

BUSINESS STRATEGIES IN SLOVAK START-UPS

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Abstract: The modern phenomenon of "startup" has become a highly debated issue in the business world today. Start-ups are small starting companies with an innovative idea, but often their big problem is their funding and a well-chosen business strategy. However, foreign and domestic literature does not offer extensive knowledge of business strategies for start-ups. In view of this fact, we point out the factors influencing the development and functioning of start-up business strategies, and we emphasize the types of business strategies already known in the literature that could be applicable to start-ups as well. However, these are the types of strategies for small or emerging companies. For this reason, we have opted to choose the factors of the external and internal business environment that are complex and variable. Through rating scales, we identify the level at which the parameter that affects the business strategy is being located. We deduce how the average Slovak start-up looks like. If start-ups can identify their business strategy at the beginning of their business, they will advance in the coming years, and their competitive advantages will be sustainable in the long run. A competitive advantage is at the heart of business strategies, no matter whether in large, medium, small businesses, or in startups.

Keywords: Start-up, Business strategy, Competitive advantage, Entrepreneur

1 Introduction

Economic globalization has greatly contributed to changing the nature and growth of competition in individual markets. Since Slovakia became part of the single European market, it was possible to observe an even stronger strengthening of this trend in all sectors. In order for today's companies to succeed in the market in a dynamic business environment that is constantly changing and evolving, they must clearly define their uniqueness and competitive advantage. It is the competitive advantage that needs to be constantly developed and working to sustain it. However, it becomes the heart of a business strategy. Several recent studies indicate the sustainability of competitive advantage as a major growth option for organizations. That is the reason, why theorists also encourage leaders to look at sustainability as a driving force for growth and competitiveness.

In the area of competition today, not only the big players play the crucial important role. On the contrary. Currently, we can see the trend when start-ups (small upcoming businesses) can really fast belong between the elite and build a strong competitive edge. Their main benefit is adaptability, especially in periods of dynamic shocks such as breakthrough innovation and technological advances in the industry. It is in these situations that small companies can strike against large corporations thanks to their rapid and relatively simple adaptation to change.

2 The modern phenomenon "start-up"

Start-up, though until recently a relatively unknown term, has become a common and popular Anglicism among all ages today. Nowadays almost every young upcoming company is labelled to be a start-up company, which stands at the threshold of its development.

"A start-up is a young company that is just beginning to develop. start-ups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner." (Fontinelle, 2015)

In such a simple way, we could generally define a start-up. However, despite the above, when using the term of this modern phenomenon, countless discussions, inconsistencies and different opinions arise.

2.1 Views on start-up by renowned global experts

In defining the exact start-up characteristics, it is really difficult to reach a consensus. Many well-known personalities, moving in today's complex business environments, present their perceptions of start-ups and express their own characteristics based on various parameters such as age, profitability, growth rate or culture.

"In addition to the very complexity of defining a start-up, the second key issue is the determination of the boundary, respectively a notional threshold when the company ceases to be a start-up. (Hoffman, 2013)

"Some theorists note that if most people are convinced that the company will definitely be independent in the next five years, in this case it can no longer be called start-up. This statement is illustrated by a lay example of Twitter. When looking at the above-mentioned company, there is a general consensus that this company will be on the market as independent in the next five years. For this reason, it is no longer appropriate to label Twitter as a start-up. If we apply this definition to companies such as Uber, AirBNB or Dropbox – we can still talk about them as a start-up. If businesses are rapidly moving towards a consensus that they will act as independent companies in five years' time, and by doing so they will no longer be able to mark their start-up." (Hoffman, 2013)

Another American entrepreneur (McClure, 2016) defines start-up as a company that is "confused" about:

- what is its product,
- who are its customers,
- and how to make money.

Even a "temporary organization, a cluster, used to find a repeatable and scalable business model" (Bryan, 2015) is a feature for start-ups. Under the business model, it is understood how the company produces, delivers and captures value. In a simple way, it can be said that it describes how a company earns money.

Author of The Lean start-up as well as the Start-up Lessons Learned blog uses the following definition: "start-up is a people created institution to create a new product or service under extremely precarious conditions." (Ries, 2015)

From the above mentioned, we can conclude that the start-up company can be called fast growing. Not every newly established company is a start-up. The rule is not that the start-up requires or is required to work in the IT sector. In addition, start-up does not need be funded by venture capital.

2.1 Views on start-ups by renowned domestic experts

The Slovak start-up scene is experiencing a significant boom in the last six years. It is dynamic, full of young actors and experienced persons, which have been in the business world for years.

In short, the perception of the start-up concept in Slovakia, but also in Silicon Valley, is "a technology-oriented, innovative company with global potential and a high degree of scalability. The company remains a start-up until it finds a scalable, repeatable model of making money." (Štefunko, 2014)

However, if we look at the perception of the start-up from a broader picture, we can say that it is any young, rapidly growing company.

