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# HOW TO GET STARTED?

Wed 21<sup>st</sup> Oct

Being a Consultant & Helping Startups

# Once upon a time...



# Once upon a time...



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# Once upon a time...



# Once upon a time...



in  
c◊de  
we  
trust



# Once upon a time...

**SeniorDatingNetwork**.co.uk  
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# Once upon a time...



# Once upon a time...





# Once upon a time...



# Startups: A brief intro

- Started in late 2000s (about 2008) when fragmented high-tech SMEs gained fame.
- Entrepreneurs seek private funding more than going public (IPOs) like in the late 90s.
- Global stock markets value startups which seem promising for billions of dollars, even if they are not achieving real revenues



What is the difference between the 2000s dot-dot bubble and today's startup bubble?

# Startups: A brief intro

- One given definition: “A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed.” Neil Blumenthal, cofounder and co-CEO of Warby Parker.



Can you think of a given definition for your type of startup?



# Startups: A brief intro

## Main characteristics:

- Innovating on existing ideas to solve critical pain points
- Decision to forgo stability in exchange for the promise of tremendous growth and making immediate impact.
- Scalable business model (ability to grow)
- Making less than \$5M and have less than 49 employees on staff..

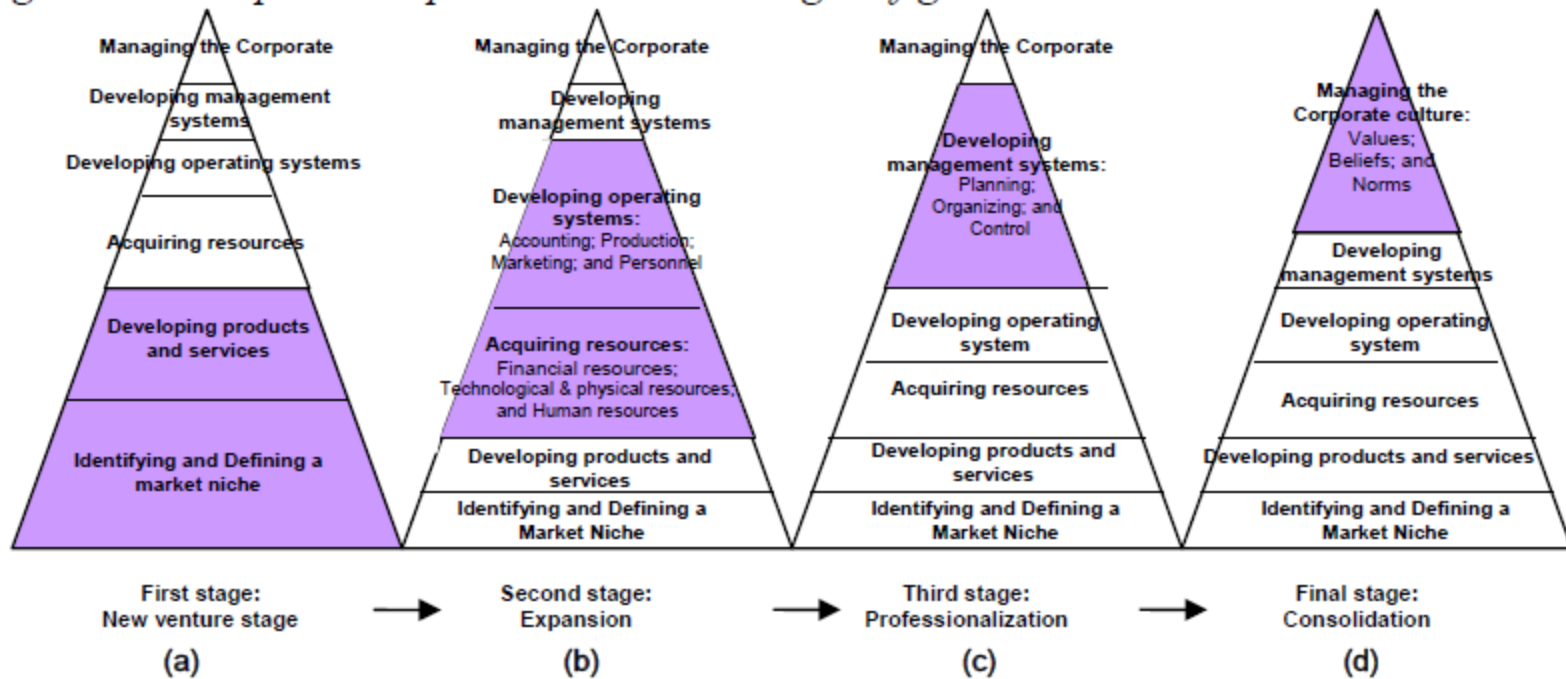


Can you think of one dominant characteristic of your startup?



