering strategies for processing failure emotionally, and acquiring tools for extracting key learning points for the future, would arguably be some of the most valuable skills that aspiring student entrepreneurs could gain from their entrepreneurship courses.

Practical Skills And Knowledge Of How To Shut Down A Company

Closing a business which has customers, suppliers and employees could be a long and complex process. The 'what', the 'how' and 'in what order' often depend on the legal entity the business is using to trade – i.e. whether it is through a limited company, as a sole trader, or a partnership – and, of course, the whole process must comply with the company legislation at a national level. Three things seem to surprise students the most when they start learning about shutting companies down: potential personal liability, the costs of closing down, and the stigma of failure associated with the closure of businesses.

First, not understanding when and how to close down a business properly is a risk of personal liability to the founder. In the worst-case

scenario, if it all goes horribly wrong, founders might find themselves personally liable for the company debts, their personal credit rating might be affected, and they might not be allowed to start another company.

Second, closing down a trading company, even when things do not go horribly wrong, actually costs money. Professional accountants would refer to it as 'closing down costs', and, ideally, this sum should be estimated annually and kept in the bank account in reserves. For example, the closing down costs of a business with a £3.5m turnover and 40 employees were estimated at £80,000. These costs were calculated to cover outstanding liabilities, such as wages and termination of employment, as well as fees and costs of terminating contracts with suppliers and partners, and the paying off of any outstanding loans or fines for terminating those loans, as well as stopping lease or rent payments on the office, the cost of engaging with a specialist accountancy firm to finalise and close accounts, and, rather importantly, paying off all outstanding taxes due. While holding large cash reserves might feel unnecessary and wasteful as an investment opportunity, businesses with such levels of reserves have tended to weather the recent unexpected pandemic much better.

The third surprise to students is learning about the stigma associated with closing down companies. They learn that talking about the experience of failure and closure is not only difficult for the ones who experience it, but also, that the business environment is still very judgemental and not at all accepting or supportive of such experiences. Although much progress has been made in bringing the stories of failure and closure to open forums, this still tends to happen in tech startup communities, as opposed to the wider business networks and circles.

Such 'practicalities' of shutting down a company, what it costs, what to do, and how, could be easily included in entrepreneurship courses. At the very least, the courses should provide a forum for an open discussion about failure as an inevitable experience of venture

creation, engage with guest speakers to share experiences of failure and closure, and, certainly, make introductions to professional advisors that specialise in closing companies down.

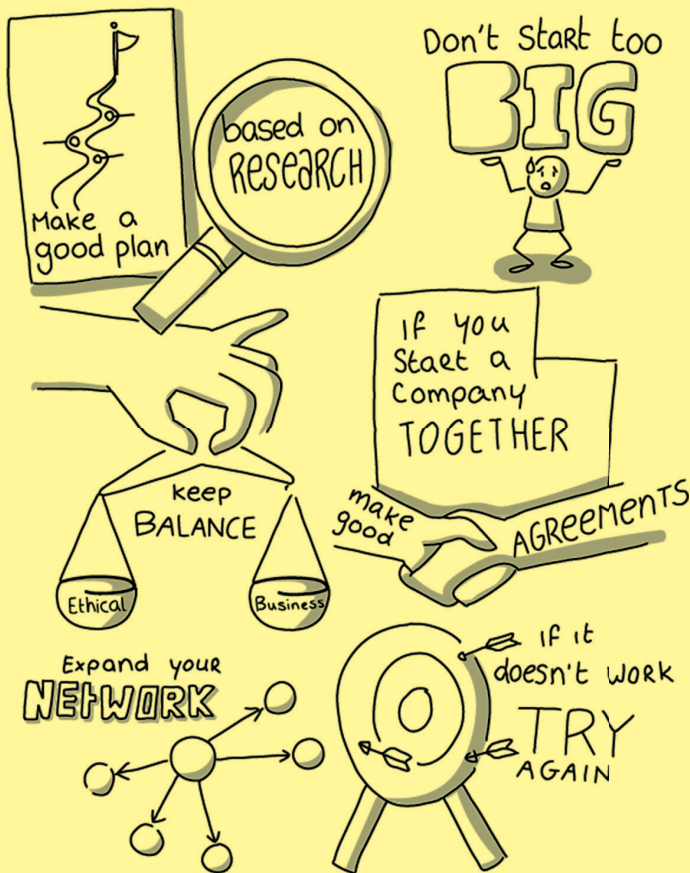
Resilience: Mentally Processing The Failure And Distilling Learning For The Future