In the Slovak start-up ecosystem, we also meet the definition that "start-up is a project that grows with minimal resources and its founders are motivated directly through the share of the

project's profit." (Maxián, 2014) Many approaches to start-up definitions are today too uncouth.

Interestingly, there is also a statement that "start-up is not just a thought that someone wore in the head and believes it is worth it. They are those who bring this idea into reality and bring to their clients the value they are willing to pay for. Many start-ups make this idea (the business model) sharply changing and tuning in their first years of operation until they find the optimal solution. Start-up is a concept that helps to distinguish modern, ethical, hardworking and entrepreneurial people from the ground up in Slovakia." (Kulich, 2014)

From this knowledge and the facts about the definitions of the start-up, we draw the following conclusions: definitions are still not unified and integrated.

Based on our findings, we cannot clearly judge which definition of start-up is the most accurate. However, each one offers a foundation that is "building stone" or "cell" for start-up.

3 Business start-up strategies and their applicability

From the above mentioned, we can conclude, that if a start-up wants to succeed in the complex and turbulent business environment, which is typical of the start-up as well as to other business entities regardless of their size or the legal form of business and the sector in which they operate, this start-up needs to have a good business model and a suitably chosen business strategy.

Currently, however, we do not find a specific typology of business start-up strategies in the literature, yet the known business strategies can be of benefit for start-ups. These are strategies typical for small and starting companies, selected Porter's strategies, and, in part, the Blue Ocean strategy. The term strategy is often mistakenly referred to as a synonym of concepts of plans or tactics. Some authors, however, very simply explain the difference between these terms. They claim that "the key feature of the strategy is to provide surplus value over normal activity. They explain this in a simple example with apple trees. The plan would be to plant hundred apples. The strategy is to collect more apples, faster, more efficient and safer. How to do it in concrete terms should be a tactic." (Zimmermann, 2011, p. 6) The fact, however is, that "business strategies address issues of how a company will compete in its business or in one of its market segments. The intent of the business strategy is to gain a competitive advantage over the opponents." (Slávik, 2013, p. 213)

It is therefore obvious that business strategy is key not only for start-up, but also for any business entity that wants to maintain its market position as well as a competitive advantage. A competitive advantage is the core of a business strategy.

The start-up strategy, therefore, could be metaphorically compared to preparing Napoleon before a major battle, except that the rivals and challenges will be competitors and market pressure. Most start-ups are based on innovative technology-based business models, although it does not always have to be a technological start-up. In any case, an innovative business strategy needs to be adapted to the innovative business model, and these strategies could be used by start-ups. Beneficial for start-up companies could be three modern business strategies: "free of charge" strategy, model of pooling strategy and judo strategy. We can explain the business strategy "free of charge" on information technologies. It was the information technologies that brought a new kind of strategy, the freemium model. We can observe this strategy as a new form of competition where a competitor offers a product or service to the consumer for free. Most often, we can see a freemium model or a free IT product offering where this strategy is applied by companies such as Google with Google Chrome, or Adobe with Acrobat Reader.

The Freemium model can be observed in various areas, not only in the technology sector but also in air transport (Ryanair). We

can conclude that the freemium model is suitable not only for start-ups and starting businesses, but also for those established in the long-term market. For start-ups as well as for established organizations that do not use freemium model, competitors with this strategy can pose a serious threat.

A frequent threat appears to be that some businesses of such competitor do not react or wait too long, even though they have enough tools to avoid the danger. An example of such a slow response was airlines that did not respond quickly to Ryanair's offers. Ryanair began offering free air tickets and tickets with a significant discount. The slow response of airlines has resulted in Ryanair taking slowly over the market share on the European market until its share exceeded Air France. When analyzing the threat posed by the freemium model of our competitor, there are three factors to make it worthwhile – the competitor's ability to quickly cover costs, the growth rate of free-product users, and the speed of leaving out standing customers for free competition.

Four well-established strategies are characteristic for the mentioned freemium model – to offer a widely used free product and to sell premium versions (Acrobat Reader); to sell by-products that are not directly related to the product (Ryanair offers products even during the flight); to sell access to a third-party user database (Google AdWords); or to link a free product to a paid product (HP free printer for computers). Illustrative examples include the use of a modern business strategy freemium model (Bryce, et al., 2011), which can also be applied in start-ups.

The business strategy of the model of pooling is a strategy (Werbach, 2000) that has arisen not only for start-ups, but also for businesses doing business on the Internet. Company/start-up gets the information it sorts and then sells to its clients. Clients process the purchased information and add unique value to them. Companies/start-ups can therefore play a role of originator, partner, distributor or customer.

The first recommendation of this strategy is to change the role in the organizations. Its meaning is to search for vacancies on the market by pooling. An illustrative example is Amazon, which originally was a book distributor, but later changed its role to the role of an e-commerce distributor. This role is still in the company today. The second recommendation is to sell key competencies. The core and business objectives are, for example, delivering and shipment, but these organizations also have high-level support systems and services that can be offered as services. An example of this use is FedEx, which has offered its unique online tracking system to its clients.