# Startups: A brief intro

Figure : Development emphases in various stages of growth



Indicator: Developmental Emphasis



Can you think of 5 differences between a startup and a small business?

# Startups: A brief intro

| Area                               | Types of problem   | Details of the problem   |
|------------------------------------|--|--|
| Product development and technology | <ul style="list-style-type: none"> <li>• Technical problems</li> </ul>   | <ul style="list-style-type: none"> <li>• unforeseen product design difficulties</li> <li>• manufacturing equipment does not work to specification</li> </ul>   |
| Marketing                          | <ul style="list-style-type: none"> <li>• Market credibility</li> <li>• Lack of focus because of desperation for sale volume</li> </ul>   | <ul style="list-style-type: none"> <li>• customers are uncertain about the new company</li> <li>• underestimate marketing costs</li> <li>• underestimate time to get established</li> <li>• overestimate sales revenues</li> </ul>   |
| Suppliers                          | <ul style="list-style-type: none"> <li>• Managing suppliers</li> </ul>   | <ul style="list-style-type: none"> <li>• untried and untested, so may be unreliable</li> <li>• suppliers unwilling to sign contracts</li> <li>• new company lack creditworthiness</li> <li>• delays</li> </ul>   |
| Production                         | <ul style="list-style-type: none"> <li>• Difficulty in scaling up production from pilot operation</li> <li>• Delays</li> </ul>   | <ul style="list-style-type: none"> <li>• delays due to difficulty in recruiting, suppliers, customers, approval authorities, and so on</li> </ul>  |
| Finance                            | <ul style="list-style-type: none"> <li>• Cost overruns</li> <li>• Overtrading</li> <li>• Financial leverage too high</li> <li>• Accounting and control systems relegated to bottom of priority list</li> </ul>                         | <ul style="list-style-type: none"> <li>• poor estimations in original business plan</li> <li>• cost of moving along the learning curve not taken into account</li> <li>• grow faster than cash resources permit</li> <li>• delays in arrival of funding</li> </ul>   |
| Human resource                     | <ul style="list-style-type: none"> <li>• Finding the right people</li> <li>• Retaining people</li> <li>• Lack of experience managing people</li> </ul>   | <ul style="list-style-type: none"> <li>• do not know where to find staff</li> <li>• poor at judging them</li> <li>• cannot pay enough to recruit top-quality people</li> <li>• may have little or no experience in this area</li> </ul>  |
| Management team                    | <ul style="list-style-type: none"> <li>• Entrepreneur's own attitudes</li> <li>• Lack of business skills and management experience</li> <li>• Informal entrepreneurship leadership</li> <li>• Time pressure on entrepreneur</li> </ul> | <ul style="list-style-type: none"> <li>• lack of real commitment to the business</li> <li>• lack of urgency when no cash flow problems exist</li> <li>• poor leadership ability when the inevitable crises arise</li> <li>• partnership problems or boardroom conflicts</li> <li>• everything takes longer than planned because entrepreneurs consistently underestimate the time necessary to implement even simple actions, speed of market acceptance, the cost of moving along the learning curve, etc.</li> <li>• too much to do, stress and its affect on health and family</li> </ul> |



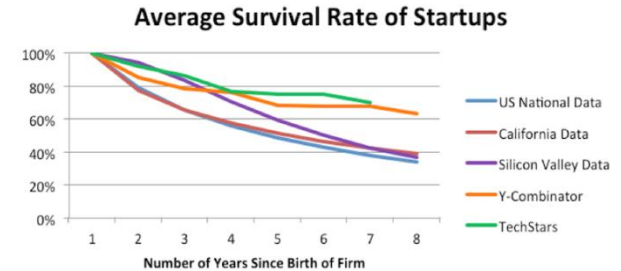
Is this the first trial of your startup's founders? Did they have a startup before?