Yet, if entrepreneurship courses want their students to become resilient, teaching about the practical steps and the 'know how' of shutting down a company is not enough. Closing is by no means an easy decision to make. This decision and its consequences could also be hard to process, very difficult to communicate about, and painful to learn from and live with. Although research shows that acting on the new knowledge gained from failure is one of the key factors in helping entrepreneurs recover and start another company, learning from failure is not easy. Entrepreneurs tend to delay the learning, or forego it altogether, because 'it is too raw' to reflect upon. As such, they lack the knowledge and experience of using simple coping strategies, as well as the support for the effective reflection on the learning points. Entrepreneurship courses could help students to practice reflection, distilling and acting upon key learning points, at every stage of their entrepreneurial journey, thus building in resilience and skills to deal with difficult and emotionally stressful situations.

Additional considerations

As a result of the 2020 global pandemic, countless businesses have shut down locally, nationally and internationally. All types of businesses have been affected: from startups, to small firms, to retail outlets and global corporations. Entrepreneurship educators are now in a position to ask themselves: how can we better prepare our students to be resilient and able to deal with business closure and failure caused by external events outside everyone's control? The answer seems quite clear: it is not just prudent, but essential for entrepreneurship courses to expand their curriculum to cover business failure and closure as a standard feature.

Action points from students



Infographic - Action Points From Students

Elle Smits | Visual designer | Simia Innovations



Healthcare For Small Businesses

Lessons from the covid-19 crisis



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Introduction

The COVID-19 crisis has revealed that the Netherlands was poorly prepared for a severe crisis, despite many previous crises that we have encountered. We just don't seem to know how to effectively mitigate negative economic effects. Generous support measures without customization have on the one hand ensured that many fundamentally viable companies unnecessarily failed, while on the other hand an army of zombie companies has risen that have only been maintained by financial support.

Contrast this with the apparently well-oiled machine with which healthcare in the Netherlands provides tailor-made solutions for COVID-19 patients: effective triage, fast-learning medical science and customization in medical treatments have contributed strongly to the goal to "flatten the curve".

That immense contrast between care for humans and care for companies during the pandemic was a source of inspiration for the problem definition: What would a healthcare system for small business look like if we copy it intelligently from the healthcare system for humans? And how well does the current ecosystem for businesses perform as a healthcare system?

On Tuesday 17 March, 2020, the Dutch government announced an unprecedented COVID-19 support package for companies. A blistering ninety billion euros was made available. With the statement

“Fortunately, we have deep pockets”, the Dutch Minister of Finance Wopke Hoekstra reassured everyone. The support package could count on great appreciation from all of society, from all political directions and social movements. It was widely described as generous.

“Ultimately, we cannot save every company,” Hoekstra added. That point of view is understandable. But it is also good to realize that the generous support package has probably been too generous for many companies, while it has offered too little customization for others. Compliments for the decisiveness of the government, but let’s be honest: as a society we weren’t prepared for this at all. If we had been, we could have perhaps rescued more fundamentally viable businesses with fewer resources and prevented the emergence of so-called zombie businesses.

Many entrepreneurs with non-viable businesses tend to muddle on, often against their better judgment. This is how zombie companies are created. Stopping a company properly and responsibly requires a realistic view of the situation, expertise and courage. The consequences of muddling through are usually not great. SEO research (Kok *et al.*, 2018) shows that the average income in that group continues to decline. The entrepreneur fills one gap with another while debt increases – often at the expense of their own or their family’s social or physical health. For entrepreneurs with a businesses in distress, the stop-or-continue dilemma will nearly always come up, especially when the options for solving the problems seem to be running out.

Help, The Company Has A Fever!

Serious business issues rarely come out of the blue. The path from a healthy to a discontinued company sometimes takes many years. Often the signals have been around for a long time, but sometimes the problems reveal themselves like a bolt of thunder from a seemingly clear sky. It does not help that the entrepreneur is naturally optimistic and sometimes tends to trivialize problems. And when the problems do become visible, overestimation often comes into play. Typical qualities that make entrepreneurs strong can also

be pitfalls. In normal economic times, many entrepreneurs who actually find themselves in difficult times are part of the problem. The Dutch Institute for Small Businesses (IMK) assessed more than 100,000 financial distress situations at small businesses and came to the following conclusion: seven out of ten small businesses with financial distress have run into problems (mainly) due to internal failure factors. Often there is a so-called trigger event: an event that triggered the decline in entrepreneurial income, with a series of follow-up events. Examples include an unprofitable investment in a new location, a failed company takeover, new competition from a former employee, or a conflict with or health or relationship problem of a key employee. In many cases, this means that financial distress could have been prevented and that is actually good news. Because this offers opportunities for recovery and prevention, provided you deal with them in time.