Judo strategy (Yoffie, Cusumano, 1999) is applied mostly on the Internet. It is compared to David's fight against Goliath. The difference is that the place where the fight is taking place is the internet. New starting companies, such as start-ups, are characterized by speed and flexibility to take over the dominant position on the market. Their aim is to avoid direct contact. The essence of this is to find a parallel between the style of fighting on the Internet and the judo fighting.

Similar to judo in organizations the strength and weight of the competitor is used. Speed, flexibility and leverage are the three basic elements of this strategy. Moving quickly to the unoccupied market space prevents direct competition. The company's role is to focus on new products, new pricing models, new testing options, and distribution methods. The essence of an entrepreneurial strategy is to avoid fighting itself, for example by using its own flexibility or retreating from the direct attack of a stronger competitor. Is not recommended to compete in a competitive race unless an organization is stronger than an opponent is.

Start-up companies can also use selected Porter Generic Strategies. They are based on competitive advantages based on differentiation and low cost combined with market segmentation. Independence from the industry in which the organization/start-up is present expresses the generic use of strategies in practice.

The essence of the cost leadership strategy is to offer end-customer products or services much cheaper than the competitors. Widespread segmentation of the market is trying to find an average customer that the company can suitably serve its products or services. This strategy is a good start-up strategy, with the exception of those that are at the stage of business development. Probably the best suited for start-ups of large or multinational organizations, since they are able to make excellent use of the economies of scale they control. Offering a distinct product delivering a certain exclusive value to many customers is the essence of a differentiation strategy. The great disadvantage of this strategy is the high cost. It is therefore less suited for start-ups, since they do not have much capital. Protection against competition, which, on the contrary, is an advantage of a differentiation strategy, remains the domain of medium and large companies. Low costs or differentiation are two variants of a specialization strategy.

In the first variant, the company has rich experience with a particular segment and has low costs, which can make the company a leader in some cases. Start-ups can only use this variant if they operate strongly locally. Another possibility is that on the global market the start-ups are focused on a specialized segment.

In the second variant, the organization focuses narrowly on individual customer segments, thanks to advances in research and development and strong marketing. The strategy is also suitable for start-ups, which are using the lean start-up concept. The essence of the lean start-up concept is minimizing loss of resources related to product development and market entry. The minimization of losses stems from the continuous optimization of the basic product, which is functional. The customer gets the product offered primarily at the testing stage, and the product is then upgraded to customer requirements. In the business model, emphasis is placed on feedback. An ideal opportunity to instantly repeat the loop is offered. (Ries, 2011)

"Start-up can profile its strategic focus through multiple testing variants. From a long-term perspective, the use of a lean start-up business strategy may lead to non-compliance with the vision of a business entity." (Nobel, 2011)

We can conclude that adapting new products and services to the end customer based on his feedback and developing the business strategy ultimately should not change the vision of the organization/start-up. This could hurt both employees and current and potential customers. Continuous organization/start-up learning and the presence of business strategy in relation to customers point to a competitive advantage of a start-up, which contributes in a certain way to eliminating strategic uncertainty.

With the business strategy of a lean start-up productivity can also be assessed. However, the core is to persist in effective learning for an organization, which can thus eliminate the resulting losses associated with entrepreneurial activity.

A cooperative-competitive strategy might be another effective start-up strategy. The origins of this strategy are associated with the neologism of cooperative competition. "Mutual cooperation among competitors is important. The new strategic framework is beneficial. The customer's point of view points to a way of creating value." (Brandenburger, Nalebuff, 1996)

"The cooperative-competitive strategy reflects the current situation in business organizations. It is the time during which companies enter into cooperation vertically or horizontally. A positive of this business strategy is that it leads the start-up to maintain a competitive advantage." (Dagnino, Padula, 2002)

To ensure that the strategy is at all feasible, there is a need that all stakeholders have to have mutual goals and goals that are approaching each other. The final effect should be the victory of all the parties involved (the so-called win-win situation).

The cooperative-competitive strategy can be very beneficial for those start-ups, which are aware that they do not have enough resources available for creating and delivering value to the customer.

A competitive advantage is the opportunity to gain know-how from competitors. The cooperative-competitive strategy is characterized by a competition in learning of the organization. Start-ups that choose the path of learning can use a cooperative-competitive strategy to reach a win-win result.

A useful start-up strategy is also the Blue Ocean strategy (Kim, Mauborgne, 2005), which is based on the concept of creating new market spaces and creating new customer segments. Start-ups can thus achieve strong growth through the opportunities offered by the business environment. The effort of the Blue Ocean strategy is not based on a comparison with competitors and a competitive struggle in penetrating marketplaces in mature sectors against some of the strategies used.

