

SMALL BUSINESS AND  
ENTREPRENEURSHIP

STARTUP BASICS

# WHAT IS A STARTUP

“

A HUMAN INSTITUTION DESIGNED TO DELIVER A NEW  
PRODUCT OR SERVICE UNDER CONDITIONS OF  
EXTREME UNCERTAINTY

— *Eric Ries (Lean Startup)*

”

“

THE PURSUIT OF OPPORTUNITY ... WITHOUT REGARD  
TO RESOURCES CURRENTLY CONTROLLED

— *Howard Stevenson/Jack Thorne*

”

# DIFFERENT FLAVORS OF ENTREPRENEURSHIP

## Lifestyle / Small Products



Small Businesses  
Not At Scale



## High Growth



RoBotany



## Ent. In Organizations



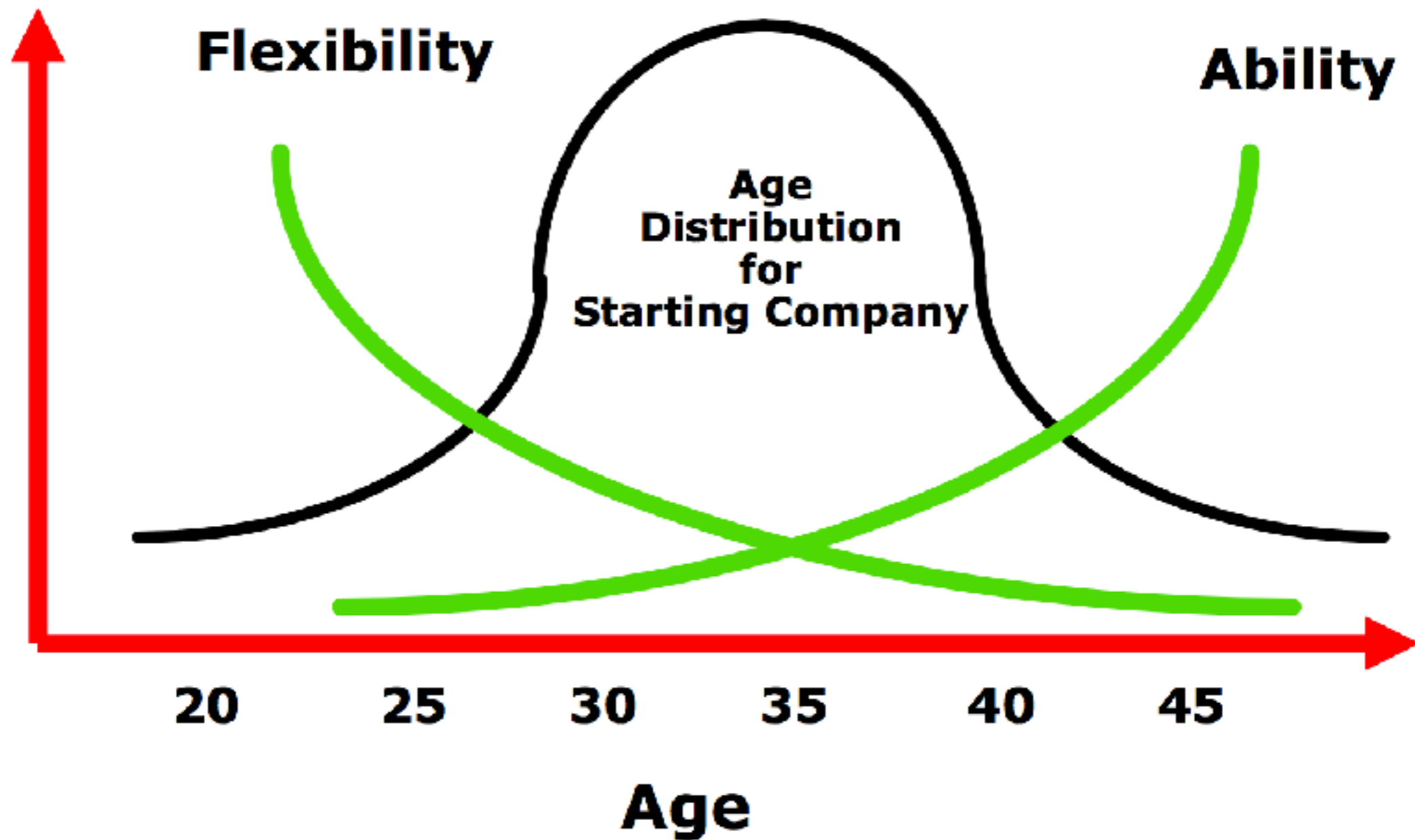
## Ent. Thru Acquisition

Search Funds  
Small Bus. Acquisition



**FIVE GUYS**  
BURGERS and FRIES

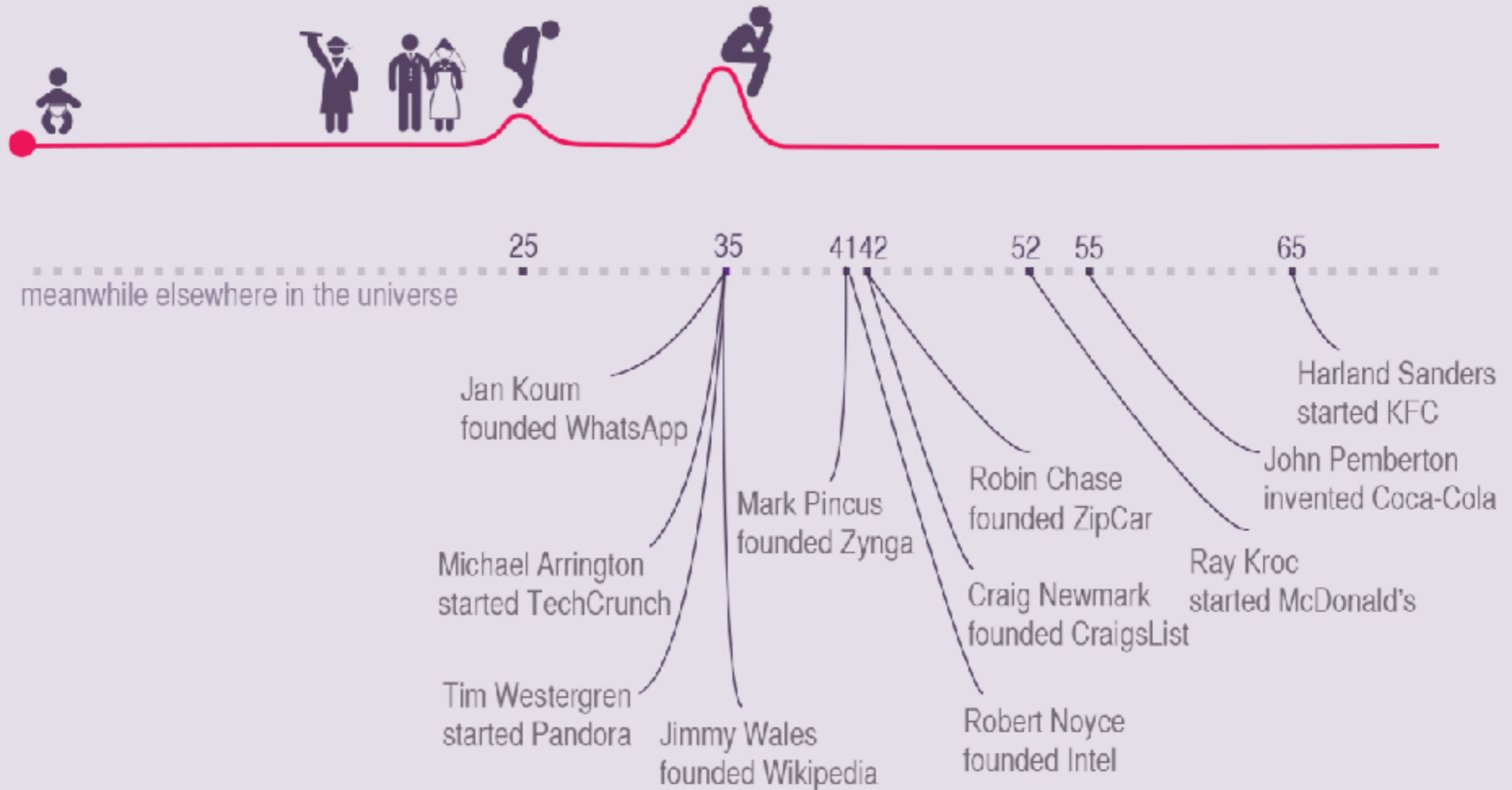
The truth is: Everyone is and can be an entrepreneur