Lack Of Cash, Conflicts And Angry Customers

A company's health problems have a strong relationship with an entrepreneur's sleep – or rather lack of proper sleep. Entrepreneurs are particularly concerned about three problem categories:

1. Lack of cash
2. Conflicts
3. Inability to deliver

Lack of cash usually involves an acute problem. The tax has to be paid, a major supplier is asking for their money, and payday for salaries is coming. Payment by debtors takes longer than expected and the bank balance offers no comfort. Cash is king and lack of money means the threat of bankruptcy and dependence on the cooperation of third parties. And that threatens the freedom that makes independent entrepreneurship so attractive. The need for cash is therefore not only a financial, but also an existential problem.

Conflicts are not always acute, but build up in stress and settle in a tired head to start grinding hard at night. There is no shortage of examples: disagreement with your business partner about the course

to be followed or the value of their shares before their exit; clashes with employees about their performance or the settlement of their bonus; a message from your bank that your company now falls under “intensive care”; the relationship with your husband or wife that is about to explode; or that “far too high assessment” from the tax authorities. Conflicts usually have several layers: legal, business and emotional. In communication it always seems as if you do not understand each other, which is quite logical if your conversation partner thinks and talks from a different layer.

The final example is the inability to deliver what you promised the customer; perhaps because you did not receive parts from China, because the absenteeism rate in your company is much too high or because that crucial machine has come to a standstill. The result is a customer who is disappointed –something you promised him or her (and yourself) that you would do everything in your power to prevent. Of course, as an entrepreneur, you worry about that, because happy customers are the basis of your existence.

The Current Healthcare Ecosystem For Small Businesses

To kick things off, there is virtually nothing structurally arranged in the Netherlands that resembles a healthcare system for small businesses. There are two minor exceptions, namely the Bbz scheme as a social safety net for the self-employed, and the Municipal Debt Assistance Act (Wgs). For the rest, the ecosystem for businesses in distress in the Netherlands comprises all kinds of separate elements, without any connection.

This is in line with the general notion that entrepreneurs mainly bear all responsibility themselves and are therefore alone. In principle, the entire entrepreneurial risk lies with the entrepreneur, in good times and in bad. Entrepreneurs can insure themselves for a limited number of business risks, but have no obligation to do so.

We present an overview of the different categories of occupational care providers. They operate quite separately, due to a lack of structure, collaboration and an overarching vision.

The entrepreneur's network

In every healthcare system, the care recipient's own network is of great importance, also for the care-dependent company. If a person in need of care cannot provide himself / herself with the necessary care, then in the regular healthcare system the direct network of the patient, including informal carers, is first mobilized before external care is offered. For companies in distress, these are in particular:

- The accountant who usually has a good understanding of the ins and outs of the company;
- The house banker who has detailed insight into the financial flows;
- The financial intermediary, involved in risk assessments for the company;
- Business networks such as local business associations, industry associations or social business groups.

Help and information points

Until very recently, the Netherlands lacked help and information points for companies in distress. The Chamber of Commerce, for example, did not provide any services in this area until recently, but has now embraced this as a theme. In 2016, the Dutch Institute for Small Businesses took the initiative for a national helpdesk for small business owners called 155 Keep the Business Alive (Stichting 155 or The 155 Foundation). During the first COVID-19 waves, more than 150,000 small business owners were assisted by 155 to get financial support from the government or financial institutions.

Volunteer organizations for small business support

In the last 40 years, a number of voluntary organizations of former managers and former entrepreneurs have emerged, with the aim of supporting entrepreneurs in difficult times, including:

- Stichting Ondernemersklankbord (OKB), an independent national network with 300 advisors, including managers, former managers and former entrepreneurs.
- The Over Rood Foundation, a network of former entrepreneurs that guides and supports self-employed persons with insufficient

income, payment arrears, debts, administrative arrears, tax (declaration) arrears and company closure.

- Stichting De Nederlandse Zaak voor Ondernemers, an umbrella organization of a number of regional partnerships between municipalities, universities and voluntary organizations, targeting small business owners with a 'last resort' service.

The municipality for social security

Municipalities have executive responsibility for a number of temporary and permanent social security schemes for the self-employed and small business owners. However, many entrepreneurs feel reluctant to go to their municipality for help and the services provided to entrepreneurs by municipalities are subject to differences in interpretation of the regulations.