For the Blue Ocean strategy, unknown marketplaces that are unaffected by competition are typical. The counter to this strategy is the Red Ocean strategy, where stormy competition rivals for the current demand. The existing market space is crowded with competition and the growth trend is almost impossible. The Blue Ocean strategy is based on an innovation of values that creates added value not only for the organization (start-up) but also for the customer.

A mismatch is visible on Porter's generic strategies. Using the Blue Ocean strategy is to find innovative values that obviously combine low cost and differentiation.

Based on Hill's statement (Hill, 1988), we can assume that the combination of these attributes leads start-ups to create sustainable competitive advantages.

Despite the fact that this research is still in the beginning, we conclude that courageous starting entrepreneurs with innovative growth-enhancing products, who are setting up start-ups, should benefit this way through their rapid and relatively simple adaptations to change.

4 Aim, research sample and methods

The aim of the contribution is to point out the suitable business strategies for start-ups, which can reflect current conditions and future opportunities in a changing business environment. Based on the knowledge of renowned foreign and domestic authors, we can conclude that a well-chosen and functioning business strategy leads start-ups to achieve the competitive advantage, which is the core of a business strategy.

By exploring the start-up business strategy, we detect how strategy helps start-ups to exist, survive, or succeed in a changing business environment. We evaluate the business strategy through internal and external environment parameters using rating scales.

Selected strategic aspects were investigated on a sample of 72 start-ups in 2016 and 53 start-ups in 2017, which are operating in Slovak Republic, by using the questionnaire method. The questionnaire was filled out by the entrepreneur during a personal and multiple visit of the start-up. The age of a typical start-up entrepreneur ranged from 26 to 30 years. Each of them has a 2nd university education degree and a 5-year experience. A typical start-up in the surveyed sample considered the idea as world-class, earned its first revenues and used start-up capital.

The research sample of the start-ups obtained by the questionnaire survey was subsequently processed and evaluated in Excel using mathematical methods.

In addition to the questionnaire survey and the interviews with the start-ups of the investigated start-ups, the following survey methods were used:

- mathematical methods,
- comparison method,
- benchmarking method,
- method of analysis and synthesis,
- method of induction and deduction.

5 Survey results

As mentioned above, we emphasize the business strategy, which is based on competitive advantages and we give them a prime position. The start-up entrepreneurs gave them a great priority. Its essence was closely linked to the structure of resources of start-ups. Ultimately, it has been their effective use in the business environment.

Finding new competitive advantages in start-ups in a complex and constantly changing business environment is a conclusion and a finding of answers to the question "why business strategies are emerging?" The answer to this question is clear. This is a multiplicity of factors such as creating new surprises in strategic management, or strong unsustainable competition on the domestic market or abroad. The use of multiple tactics of competitors has an impact on their behavior in a complex business environment. What also cannot be obviated is the use of funds or the growth of new requirements set by the customer himself. Customer orientation often leads to high quality products. The aforementioned factors influenced overall decision making in the investigated start-ups.

The surveyed sample of 72 start-ups (in 2016) and 53 start-ups (in 2017) on the Slovak market indicates that the average investigated start-up had a total of 4 members and a mean start-up time of about 1.5 years.

The start-up business strategy was rated using a scale of 1 through 5, where 1 was the minimum value and 5 was the maximum value. Its originality, excellence, diversity, complexity and innovation were assessed against competitors or standard business practice.

Under the conditions in which the start-up analysis was carried out, most of the entrepreneurs had the belief that in order to be successful they only need to have a properly formulated vision. Some of the entrepreneurs abstracted from the vision and considered it irrelevant. However, they did not realize the vision's importance. How and in which way do these start-ups want to secure their long-term prosperity? The vision is one of the images of the future and expresses a sense of how the start-up should know where it wants to get in the future.

Due to the target orientation of the start-up, we also point to its mission, which is closely related to the vision. Visions and mission are general written documents that complement each other and their existence without one another is not possible. The start-up mission defines and tells the members what direction to take, identifies the business philosophy and the sense of starting up. Finally, the vision and mission follow the goals that characterize what the start-up wants to achieve with the use of its activities. Goals set up by start-ups should give meaning to the mission and should represent an assistant in formulating, operating and developing a business strategy. Vision, mission, and start-up goals are a benchmark for business performance and start-up success.

When evaluating goals, visions, and missions in investigated start-ups, through the originality, ambition, size, and difficulty, the results of the survey show that in the surveyed 72 start-ups in 2016, strategic attributes reached an average of 3.90, and 53 start-ups in 2017 reached 3.98. This shows the level of almost European. A scale of 1 to 5 was used, where 1 represented the level of local to regional, 2 national, 3 Central European, 4 European and 5 world level.

