

# Start Up

## WIForum Start Up Guide

### INTRODUCTION

By the time you read this, you may have already started your business or still explore if you should start at all. We put this GUIDE together to help entrepreneurs make sure you do the right things before you do the unique things. Keep in mind that 90% of startups fail because they either want to change everything – not taking in account that you deal with normal people Or ignore everything just keep starting because some people said so Or they just want to play – but not seriously build a business.

### SUMMARY

- 1) You will want to validate your idea before you do anything else
- 2) Then you need co-founder(s) who complements you – no co-founder, no-startup
- 3) You and your co-founder(s), together, create a well thought out concept
- 4) Now get full market validation by sharing it with your target audience
- 5) Based on the feedback – develop a business model how you want to make money
- 6) Now is a good time to get advice from some of the WIForum mentors
- 7) Think about where you and your co-founders want to take the company (Vision)
- 8) Only now start to build your MVP – make it as simple as humanly possible
- 9) Market validation iteration – see how the market responds to your MVP
- 10) When you feel you can build a real business - found your company now
- 11) A good point in time to get some funding from friends & family
- 12) At the same time you need to look for a mentor helping you build your business
- 13) A key step is creating a zero budget go-to-market strategy.
- 14) Make the ultimate market validation
- 15) To grow very fast, you will need some seed funding
- 16) With all set and money on the bank focus on nothing but traction
- 17) To grow even faster you will want some venture capital funding

## 1) IDEA STAGE

You have an idea and you are excited about it. Often times young entrepreneurs would like to get a validation from some experienced entrepreneurs or investors. Validating your idea is a great first move. But instead of talking to other entrepreneurs or investors – **talk to potential customers**. Do that before you even invest time and resources in building prototypes. However, if you feel better to make sure your idea works, it is OK to invest in a prototype.

### CHECK LIST

- 1) Did you speak to at least 10 potential customers to verify that your idea is solving a real problem and providing a much-needed solution.
- 2) Share the presentation or document you used when discussing your idea

## 2) ASSEMBLE YOUR TEAM, FIND CO-FOUNDERS

Before you do anything other than writing down your idea, **attract at least another co-founder**. Our world is too complex to do everything alone. And more importantly, our world is moving too fast for a single human to start a successful business and grow it fast enough before others enter their space. None of the top investors will ever invest in a solopreneur, no matter how cool the idea is.

If you are a business person, find the technical co-founder. If you are an engineer find a business co-founder. If you can't attract another entrepreneur, consider your idea is either not good enough or your skills and personality is not well enough developed to attract others which will always be necessary as you need to attract customers, business partners, investors and more. Only two engineers or two business people is no better than a solopreneur – it's all about the diverse skill set on the business leader bench.

Be committed to give your co-founder(s) at least 20% of your company and not be the dominating "main" investor

### CHECK LIST

- 1) Do you already have a diverse founders team with business as well as subject matter expertise?
- 2) Did you make well documented arrangement between founders regarding the equity ownership distribution.

## 3) DEVELOP YOUR SOLUTION CONCEPT

You and your co-founder will now want to develop the whole concept of your company. This includes **defining the problem you are solving** or the need you are fulfilling. It determines who your target audience will be and what you are bringing to your market. Describe what's unique about you and make some intense research who else is offering similar solutions. Research other potential companies in the US, all over Europe and Asia. **Define what the SINGLE most important function of your business is**. If you have a list of important features – select one. If that one is too weak, strengthen that feature instead of growing a list. If the unique aspect of your solution is that you offer a complete suite of

features while other businesses deliver only parts of it, re-think your idea as there is almost always some missing aspect of your concept.

#### **CHECK LIST**

- 1) *Do you have a written down business concept – not necessarily a fully blown business plan?*
- 2) *Have you selected your single most important functionality that you want to be known for one day?*

#### 4) MARKET VALIDATION

Now put together a short presentation deck with no more than 10 slides. Create a list of 50 individual people who are potential customers (people not companies). Then try to make an appointment to present your idea. When you meet them – we highly suggest to NOT argue with them – just listen super carefully. Make notes what they don't like, did not understand, did not need, and what they liked. Ask if they would buy such a solution what they would be willing to pay. Make sure you personally **speak with at least 23 relevant people**. Document each and every interview. You may notice that you do not need a product to do any of the above.