Business experts

An important group of occupational care providers are private organizations that offer services as specialists (for a fee) to businesses in distress. These include financing advisers, accountants, debt counsellors, lawyers, mediators and business consultants. In the context of a healthcare system, they can be regarded as second-line care providers, comparable to the specialists in a hospital in the regular healthcare system. Business specialists are often organized in industry-oriented structures with quality systems and registers.

Lenders

Lenders are an important category of occupational care providers. In terms of a healthcare system, lending could be compared to medication, and lenders to the pharmaceutical industry. There are commercial and social lenders. In the commercial category we find banks, factoring companies, leasing companies and crowdfunders. In the social lender category we find the municipalities, and, among others, MKB Santos, Ondernemershulp Brabant and Qredits Microfinancing.

Advocates

The last category in the ecosystem of small business care providers is formed by organizations that represent entrepreneurs, such as Stichting Ondernemend Nederland (ONL), MKB-Nederland, ZZP-Nederland, PZO and industry and sectoral associations. They represent the interests of their members in the broadest sense and often provide support services to their members, comparable to patient associations in regular healthcare.

Many Actors, No Care System

During the inventory of the various categories of small business care providers, no common vision emerged, and neither did any form of structural cooperation between the parties. Despite the many individual initiatives, there does not seem to be even the basics of a healthcare system for small businesses. So, to date, no healthcare system has been defined, let alone implemented. Entrepreneurs are poorly organized and fragmented. Moreover, there is little political support for structural discussions on small business healthcare.

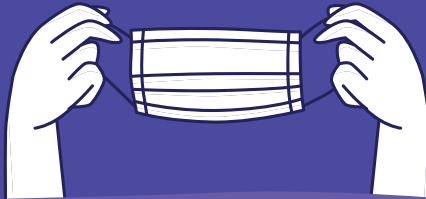
The COVID-19 crisis could change that, because now it has suddenly become clear that business support programmes without tailor-made solutions cause significant financial and social damage, due to the unnecessary failure of viable companies, and exacerbated by the potential problem of zombie businesses. With the financial crisis and of course the COVID-19 pandemic still fresh in our minds, it is high time for a structural discussion in society. In our opinion, a form of healthcare system for small businesses will contribute enormously to our economic resilience: by nurturing, but not pampering, businesses that are fundamentally viable, and by identifying zombie businesses and terminating them in a controlled manner.

We, the Dutch Institute for Small Businesses (IMK), made a detailed one-to-one comparison between the regular Dutch healthcare system for humans and healthcare requirements for small businesses in distress. And we found that, although there are many differences, the applicability of this comparison makes great sense. Our analysis was presented in a book called "Vechten voor je bestaan – bouwstenen

voor gezonde MKB-crisishulp" (IMK, 2020) (Fighting for survival – building blocks for a healthy support for SME's), which was published in November 2020 (in Dutch only).

The current healthcare structure for small businesses is close to non-existent and there is a clear business case for huge improvements in this field. We invite all stakeholders to start the discussion and we are proud to facilitate that discussion by providing our analysis and vision as a potential starting point.

How to survive COVID-19



TIPS

- ✓ STAY FLEXIBLE AT WORK
- ✓ TAKE CARE OF YOUR COWORKERS AND EMPATHIZE WITH THEM
- ✓ HAVE AN OPEN ATTITUDE, TAKE ADVICE EVERYWHERE
- ✓ SEARCH FOR HELP WHEN NEEDED AND SEARCH FOR INSPIRATION
- ✓ THE GLASS IS HALF FULL, SEARCH FOR POSSIBILITIES
- ✓ ALWAYS BUILD SAVINGS

How to Survive Covid-19 - Project Fenix Assignment

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A Financial Advisor Is Indispensable For Entrepreneurs During Business Failure



Master's Thesis And Project Fenix

In the Netherlands, bankruptcy is a taboo. When you find yourself in such a situation you feel alone. However you also suddenly notice that there are a lot of entrepreneurs who had to deal with a similar situation (fortunately not always leading to bankruptcy). People, even entrepreneurs, don't like to talk about their problems. Entrepreneurs like to meet but typically only share the cool stories (case 7017).

Difficult situations are something all entrepreneurs face, and the aftermath often has a major impact on them. If we can learn from these experiences we can help other entrepreneurs dealing with the problems in building a company. This might even lead to a culture of sharing bad experiences more openly and strengthening the learning experiences between entrepreneurs.

As part of my executive MBA I needed to write a thesis and I was inspired by how to learn from the good and bad experiences of entrepreneurs. Given my background in accountancy, I focused my research on what we can learn from the relationship between an entrepreneur and their financial advisor during a failure experience. As part of defining my thesis, I was extremely fortunate to participate in Amsterdam University of Applied Sciences' Project Fenix. The project is all about learning from failure and success through the interaction between entrepreneurial students and expert entrepreneurs. The MBA thesis was the third one in my educational life and certainly by far the most inspiring.

