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For Startups, Adaptability and Mentor Network Diversity Can Be Pivotal: Evidence from a Randomized Experiment on a MOOC Platform

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Abstract

Entrepreneurs leading digital ventures are often advised to be adaptable. However, research on how to pursue adaptable strategies and whether such strategies improve short- or long-term digital venture outcomes is sparse. By utilizing the ability to control content presentation and to measure outcomes through a course using a MOOC platform, we can introduce exogenous variation in strategies and mentorship characteristics, and link these attributes to venture outcomes over time. Contrary to expectations, we find that minimizing adaptability by adhering to a strong, persistent vision often results in better short-term outcomes as measured by quality of the pitch in digital startups. It also, however, results in worse long-term outcomes as measured by revenue, funding, and pivoting to a new venture. A more adaptable approach, when combined with a mentor who can facilitate this strategy by providing access to a structurally diverse social network, can offer the best combination of short- and long-run outcomes. The results suggest that guidance on mentor selection—especially selecting for the mentor’s social network attributes—is important over time for reaping the benefits of an adaptable strategy, particularly for digital ventures at their early-stage

Keywords: Digital venture, adaptable strategy, social networks, MOOCs, pivot