# Startups: A brief intro

## Quick Reality Check:

- Companies typically die around 20 months after their last financing round and after having raised \$1.3m. CB Insights.
- About three-quarters of venture-backed firms in the U.S. don't return investors' capital. Shikhar Ghosh, Harvard Business School.
- Stats indicate that failure rate reaches 80-90%. Guardian, Mashable, WSJ.



Is your startup supported by an incubator/accelerator? Are they VC backed or self-financed?

# Role Playing

- You are the startup's consultants
- Build a compelling case, feel your client's pain and solve their problems
- Win the job





# How to solve your business case?

- Know how you can help the startup by clearly identifying the **problem**
- Collect data and investigate

e.g. missed opportunities, unacceptable market performance or unfavorable consumer response to a product or service..



Has your startup been a  
startup for too long?



# How to solve your business case?

- **Analyze** the situation: dig deep, explore the backdrop, i.e. examine the business environment

## Situation Analysis Strategies:

- SWOT/ TOWS Matrix
- PEST(EL) Analysis
- Porter's Five Forces and Value Chain
- Industry/Product Life Cycle
- Core Competencies Analysis
- Customer Acquisition Process/Rate



How can you judge your startup's financial health?



# PEST Analysis

It is a simple and effective tool used in situation analysis to identify the key external (macro environment level) forces that might affect an organization.



# How to solve your business case?

- Brainstorm **solution** alternatives and their respective assessments, decide on the selection criteria, then describe your recommendation
- Develop the actual implementation project:

Present your **Game Plan**



Have you ever participated in a Business Case Competition? Do you know at least five strategies which can help you do so?

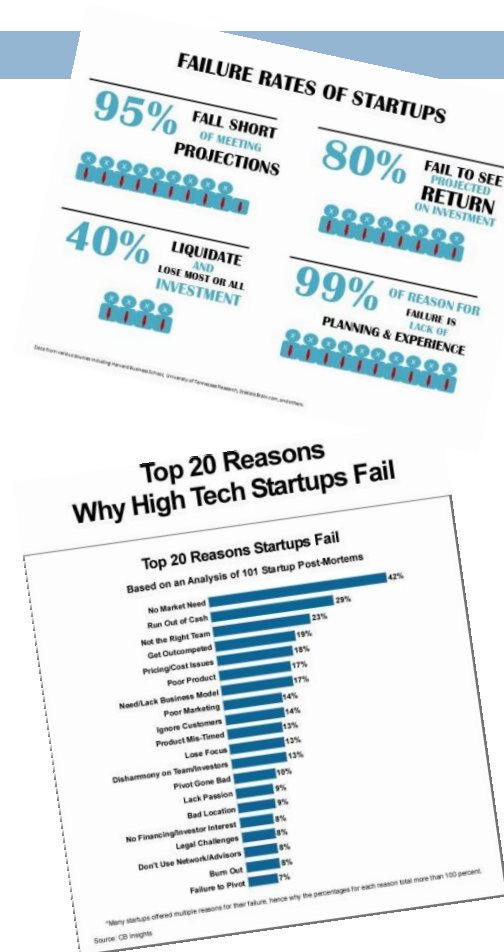


# Startups: being the devil's advocate

- Don't share the motivation of startup's team, at least at the beginning
- Examine reasons of **startups failure**: falling blindly in love with the product, going into business for the wrong reasons, selecting the wrong time, underestimating time requirements, lack of marketing knowledge, pride....



Does your startup have a solid exit plan?  
(whether to an investor or altogether)



# Helping your startup: How to get started?

Helping your startup: What is your Business Development plan?