My main conclusion is that a financial advisor plays a crucial role for small-sized entrepreneurs during a failure experience. The added value of the financial advisor during the failure experience reduces if the size of the business increases. However the added value of bank advisors appears to be limited.

Entrepreneurial research has a strong focus on explaining the success of an entrepreneur in order for others to mimic this behaviour. Interestingly enough, the research into business failure is less popular. We still have so much to learn from the failure experiences from entrepreneurs, as my research and Project Fenix shows. We should cherish this knowledge and share it with entrepreneurs, business advisors and politicians.

My thesis is focused on the role of the financial advisor and how she/he can help the entrepreneur through financial or administrative issues in case of a failure. The sooner there is a survival plan for the business, the larger the chance that a bankruptcy can be prevented (Faillissement.NI, no date). A financial advisor can play an important role in creating and executing a survival plan. If we can improve the role of the financial advisory services in a failure we assume that this will lead to fewer businesses failing and the failure cost for society will be reduced overall.

As part of Project Fenix, 43 small- and medium-sized Dutch entrepreneurs were interviewed by entrepreneurial students at the Avans University of Applied Sciences. In this research, I reviewed the role of the financial advisor in psychological dimensions such as trust, help and advice. I was impressed by the interviews and the openness of the entrepreneurs, and many times emotionally touched by them. I also included a number of very illustrative quotes in my thesis. The one that made the biggest impression on me was this one:

During a failure experience you are very lonely... Your accountant is the only person you can share your problems with...the accountant is your most important brainstorming partner and together with your secretary, they both help you get on track again. (Respondent 7016)

Practical Lessons For Accountants

In the Netherlands we have a profession of an accountant acting as a financial advisor, supporting a business in compiling the financial accounts and/or performing a statutory audit of annual accounts. Small entrepreneurs' appraisal of their accountant during their failure experience can be seen as a positive stimulus for accountants to continue their profession, also in difficult circumstances. Interestingly enough, despite the risk of non-payment, most accountants feel a duty of care towards their clients and act accordingly.

Although an accountant can be less of an advisor while performing the statutory audit, in my research I propose that the accountant could set up a network of advisors to support the entrepreneur in a financial failure, instead of stepping away due to the increased risk. With a deep understanding of the challenges, the statutory accountant is well positioned to guide the entrepreneur towards a network of advisors, while maintaining their independence. I noticed after talking to some accountants that referring to other experts outside their organization seems to be a new thing for them.

I would like to call for more professional guidance for accountants to help entrepreneurs who are experiencing a failure, given the added value that the accountant can bring. To reduce the societal impact of business failure, every entrepreneur should have access to professional financial advice – either direct or indirect via a network of advisors – during the most difficult phase of their entrepreneurship. This could also help to improve the image of accountants, which is currently under considerable pressure in the Dutch public domain.

Practical Lessons For Entrepreneurs

The result of my research project is not only an appeal to accountants but also to entrepreneurs to organize their network of advisors, also when business goes well. The loneliness of a near-failure experience is a recurring topic in the stories told by entrepreneurs. They seem to struggle when going through experiences of failure, either due to personal barriers or negative feedback in their social networks. In

order to have access to help, entrepreneurs should be more open about their problems. When sharing their financial problems, entrepreneurs should be encouraged to continue their search for the right advisor. This is also emphasized by the stories of entrepreneurs who overcame their failures. The importance of a network consisting of a partner, a fellow entrepreneur or an expert advisor is commonly mentioned. Entrepreneurs should actively build on their network while their business is going well to be ready for tough times. And, as concluded, accountants can be an important part of this network of advisors.

Students As Co-Researchers

What caught my attention in Project Fenix was the enthusiasm of the students when looking for the failure story of the entrepreneur. I was surprised by the attention and attentive silence in the lecture hall while the entrepreneur was sharing his story. Despite the fact that many entrepreneurs have to deal with the stigma of business failure, these kinds of personal barriers were not noticeable in the interviews. Most entrepreneurs were quite eager to share their story with the students. And surprisingly, finance-related questions led to an improvement in the conversation between the student and the entrepreneur.

Students, being less experience researchers, turned out to improve the quality of the conversation. I have noticed that using less experienced researchers created a level playing field, resulting in more and better in-depth interviews in a domain where typically people are reluctant to share their experiences. To me, this is the real strength of Project Fenix.