After defining the basic vision, which is followed by the mission and concretized in the goals, the next step is to explore the business environment (external and internal). Priority part of business strategy creation in the process of strategic management

of an organization or start-up is to carry out a thorough analysis of threats and opportunities, as well as internal possibilities and existing resources (its strengths or weaknesses). The nature and importance of the analysis is constantly strong, as the business environment to which start-ups are exposed is complex and dynamic. Since the start-ups are marked by turbulence, they can not rely solely on the lessons learned and the information. On the contrary, they need to analyze the external and internal environment at regular and more frequent intervals. In view of the turbulence that is growing in this business environment, the analysis allows start-up to predict threats and discover new opportunities from the outside environment.

Performing external and internal analysis at every start-up is a basic prerequisite for building a successful and functioning business strategy. As with any other business, the start-up analysis provides a picture of the strengths and weaknesses, the threats and opportunities that surround the start-up.

When researching the external environment, we focused on the most promising activities and the most important competitive factors that need to be prepared in the near future. Attention was paid mainly to the factors that influenced the total activity and the existence of the start-ups group. The purpose of this external analysis was to investigate the adaptation of start-ups in the business environment, for which instability, dynamics and complexity are typical.

The investigated sample of the start-ups passed through their developmental phases from development through growth and maturation, subsequently through maturity to their decline or demise. Sometimes there have been times when the start-up prematurely disappeared, and thus it did not reach the next phases of the life cycle at all. This is evidenced by the the number of investigated start-ups 53 in 2017 and 72 in 2016. The number of start-ups in 2016 decreased by 19 compared to 2017.

Based on the results of the survey, we can stated that 72 start-ups in 2016 overall have reached an average value of 2.4 and 53 start-ups in 2017 reached an average value of 2.69, meaning that these start-ups were in the growth phase in both monitored years, and they appeared themselves halfway to maturity. We evaluate this fact positively. The evaluation scale of the individual phases was as follows: we scored the start of start-up with a value of 1, a growth of 2, a maturing phase of 3, a start-up maturity of 4, and a start-up decline or demise of 5.

The dynamics and complexity of the business environment has been researched from low to very high. That is dynamics and complexity that start-ups have to adapt, because the greater external uncertainty makes the conditions in the external business environment more dynamic and complex. The average value ranged from 3.30 in 2016 to an average of 3.16 to start-ups in 2017, indicating that the start-ups at both times were influenced by the higher dynamics and complexity of the external business environment. Changes that happen and effects that impact on this businesses are influenced by the external factors that start-ups must manage to survive.

The task of implementation external analysis is not just a start-up assessment in the actual period, but importance is placed on its future development. However, this must be predicted. The predictability of the future development of the investigated sample 72 (2016) and 53 (2017) start-ups for the 3 to 5 year period was evaluated from very high (1), high (2), higher (3), mild (4) low (5). The average value for the researched file reached 2.80 in 2016 and 2.79 in 2017, indicating that the predictability of the future development was almost higher. Their future development is still largely uncertain from the researching of factors influencing their business activity in the actual period, as many of them may only appear in the future period.

In researching competitive conditions in the industry in the two years under investigation, through the intensity of competition, we concluded that approximately 90% of Slovak start-ups were and are still convinced that they do not have competition in their

business. In the actual period, this intensity of competition is growing. If start-ups are constantly looking for new competitive advantages, their trend will be rising and can expect to gain more profits in the future.

The results showed that the average start-up reached the same value as the predictability of future development of 2.80 in 2016 and 2.79 in 2017, which means that the intensity of competition is rather higher. Some start-ups have reached a much higher value, what follows that the competitive fight between businesses is incredibly hard. The rating scale was graded from a very high (1), higher (2), high (3), medium (4) to low (5).

The action radius, which evaluated the business space through individual levels from local to regional (1), national (2), central European (3), European (4) and global (5) reached an average value of 3.40 in 2016. In 2017, the value of 3.57 was slightly higher. However, we can confirm in both years that a gradual transition from the Central European level to the European level has been recorded. The start-ups were at its half.

The position in the external environment identified through the business space was also in the start-up researched at halfway between Central European and European top. Facts recorded a value of 3.1 in 2016 and a value of 3.09 in 2017. Position was evaluated by level 1 – moving to other positions with better defense, level 2 as weaker position, level 3 as average position, level 4 as a position well defended retaining its actual position and level 5 as an ever-stronger position.

Through market segmentation the market analysis was also researched. The scale was as follows: 1 – no segmentation, 2 – more segments, 3 – several segments, 4 – one segment, 5 – customization. With the segmentation, start-ups have adapted their activities to individual customer groups so that they can be better served. Based on the survey, we can state that the start-ups only chose those market segments that were in line with their used and functioning business strategy. The average score of 2.60 in 2016 and 2.94 in 2017 shows the fact that the start-ups have focused attention to several segments and their position was average. The average value of 3.10 in 2016 and 3.09 in 2017 is the evidence. Position to move to other positions with better defenses or weaker position, or well defended while maintaining the actual position, or getting stronger, was not the start-up for the whole investigated sample in 2016 and 2017 recorded.