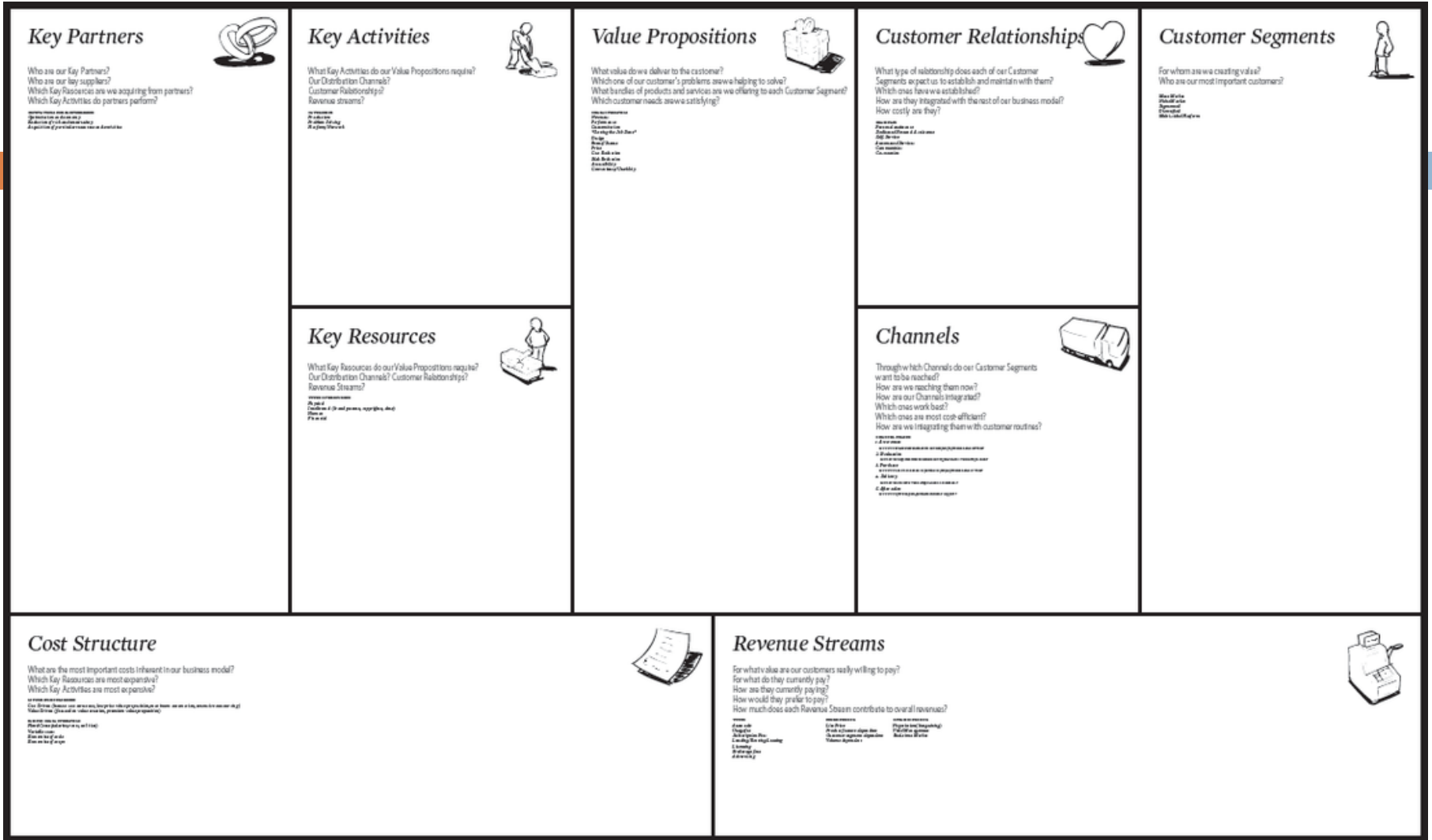
- Blue Ocean Strategy's Buyer Utility Map
- Ansoff Matrix: Growth Strategies
- The Business Model Canvas
- Value Proposition Canvas
- Lean Canvas