# TOO LATE TO START?

by Anna Vital

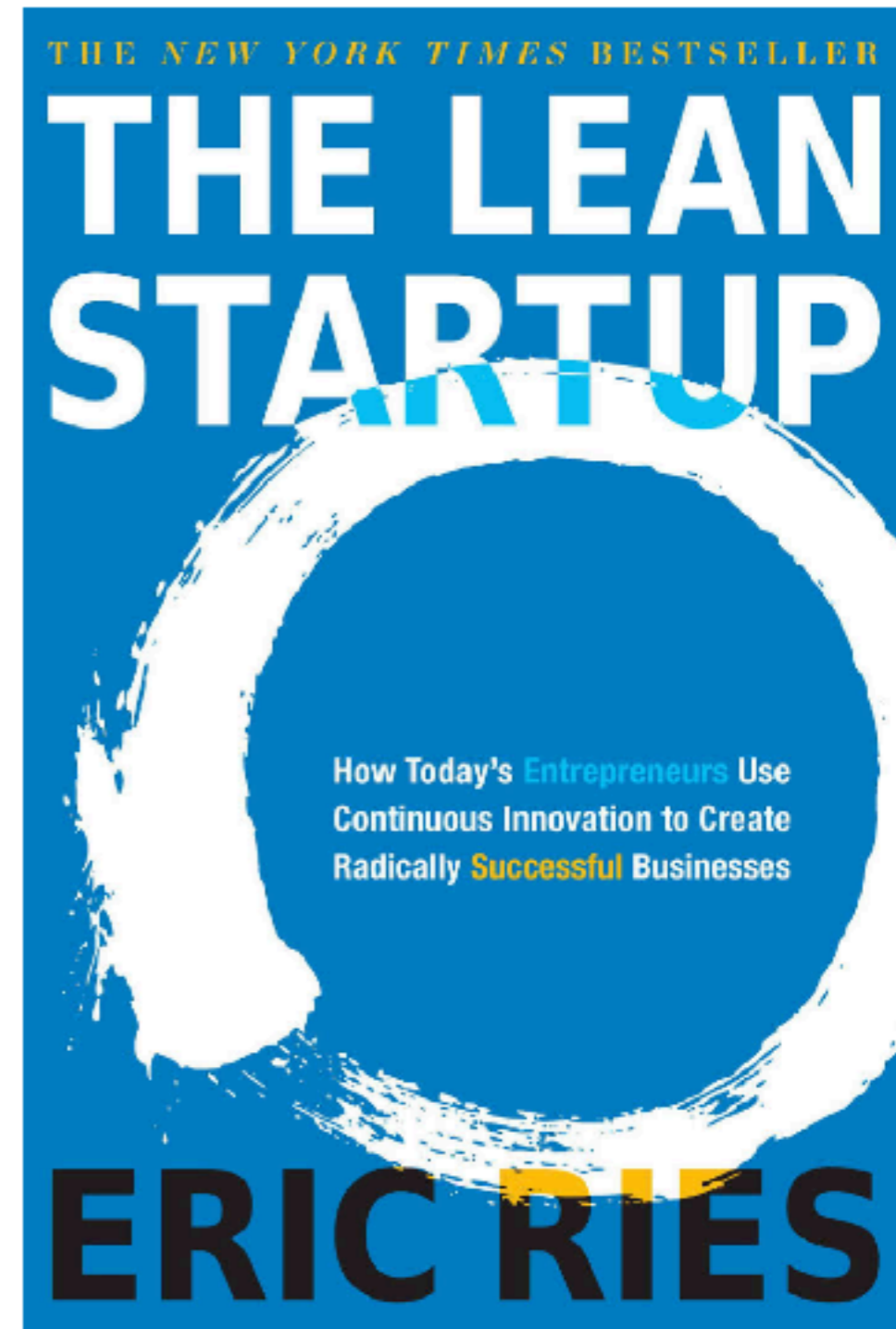
*quarter-life crisis mid-life crisis*



**IT'S NEVER TOO LATE.**

# HOW TO START A STARTUP

- ▶ Observe and identify market needs (speak to people!)
- ▶ Build MVPs quickly to validate needs (Make sure the dog eats the dog food)
- ▶ Use metrics that measure your leap of faith assumptions