We also point to strengths and weaknesses of our investigated start-ups when analyzing the internal environment. The value of 3.90 represented the level of quality, value added, or product value and reached a level almost European, which we evaluate positively. The average value of 3.96 in 2017, which represented the level of quality, added value or product usefulness compared to competitors, was almost European. Even the level of quality, added value, or product value of the territory in 2017 was only slightly lower and reached 3.91. The European level was recorded. (Scale: 1 – Local to Regional, 2 – National, 3 – Central European, 4 – European, 5 – World)

Product prices had to be rated by respondents on scale 1 – low, 2 – moderate, 3 – higher, 4 – high, 5 – very high. The price of the offered products was 2.70 in 2016, which was close to the higher price on the rating scale. Start-ups did not sell their products at very low or very high prices. In 2017, the value (2.85) slightly increased by 0.15 points. The price level was almost the same in both years.

The cost of the product was average, the value of which was 3.20 in 2016. In 2017, the cost was a bit higher, but the level was retained. This is evidenced by the average value of 3.42 being recorded in the mentioned year. The scale was the following: 1 – high, 2 – higher, 3 – medium, 4 – lower, 5 – low).

The services, accompanied, supplemented or which replaced the basic products and were another source of difference, reached an average value in 2016 in the investigated sample of start-ups of 3.20. They were moving at the Central European level. The

average value in 2017 was for those services, whether accompanied or those that replaced the basic products and were another source of difference (competitive) of 3.81 and (territorial) 3.68, which recorded almost the European level. By comparing the two years, we found that 2017 brought a positive transition from the lower (Central European) level to the higher (European) level. (Scale: 1 – local to regional, 2 – national, 3 – Central European, 4 – European, 5 – world)

Key technology in which the rate of originality and innovation was monitored averaged 3.70 in 2016, which was closer to the European level than to the Central European peak. The monitored key technology parameter (competing) reached an average of 3.71 and (territorial) 3.81 in 2017, a difference of 0.10 points. Even though these facts, the level in 2017 remains unchanged (European level) compared to 2016. The same scale as in the previous question was used.

When researching a competitive advantage that was comparable to competitors at the appropriate level, it reached average of 3.80 in 2016 and 3.71 in 2017, which is almost the European level. The same scale as in the previous both questions was used.

The results of the survey for both years show the facts of the competitive advantage that the start-up entrepreneurs perceived and achieved through human resources, where they mentioned their good experience in the business, their special skills and experience. Through material resources, they have described the competitive advantage of being able to achieve their peak technologies and manufacturing facilities that they right now own or have at their disposal.

Some respondents have stated that they consider a first-class position and excellent access to raw materials as a competitive advantage. Access to financial resources has also been a competitive advantage for many of them. Sources of knowledge, such as the first-rate innovation processes, or the promotion of their business have become an external expression of competitive advantage.

Some start-ups did not defend the claim and said that their competitive advantage was also their good reputation, quality management systems, relations with external stakeholders, or excellence in a certain functional area such as information management, manufacturing and marketing. We have concluded from the surveys that the achievement of competitive advantages is the result of a properly chosen and functioning business strategy.

It can not be clearly concluded that the current business strategies of our research sample will continue to work in the future. It is necessary to these small starting businesses with innovative ideas periodically re-evaluate their business strategy and develop it. Developing and constantly improving business strategies will lead them to find and build new competitive advantages. If start-ups follow this recommendation, they have a chance to be successful not only in the actual period but also in the future.

In the evaluation of attitude and action of start-up companies, we used a scale of 1 – shy, 2 – cautious, 3 – defensive, 4 – offensive, and 5 – aggressive. The answers show that the competitive attitude is rather defensive. This means the average value of 3.30 in 2016. In 2017, a higher value of 3.66 was recorded, indicating a slight advancement from a defensive to an offensive attitude.

From the view of their initiative, the start-up companies are rather monitoring activity in the business environment and trying to adapt. The value of 4.00 in 2016 and 4.09 in 2017 is the evidence. Start-ups want to take of the right moment and take the new opportunity from an external business environment. However, most of them maintain contacts with leading business entities. (Scale: 1 – passive, 2 – reactive, 3 – waiting, 4 – tracking/adaptive, 5 – pioneering). The conscious attitude that followed the creation of their business strategy, planned or

spontaneous, keep their value in both years. This indicates an average value of 4.00 in 2016 and 4.09 in 2017. Extremes of chaotic or purposeful targeting were not recorded at almost any start-up. (Scale: 1 – chaotic, 2 – spontaneous, 3 – opportunistic, 4 – intrusive, 5 – purposeful).

In evaluating the dynamics and speed of action we used the scale of low (1), moderate (2), high (3), higher (4), very high (5) and recorded an average value of 3.30 in 2016 and by 0.32 points higher in 2017. This indicates a high level in 2016 and approaching a higher level in 2017.