I would encourage other researchers to adopt the model of student researchers more often. And I would endorse experimenting with a multidisciplinary set-up of a dual interview where accountancy and business students interview an entrepreneur with financial or administrative issues during the business failure experience. Bringing different views "from different worlds" could have a multiplier effect on the learning outcome of the interviews both for the research itself and the students.



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Advice from a company - Project Fenix Assignment

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Learning About Business Failure And Closure: Benefits For Students And Wider Impact



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Northumbria University offers an applied entrepreneurship programme in which students learn by starting and running their businesses as part of studying for a degree. Although graduating with a business is not the primary goal of this programme, about 30% of students decide to continue their businesses full time after university, and about 5% of students keep their businesses as side projects.

However, the majority of students, around 65%, close their businesses upon graduation, and decide to pursue full-time employment opportunities. These numbers, although estimates at this point¹, are similar to spin out and closure rates of student businesses opened as part of entrepreneurship programmes at other universities. At Northumbria University, however, in anticipation of such an outcome, a module course on business failure and closure has been developed and offered as part of the curriculum of the entrepreneurship programme since its inception in 2014. As a result, students have benefitted by gaining practical knowledge on how to close a business, learning to communicate about such a difficult and sensitive topic to their customers and stakeholders, as well as practicing reflection to process lessons learned. Inspired by the feedback from students taking this module in their third and final year, programme-wide events on the subject have also been organised to involve students on their first and second year of the programme, creating a wider impact and awareness of failure and closure realities even among students in the early stages of starting a business.

1) The numbers are estimates, currently being confirmed as part of an impact research project

Benefits To Students

Learning How to Close a Business, and Doing It

The majority of entrepreneurship students at Northumbria prefer to get into employment upon graduation, as opposed to continuing to run businesses they launched during the course. Thus, the first benefit they get from learning about how to close a business has a very real value for them –they gain quite specialist knowledge about steps to take in order to wind down all of their startup projects, companies or partnerships, which they have experimented with over the 3 years of their degree programme.

Once they have this understanding, often supplemented by professional advice from accountants and professional advisors in company law, the students then proceed to close their businesses, and they do so in an informed and managed way, fulfilling their legal duties and obligations along the way. Practically, this means they experience informing the government and the tax authorities about closure, filing in the necessary paperwork, closing business bank accounts and disposing of assets.

As part of discovering how to close down a company, students are also encouraged to look at alternative options to closure, such as attracting new business managers, selling the business, or packaging and selling the most valuable parts of the business, which are usually know-how, unsold stock, or other assets. Notable outcomes of this process include examples where instead of closing a company, students sold it off to their fellow programme participants from the earlier years.

Communicating About Closure Or Failure

Talking openly and publicly about closing a business has long been considered as a taboo. However, now there are more examples of entrepreneurs posting open letters and other types of communication about their decisions to close business. Even though this new practice is a great start in destigmatizing business closure, there is still a long road ahead, and when faced with having to write and communicate a difficult message, many entrepreneurs do not even know where to start.

Therefore, at Northumbria University, when students decide to close their startups, they are encouraged to think through several important considerations: whether to openly communicate or not, what to communicate and with whom, in what order, and when. It is very important to communicate with an organisation that has given grants to student startups, since throughout the programme many would have pitched their ideas and attracted external funding. It is also important to do so ahead of any public posts about closure on social media. When communicating directly to past and current customers, it is worth thinking through how to frame and position the reason for business closure. It is equally important to address any customer concerns about who to contact in case there is a post-sales issue after the closure of the business.

Preparing for and experiencing difficult communications is the second benefit for students from learning about business closure and failure. Students write emails, letters, and social media posts to all of their stakeholders, from grant organisations and mentors to customers and suppliers. This practice of crafting the difficult message in a positive manner also plays a huge part in developing their resilience, which is a very important role of entrepreneurship education.

Reflecting On The Lessons Learned. Preparing For The Future

The third benefit is to reflect and learn. Having experienced business closure is not an indication of an ability to reflect, process and learn from it. In fact, learning from failure is very hard. It requires a certain degree of self-awareness and self-reflection, knowledge of tools and strategies for the reflection, and it works better with the support of peers, people with similar experiences, and tutors.

During the business failure and closure module, students are encouraged to reflect in a variety of ways, for example, by journaling, by talking about their journeys from start to closure, and by using reflection questions and tools. Working in groups, they also have an opportunity to learn a variety of lessons from each other. Although the reflections could be quite tough to work on, the module

encourages students to reframe failure and closure into experiences to learn from.