- Zero to one
- The hard thing about hard things

# BUSINESS MODEL CANVAS

## Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we co-creating from partners?  
Which Key Activities do partners perform?

**KEY RESOURCES FOR PARTNERSHIP**  
Substitution and economy  
Transaction of risk and uncertainty  
Acquisition of particular resources and activities

## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue streams?

**KEY ACTIVITIES**  
Production  
Procure Supply  
Hardware, Network

## Value Propositions



What value do we deliver to the customer?  
Which one of our customer's problems are we helping to solve?  
What bundles of products and services are we offering to each Customer Segment?  
Which customer needs are we satisfying?

**CHARACTERISTICS**  
Newness  
Performance  
Customization  
"locking the Ask down"  
Design  
Sustainability  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability

## Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?  
Which ones have we established?  
How are they integrated with the rest of our business model?  
How costly are they?

**EXAMPLES**  
Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Co-creation  
Co-creation

## Customer Segments



For whom are we creating value?  
Who are our most important customers?

Mass Market  
Niche Market  
Segmented  
Diversified  
Multi-sided Platform

## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue Streams?

**TYPES OF RESOURCES**  
Physical  
Intellectual (Brand patents, copyrights, etc.)  
Human  
Financial

## Channels



Through which Channels do our Customer Segments want to be reached?  
How are we reaching them now?  
How are our Channels integrated?  
Which ones work best?  
Which ones are most cost-efficient?  
How are we integrating them with customer routines?

**CHANNEL PHASES**  
1. Awareness  
How do we make ourselves (and/or our company's products and services) known?  
2. Evaluation  
How do we help customers evaluate our organization's Value Proposition?  
3. Purchase  
How do we allow customers to purchase specific products and services?  
4. Delivery  
How do we deliver a Value Proposition to customers?  
5. After sales  
How do we provide post-purchase customer support?

## Cost Structure



What are the most important costs inherent in our business model?  
Which Key Resources are most expensive?  
Which Key Activities are most expensive?

**IS YOUR BUSINESS MODEL**  
Cost Driven (lowest cost structure, low value value proposition, mass/low automation, extensive subcontracting)  
Value Driven (focused on value creation, premium value proposition)

**EXAMPLE CHARACTERISTICS**  
Fixed Costs (Salaries, Rent, Utilities)  
Variable Costs  
Economies of Scale  
Economies of Scope

## Revenue Streams



For what value are our customers really willing to pay?  
For what do they currently pay?  
How are they currently paying?  
How would they prefer to pay?  
How much does each Revenue Stream contribute to overall revenues?

<b>FIXED</b> Asset sale Usage fee Subscription fees Licensing/leasing Advertising Franchise fee	<b>RECURRING</b> Let fees Product feature dependent Customer segment dependent Volume dependent	<b>DYNAMIC PRICES</b> Application dependent Market dependent Real-time Market
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# HOW TO START A TEAM

- ▶ #1 reason startups fail: Team issues
- ▶ Must have chemistry – Together every day for 3-5+ years
- ▶ Look for complimentary skills sets – Fill the gaps
- ▶ Trial periods – Test the waters
- ▶ Don't bake the equity pie too soon