#### **CHECK LIST**

- 1) *Did you speak to at least 23 people who have been willing to explore your solution for their business or individual use and it at least sort of solves a problem they have?*
- 2) *Is the feedback motivating enough to begin investing serious time and resources to build a first prototype? If not go back to step 3.*

#### 5) BUSINESS MODEL

With all the feedback you received, you may now develop a concept how you will sell the product you are planning to build, how you deliver it and how you service and support it. In a nutshell: **How are you going to make money and compete with others**. Then ask yourself if there is any way to make the engagement between you and your customer especially attractive – more attractive than your competitors. Determine the cost of building your solution and the price you like to sell it for. Consider a margin for distribution channels if you are addressing a large market (B2B or B2C).

#### **CHECK LIST**

- 1) *Do you have a written down business model that includes a possible pricing, a concept how to bring it to market and how you service customers?*
- 2) *Do you have an idea how you will compete against similar solutions or educate customers about your solution that has no competition?*

## 6) WIForum READY

No matter how good or bad your business model is – once you completed the previous 5 steps on your own, together with your co-founders, you and your team knows, you are up to something. Everything you did so far cost not a single \$/€/CHF or whatever currency. You got here by yourself and that is really great. You seem to be a team of entrepreneurs. Once you and your co-founder(s) have nailed the concept, received feedback from at least 23 individuals and you have a first iteration of your business model, it may make sense to get in touch with the WIForum team. Before that, **you need to make sure for yourself that you will want to build this business more than anything else in your life.**

Nobody, including us, can help you figure that out.

Send us your deck and a link to your website as well as a link to your and your partner's LinkedIn profile. See details at the end of this paper.

## 7) LONG TERM VISION

Create a long-term vision how your company (not necessarily your product) has an impact on our society in the foreseeable future. How do you envision your company becoming a vital part of the evolving industry you are playing in. What market development do you see and why. What will be your company's main contribution?

Your vision will help others who join your company where you want to take it, it will indicate to potential customers that you are not just building a product but a whole company. Investors will need to know how they may see their money coming back in 10 or so years. If you don't know – how should they know.

## 8) BUILDING AN MVP / PROTOTYPE

You may be surprised but only now you start building your prototype. If you would have started earlier, you would now completely redo it. Customer feedback will change the product for the better – if not you did not listen. The Business model discussion would now change it again – if not your business model is weak. Build your product based on market needs and validation as well as your well thought out business model.

You need to be very careful with resources and the fact that your first product iteration may not perfectly match market acceptance. Therefore DO NOT develop all the cool features you have in mind. Instead build a single feature product that shows your most unique aspect representing your key differentiator in your vision as a company. The name "Minimum Viable Product" says it all: reduce it to the max, make it viable. You have no more than 6 months to build such a product.

## 9) MARKET VALIDATION ITERATION

With all the feedback you received, the changes you made to your concept and the business model you developed, go back to your 23 possible customers and try to make another short meeting, presenting your updates, thank them for their previous inputs and tell them how their inputs improved your idea and

product. Now you should also begin to share your vision – your big picture. At that stage, you may receive one of the most important gifts: Product Ownership. Your early supporter may get excited how THEIR idea improved your solution. They become part of the new concept and most likely will share it with their contacts and friends. You just created your early adopter network.

## 10) FOUNDING YOUR BUSINESS

Start your business with an inexpensive structure – but one that limits your risk and exposes your undertaking as a business – not as a hobby or try and error project. At school you have done 'projects' and some of those projects may have been to create a business – but now you are creating a real 'company', you no longer "play" with projects. Usually you and your co-founder(s) have equal shares in that company.

## 11) PRE-SEED FUNDING

Get some initial funding for the next steps and put that into your company. The money typically comes from your family, friends and some people who trust you that you will use the money to grow a business and not burn it through for fun. Nowadays you always get somewhere between 25,000 and 50,000 in the developed world, even 50 – 200,000 in Switzerland. In any case, it is much too early to waste your time running around and finding Business Angels or VCs.