The average score of 3.60 in 2016 and 3.77 in 2017 shows rather the higher sensitivity and perceptiveness that was recorded for the external stimuli of adaptability. We can also confirm the fact that it is progressively approaching high adaptations. The start-up entrepreneurs did not mention the low or very high sensitivity and perceptiveness to external stimuli. For the evaluation, we used the same scale as in the previous question.

The results of the survey in the two years under investigation point to the differences of action of start-ups from the action of competitors that have seen a bigger difference. The numerical average was 3.30 in 2016 and 3.34 in 2017. (Scale: 1 – match, 2 – small difference, 3 – greater difference, 4 – big difference, 5 – complete difference.)

Based on the results of the survey, we conclude that in the future it is not possible to consider the business environment that will be stable. Start-ups must continue to expect that the business environment to which they will be exposed will continue to be difficult, will evolve and change. Even such small starting business entities have to constantly predict and prepare for all possible situations that are directly affected by the external environment of the business environment.

An integrated view of the survey results from 2016 and 2017 is documented in summary Table 1 through the parameters of the business strategy of the average Slovak start-up by calculating the average values over the reference periods. We evaluate the scale of the individual parameters according to which the parameters were evaluated in the text of the post.

Table 1. Evaluation of Business Strategy in Slovak Start-ups

Parameters for business start-up strategy evaluation	Average value and the parameter level in 2016	Average value and the parameter level in 2017
EXTERNAL ENVIRONMENT		
Goals / vision, mission	3.90 almost European	3.98 European
Life cycle phase of industry	2.40 growth and approach to halfway of maturation	2.69 growth and approach to halfway of maturation
Dynamics and Complexity business environment	3.30 higher	3.16 higher
Predictability of the future development for 3 to 5 years	2.80 almost higher	2.79 almost higher
Intensity of competition respectively. competitive conditions in the industry	2.80 almost higher	2.98 almost higher
POSITION IN THE EXTERNAL ENVIRONMENT		
Action radius and business space respectively	3.40 halfway of Central European to European	3.57 halfway the Central European to the European
Segmentation	2.60 several segments	2.94 several segments

Position	3.10 average	3.09 average
INTERNAL ENVIRONMENT		
Quality / added value / product usefulness	3.90 European	3.96 European
Product price	2.70 almost higher	2.85 almost higher
Product Costs	3.20 average	3.42 average
Services that accompany, supplement or replace basic products and are another source of difference	3.20 Central European	3.81 rather European
Key technology (degree of originality and innovation)	3.70 gradual approach to European	3.71 gradual approach to European
Competitive advantage	3.80 rather European	3.71 rather European
POSITION AND ACTION		
Competitive	3.30 defensive	3.66 offensive
Initiative	4.00 tracking / adaptation	4.09 tracking / adaptation
Conscious	4.00 foisted	4.09 foisted
Dynamics and speed of response	3.30 higher	3.62 halfway of high to high
Sensitivity and responsiveness to external stimuli (adaptation)	3.60 gradual approach from higher to high	3.77 gradual approach from higher to high
Differences in procedure from competitors' actions	3.30 bigger difference	3.34 bigger difference

Source: own work.

6 Discussion

The issue of developing and functioning of business strategy in a modern business phenomenon of start-up is gaining importance.

Currently, the researching of the strategic aspects for achieving the competitive advantages that make up the core of business strategy is the actual issue of strategic management. However, the success of a start-up is not accidental, its development and progress mainly depends on the business environment in which the start-ups are located. Such an environment is complex and dynamic.

It is necessary to remark that many times only a suitably chosen business strategy is sufficient, but the key role is also the support of the state as well as the start-up ecosystem as a whole.

As for many established business entities on the market today, as well as start-ups, a changing and complex business environment is characteristic. Continuous changes resulting primarily from the outside environment influence the start-up itself.

Based on the facts of surgery, the business strategy and strategic planning in the long-term perspective are not a good alternative for start-ups, as their existence is relatively short.

From the results of the survey, we state this period of survival between quarters and four years. We deduce that if start-ups had clearly defined goals and a suitably chosen business strategy, it is possible to precondition that their survival time would be prolonged. The fact is that exceptions will be found if selected alternatives to business strategies are used by start-up companies in their business as many other businesses with long-term existence on the existing market. If these start-ups do and proceed in a similar way to businesses operating in the long-term in such an environment, they can also profit in the future and be successful with a view to their longer existence.

There is no doubt that in the start-up it is necessary to find such a business strategy and procedure that will be the most appropriate strategy for that start-up. However, it is questionable to what extent the chosen business strategy can be applied and how to focus on achieving the set goals.

Business strategies that can respond to external circumstances may change. Key values should not change. For the start-up investigations, this would mean that the ways to meet the needs would be diverse, but the content of the start-up defined in the vision should not change. The purpose of start-up missions is to share and define the purpose and way of its development towards both the external and the internal business environment.

The conclusion drawn from the results of the survey also points to well-chosen strategic decisions and the right choice of a start-up business strategy that will lead start-ups to searching and creation new competitive advantages.