**What Business Model will you go for????**



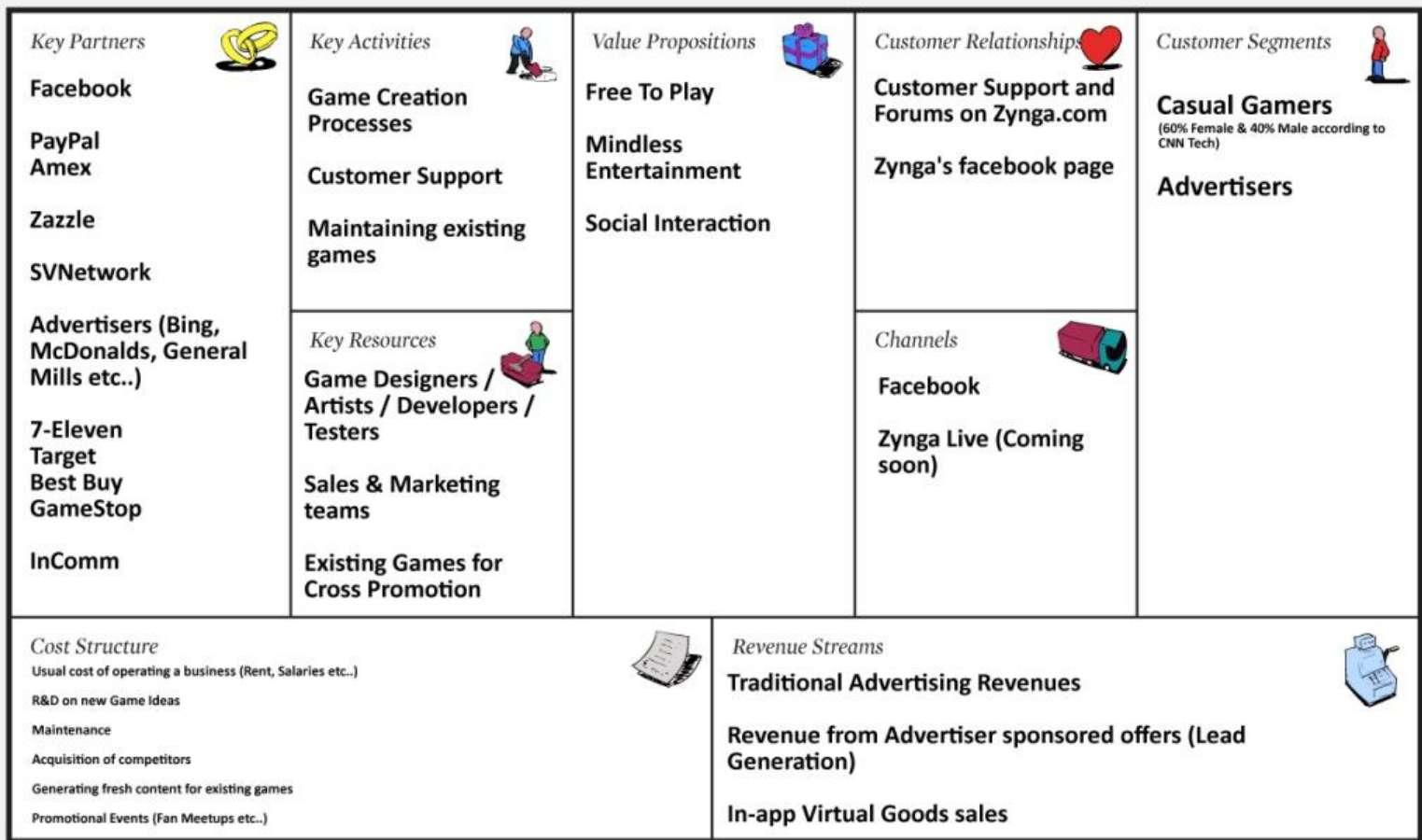
Do you know “The Lean Startup” by Eric Ries?





**What are the differences between a Business Model and a Business Plan?**

# The Business Model Canvas





# Helping your startup: How to get started?

Business Model Innovation:  
The 55 Innovation Patterns  
by Oliver Gassmann



What is your startup's innovation style: disruptive or incremental ?



# Helping your startup: How to get started?

What is the industry's landscape?

- Examine related (*small business*) **global trends** which relate to your startup: growing emerging markets, refugee influx to Europe, demographic shifts, aging population, sharing economy (ownership to accessed sharing: airbnb, blabla car, etc), **aggressive competition**, young entrepreneurs, giants acquiring startups, China's growing power...



Has your startup received offers to be acquired by a large company?