## 12) FINDING A MENTOR

At this stage you will most likely ask yourself how you will build this product, how you will sell and service it, how you find customers, how it will compete in the market, how you will finance it and hundreds of other questions. It is that moment in time where you should actively look for a mentor. You will not need a consultant but an entrepreneur who built a company from zero to exit. Only a successful entrepreneur can help you do more with less and start a company from scratch with no investor. The Mentor will help you what to do best to register a company, why you need a lawyer and a Tax adviser and hundreds of other little things.

Depending on where you start your business, the Society3 team may be able to help you find a good mentor.

## 13) GETTING READY FOR THE MARKET

Allow yourself no longer than 6 months to present an early beta version of your solution. While one of you is doing absolutely nothing other than building the product, the other prepares for launch, creates lists of hundreds of possible customers, comes up with blog posts about the market, the problems and your solutions, talks with customers and analyzes market trends, looks for potential employees for marketing, sales and support, and maybe more engineers. Build

your Go-To-Market Strategy assuming a zero-budget undertaking. And plan the seed funding, explore investors and comes up with the business plan and investment strategy. We will help you go through this entire process step by step.

#### 14) ULTIMATE MARKET VALIDATION

Now – the product is ready, the go-t-market strategy is nailed and everything else is prepared. Give your product into the hands of 60 or more selected users. If the 6-month time while you built the product and at the same time made all the preparation to get the product into the market was spend wisely – you should get market validation within just a few weeks. This is key for your financing.

#### 15) SEED FUNDING

After a successful Beta start, you will want to grow your business. That's the time you need some capital and give up some equity. It is also the time where your business already has a value. You have a founder's team, you have a concept, a business model, you have an early product, and most important you have some market validation. You are in a great position to talk to investors.

Yes, you may find inexperienced investors to give you funding much earlier, one of the three "F" Friends, Families & Fools. But having top investors right at the beginning is like having top team mates when you start. Starting with mediocre team mates and investors is one of the key reasons why 90% of startups do not receive serious funding and die.

#### 16) MARKET TRACTION

With some seed funding you and your partner(s) will continue the journey. One will focus on improving the product, make it more scalable, or better to produce. The other will focus on sales and marketing and widen the number of users and gaining some revenue. Maybe another one is working on the financial side and manages the operation. The investor however is expecting you to grow the business – not the feature list.

#### 17) EARLY STAGE VENTURE FUNDING

If you successfully demonstrated that you were able to gain traction, grow fast and the market loves your solution you will want to grow farther and faster. That means you will need capital to grow faster than you get the revenue in and therefor you may consider letting others participate in your growth success. Now you allow venture capital firms invest and you offer growth far better than any other company they may invest. This is the point in time you will want to speak with VCs.

# CHECKLIST FOR YOUR VERY FIRST STEPS

Before you run around and ask anybody whether or not you should start a startup, go through these 5 steps.

- 1) Do you have a co-founder who owns at least 20% of the company?  
If not – do nothing but attract at least one co-founder.
- 2) Did you develop your concept together as equal founders?  
One develops the product concept the other defines how to take the business to market. If that's not working – look for different co-founder(s), NOW.
- 3) Did you speak to at least 23 potential customers - together (never alone)?  
If not – stop everything else and complete that task
- 4) Did you develop your business model together with your co-founder(s)?  
If not quite yet, do so now and decide how the business will make money.
- 5) When you completed your very first steps, get in touch with us. Send us the following information:
  - a) A short intro about why you will want to build this company
  - b) Share the names and LinkedIn profiles of your co-founders
  - c) Send us a "pitch deck"
  - d) Write an executive summary about your business "one pager"
  - e) Let us know when you may be able to join the accelerator
- 6) Innovation Academy Readiness does not mean you completed all phases, nor it means that you are ready after getting funding. To join the Innovation Academy you should have completed an application and an personal online interview with you team and our team.