Equally important is the analysis of the external environment, which place importance on external factors. These influence largely the performance of the start-up and largely determine their success. The finding from each part of the external analysis state that its role is to provide a source of information for strategic decision-making, thereby reducing strategic uncertainty.

By internal analysis, we have concluded that even with a suitably chosen business strategy it supports its functioning and subsequent development. It provides a systematic evaluation of key internal start-up factors. Systematicity can give them a new insight into the functioning inside the start-up. It helps identify potential shortcomings that compromise the ability to deliver value to customers and reduce their long-term performance. Start-ups should record not only the needs of the customers themselves, but also all stakeholders on their own operation.

When assessing the external environment, startups in the life cycle of the industry cycle should be a step forward either in the maturation or maturing phase in order to be successful. The predictability of their future development should reach a high to a very high level, as it is assumed that the business environment will continue to be affected by the complexity and turbulence.

In evaluating the competitive situation, many of the start-ups should not promote their stance that they are unique to the original that they do not have competition. On the contrary. In the future, they should realize that competition in the sector is growing and can imagine a threat.

In the case, the investigated start-ups are running unique business, as many of them have stated, they should gradually reach the top of Europe and over time to the global action radius with their business activities. Their position should be minimally well defended in the future and gradually stronger and stronger in order to maintain the actual position. This fact was not confirmed by the results of the surveyed years 2016 and 2017.

The competitive advantages of quality, added value and product usefulness should be able to find their place on the European or world level in the future. However, we can not talk about the world level yet. It is possible that successful start-up companies will find their place on the global market in the future.

Many start-ups see a competitive advantage in almost higher prices for products or services, but some consumer groups perceive them as too high. Even this fact was confirmed by the results in both investigated years. When the cost of the product compared to the competitor, the start-up companies said they were average. Their initiative will reduce the costs incurred in the future in business to a lower or low level.

In addition, services that were accompanied, complemented or replaced by basic products and were another source of difference would in the near future be directed to the European level, in the wider future to the world level. To this level also use of key

technologies should move, since they are changing at a fast pace. They are upgrading, modernizing, improving, honing or streamlining the processes.

If start-ups will consider this in the next period, it is possible that the achievement of competitive advantages will not oscillate at European level but will gradually move the borders to a higher level. In attitudes and behaviors of start-ups, it would be preferable to use an offensive or aggressive attitude. They should constantly track and adapt to changes from outside the business environment. They should also realize the fact of the consciousness of making a strategy and think about the applicable business strategy would be spontaneous or planned. In order for start-ups to be viable, the entrepreneurs should take a purposeful attitude towards further development and completion of the business strategy.

Changes and stimuli from the external environment should react at a faster rate than before, and in contrast to competitors, the big differences should see their full difference.

Since the core of the business strategy has been to create competitive advantages, it is necessary to build on the unique characteristics of the start-ups, which are their "cornerstones". Start-ups have many times changed their business strategy as a result of many complexities and turbulences resulting from a changing business environment.

From these facts, we can expect that start-up is a type of business with unique business activity with an original idea, where the basis for achieving competitive advantages is result of the innovation and uniqueness of the products or services provided. These can adapt to the various changes that the business environment is making. If start-ups do so, the results of their business activity and a suitably chosen business strategy will point to finding a match between the start-up mission and its set goals.

If start-ups achieve new competitive benefits, they will know and maintain the prospects of their growing profitability trend in the future.

The strategic aspects we have researched the business strategy in the period under review are important attributes for its determination and selection. If start-up entrepreneurs will work from the beginning of their business activities to compiling and selecting a good business strategy, there is a presumption for their viability in the near or less distant future. Only a properly chosen and functioning business strategy in the start-up will bring success. It is not enough that the strategies only work, they must be gradually developed and completed.

7 Conclusion

The actual complex and dynamic business environment places a leading role in innovation and a modern business phenomenon – start-up.

In a turbulent and complex business environment, existing start-ups are continually making efforts to maintain and protect themselves in a changing environment. They are not afraid to risk, even though they are constantly looking for new sources of value for the customer and looking for how it will impact on them and their business.

The great idea or good image are still developing at many levels is just the beginning of their business activity. The developmental start-up trends from the moment of the sparking of a great idea or a good image to a moment when it becomes a full-fledged business are a unique process. Start-ups are the ambition to be flexible businesses that bring new ways and opportunities for business activity, especially with the use of information technology. They are trying to create something completely new – innovative.

Every start-up should set a business strategy or business model at the start of its business. For a better orientation, the business model should combine all the important components in one place.

Only a rightly chosen and functioning business strategy leads start-ups to their vitality. Notwithstanding this, start-up businesses should first determine how they have an idea of the basic components of business (customers, distribution, profit).

Continuing the development and improvement of business strategies is a presumption for finding new competitive advantages in their business.

Ways to continually hone and improve business strategies in their business environment surrounded by turbulence and environmental complexity will result in efficiency and start-up will be successful.

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