Different student businesses close for different reasons. Similarly, different students pick out very distinct and individual lessons from their experiences. However, early results of the research into student reflections show that there seems to be a pattern developing: the same reasons for closure tend to be linked to the same lessons identified by students. For example, the most common reason for business closure cited by students is losing their motivation. When you look at the businesses they started you notice they all have one thing in common: they did not quite get off the ground. There is usually a product idea, some early customers, and some digital and social media presence. However, there is a lack of repeatable revenue streams, and no or very little growth. In essence, there is a failure to turn an idea into a commercially viable and functioning company. The lessons linked to this reason for closure usually include students' awareness about the lack of motivation, the effort they put in versus what was actually required, poor time management and lack of basic organisation skills. It seems that getting excited about an idea does not fuel the drive that is required to make it into a business. Students that find themselves in such situations come to the realisation that motivation is not about waiting for inspiration, but about having routines, setting goals, and, most importantly, putting in the effort to act on them. Upon such reflection, which can be a very emotional experience, they tend to re-think their future needs and values. It is very important to reflect and learn from the entrepreneurial process, simply because dealing with closure and failure dictates how students might bounce back into the world of entrepreneurship after graduation.

Examples of NU students' lessons learnt from interviews with entrepreneurs.

MOTIVATION

After interviewing the entrepreneur, I realised that you must not only have an end goal, but also constantly reflect on why you originally started the business. (Northumbria Student 1)

DETERMINATION

The entrepreneur I interviewed shared his lesson of how difficult it was to survive in a competitive market. This is something that I could relate to in the sector I am in, there are not many who survive for a long time. The entrepreneur highlighted the determination I will need to possess and that I will be required to make sacrifices in the future to be able to survive long-term. (Northumbria Student 2)

CHOOSING THE RIGHT PEOPLE

His [the entrepreneur] insights have been particularly important, most of all, the entrepreneur stressed the importance of employing the right staff and choose the right partners in order to succeed. This really gave me chance to reflect, considering my personal business situation where my business partner turned out to be unreliable. (Northumbria Student 3)

Wider Impact

Learning about business failure and closure has a positive impact on students' skills, attitudes and knowledge. Such a curriculum promotes a more realistic view of what it takes to start and grow a business, adds to students' skills and knowledge and informs their values and attitudes for future projects.

Ultimately, at Northumbria, the wider impact has been three-fold:

- 1. Direct impact on students taking the module in their final year:** every business discontinued upon graduation was closed in an informed and professional way. This is a very real and direct measure of the impact, even though it is counter-intuitive for an entrepreneurship programme.
- 2. Programme-wide impact:** inspired by the positive feedback from students who take the business closure and failure module in their third year, a programme-wide event on the subject has also been organised, involving students in the first and second year of the programme in a conversation about business failure and stigma. This has raised awareness about the subject and the realities of entrepreneurship among all students on the programme. Hearing a business failure story has a profound effect on many young entrepreneurs because it is often the case that up to that point they have only ever heard success stories. Following a successful event this year, the future plans include an annual event and inviting students from other programmes.
- 3. Visibility within the regional business community:** the module is gaining visibility within the business community in the region in two ways. Firstly, it is attracting business people with experience of closure and failure to engage with students as guest speakers. The regional business community knows about this module, because they are not usually approached to find someone to speak about a failure experience. Secondly, the module has become more visible to the business community since the introduction of an innovative assignment method. In 2020, a partnership with Amsterdam University of Applied Sciences allowed Northumbria University to add a different but a very important dimension to student learning: vicarious learning, or learning from the experiences of others. Students are asked to find and interview individuals from their networks and from the regional business community with experiences of business closure and failure. This activity has allowed students to expand their lessons learned from failure and to validate their own lessons from failure experiences.

Student story

Film Making As A Business



I am Cole Robinson, a graduate, a business owner and a film-maker. As somebody who's studied entrepreneurship and is now navigating a landscape of entrepreneurship, I was interested in looking into the benefits of studying business closure and failure. At the time of global pandemic, this seemed very fitting.

For my video, I spoke with the academics who are pedalling and pushing to get the study of business closure and failure into wider academia. I also chatted with students, right here on my doorstep in the North East of England, who were learning about business failure and closure as part of their entrepreneurship programme at Northumbria University.