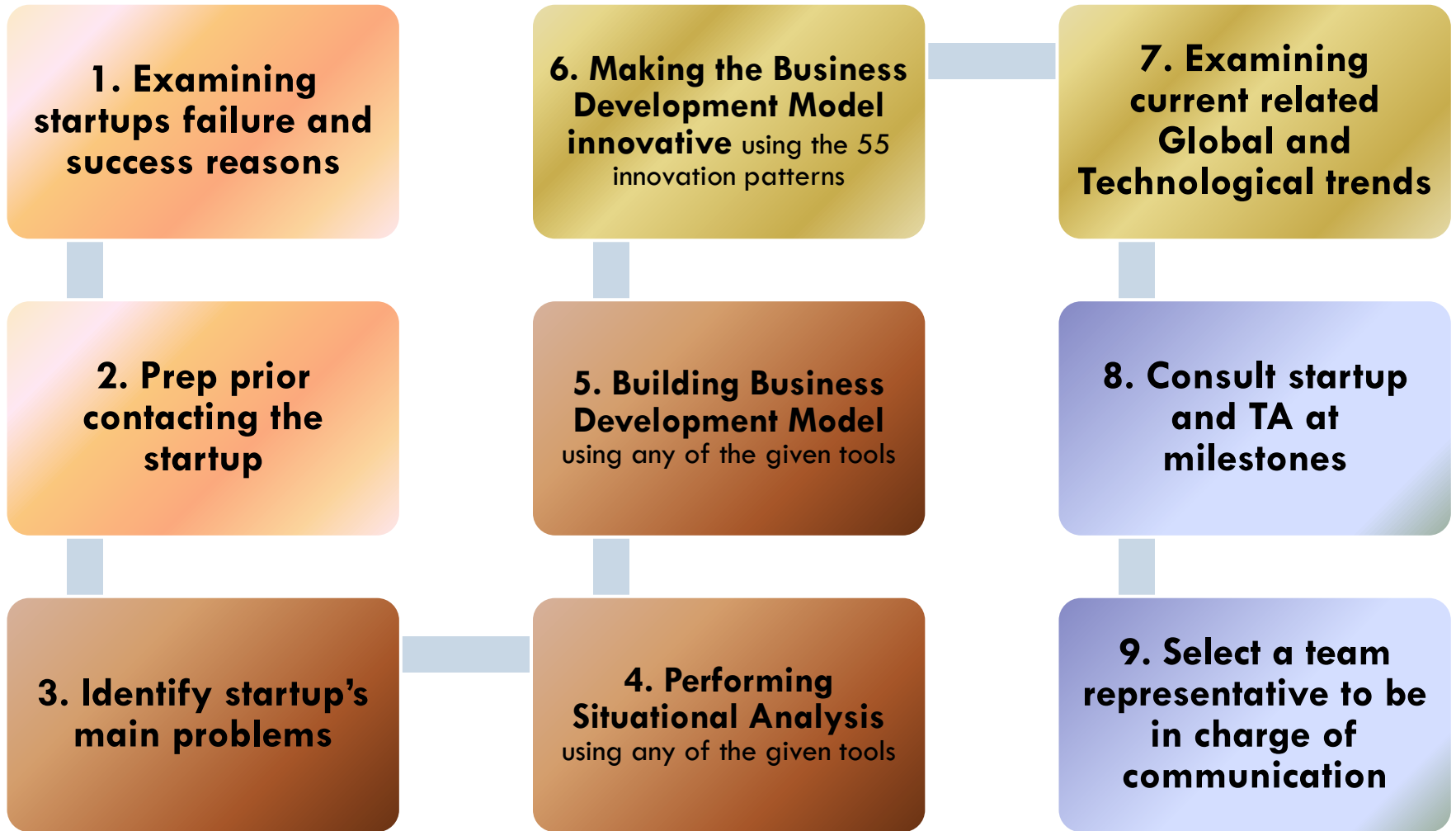
# Helping your startup: How to get started?

What is the industry's landscape?

- Examine related (*small business*) **technology trends** which relate to your startup: Robotics, Internet-of-Things, Gamification, Augmented Reality, Data Analytics (outsource vs. in-house solutions), Wearables, Cloud Infrastructure, CDNs, Self-tracking, CRM applications, M-commerce, Smart Machines....



# Summary: The Roadmap



# My Contact Info

- Email:

dina\_mansour26@yahoo.com

- Whatsapp Number:

+351 937 109 593

*Resources are available at the blog*



# How will the world be in 2020?



In 5 years will your startup become an SME? Acquired? Still a startup? A global giant? Defunct?