And I also spoke with researchers at Amsterdam University of Applied Sciences, in the Netherlands, who are investigating the role of learning about business failure that comes from the direct engagement of young student entrepreneurs with real-life businesses that closed down. This video tells that story:

<https://vimeo.com/444612329/ab4c3b1bfc>



Conclusion

Project Fenix's impact on education will rightly be judged by the extent to which our students are able to deal with difficult situations in their future business endeavours. This is not something that can be assessed when they are actively participating in the economic ecosystems after school. Our expectation is that by exposing our students to learning vicariously from entrepreneurs not only with experience of business success, but also with experience of business closure and failure, we have given them an insight into what it is really like to create and run their own company, inspired them not to be afraid of failure, and helped them become more resilient.

This booklet has an important role in spreading the word about Project Fenix and its innovations in teaching, assessment and research methodologies. From the beginning, we share the story of how the need for the project was spotted and then expanded, discussing the challenge of combining teaching and research objectives. From an initial dream in Amsterdam of creating a project about business failure and recovery, we have grown to create a large collaborative network with like-minded educators, business advisors and researchers. The strategic alliance with Northumbria University is a major stepping stone on this path of sharing existing knowledge and preparing students as resilient economic actors.

We have argued for the importance and significance of teaching about business failure and closure as part of any entrepreneurship course, showing that students find this content surprising, refreshing and useful. We have also offered several case studies and stories from our students, our partners, and our stakeholders on the benefits and the impact of what we have achieved together.

On the research side, there is a growing interest in business failure among entrepreneurship scholars. This is a very difficult subject to research, but through the efforts of Project Fenix, we have now collected several hundred stories of business closure and failure across several partner countries, which enables us to do larger-scale empirical studies. This database is now open to our postgraduate students and international researchers. Additionally, we are able to combine our research with the business statistics from other sources, thus illuminating fresh and novel insights on this difficult subject.

Looking five years into the future, we envisage that more attention will be given to the subject beyond entrepreneurship-focused programmes, as we disseminate our teaching and assignment methodology further. As new project partners develop their networks of local entrepreneurs willing to talk to students about business failure and closure, we aim to destigmatize the topic and open up the important discussions about how we deal with business failure as a society more widely.

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Project Fenix

Project Fenix has been collecting stories of entrepreneurial failure since 2017. Dr Alvarado Valenzuela and Dr Martens have co-led the research project in Amsterdam and have worked closely with Dr Ingrid Wakkee as part of the AUAS Team. Dr Blagburn joined the project in 2019 with her expertise and course on business closure, working closely with Dr. James Cunningham as part of the partnership with the University of Northumbria.

Project Fenix focuses on the learning process of the students who learn from experiences of failure and closure from entrepreneurs. The scientific research shows an incredible understanding of the behaviour of entrepreneurs in times of crisis, and has inspired hundreds of students to learn from big mistakes. The educational experiences have been translated into a workshop about vicarious learning, which was nominated as one of the top 3 workshops during the 3E Conference of 2019, as well as an ECSB-sponsored workshop for educators and practitioners in 2021.

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A sociologist specialized in entrepreneurship, social projects, migration trends, personal connections and cross-cultural bridging, Dr JuanFra Alvarado Valenzuela is a researcher at Amsterdam University of Applied Sciences on the topic of entrepreneurial failure and recovery. This project has created the largest database of entrepreneurial stories of failure and recovery in the Netherlands, and has published academic research and educational material on it. In previous research projects, JuanFra investigated the role of innovation and social networks of migrant entrepreneurs in Italy and the Netherlands.

Alongside research activities, JuanFra is involved in the dissemination of academic knowledge to policymakers through projects with the University of Amsterdam, the Municipality of Amsterdam, the Metropolis Project, the IMISCOE Network, Escuela CEIC and Instituut Gak.

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With a background in venture capital and management consulting, Dr Natalia Blagburn is currently working at Newcastle Business School, Northumbria University, where she coaches teams of student entrepreneurs and mentors startup founders whilst teaching starting up, growing and closing ventures. Her work is at the coalface of entrepreneurship, supporting and inspiring young entrepreneurs who are finding their way with their businesses.

Outside academia, Natalia is a vice chair of the regional branch of the Institute of Directors, and she also has broad board experience, including non-profit, commercial and venture non-exec roles.

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As a senior researcher on the AUAS Entrepreneurship Programme, Dr Jeanne Marten's topics of study are failure and re-start of entrepreneurs, and female entrepreneurship. In 2020, she finished her doctoral research at the VU University Amsterdam, exploring the way that women use their networks to advance their career paths. Building upon the focus on gender and networks, the connection to female entrepreneurship can be seen in Jeanne's recently finished study into female entrepreneurship at an international level (commissioned by the Netherlands Enterprise Agency).

In addition to research experience, Jeanne has held various management positions in business and non-profit organizations. Her background is in business administration with a focus on change management.