# INVESTOR TYPES

## Incubators / Co-Working Spaces



## Accelerators



**500**  
startups

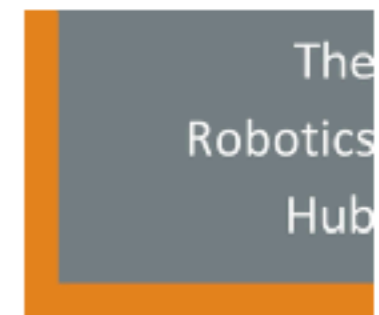
## Angels & Angel Groups



## Venture Capital Firms



ANDREESSEN  
HOROWITZ



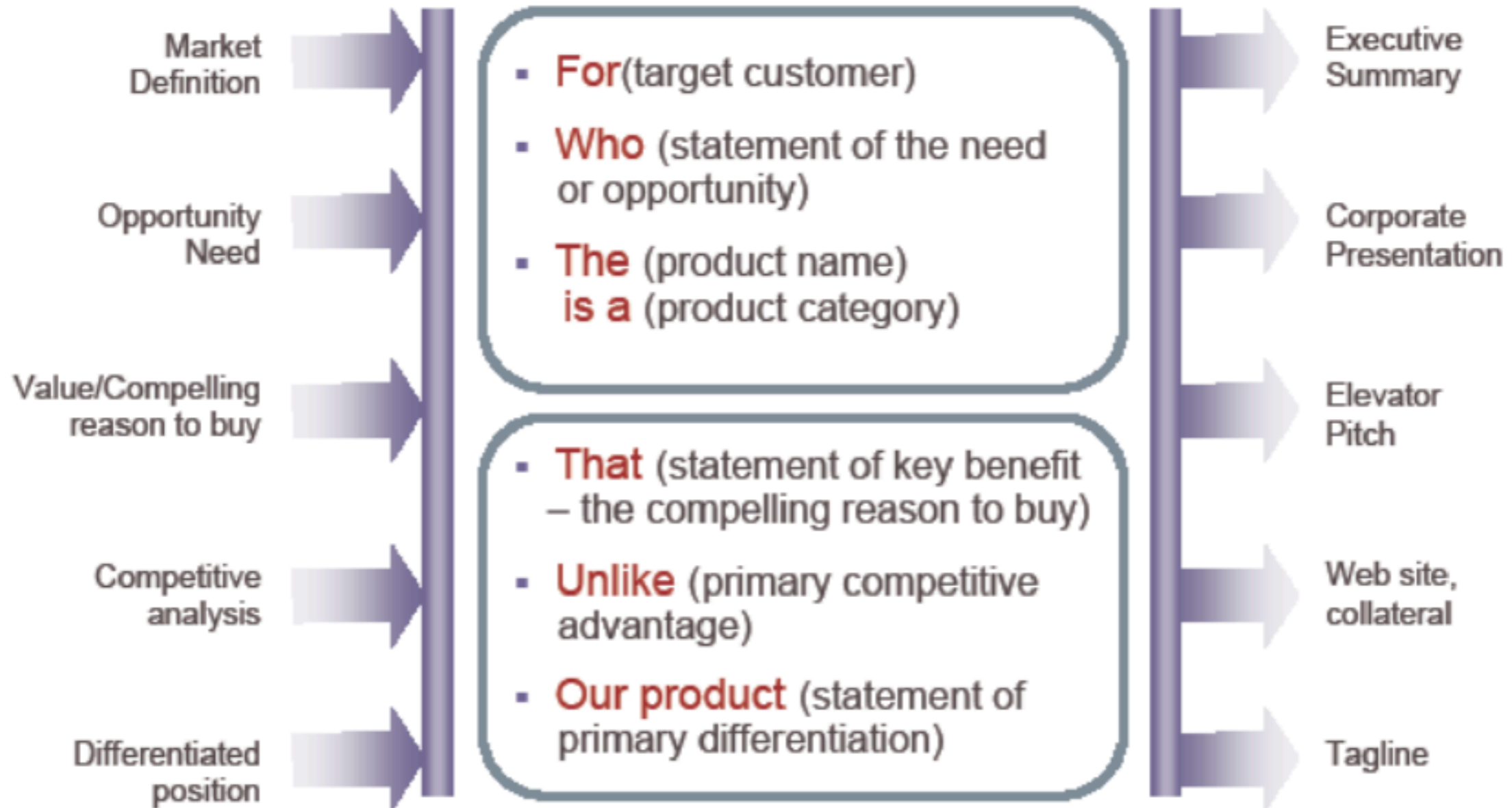
# INVESTMENT TERMS TO KNOW

- ▶ Equity and Convertible Debt Investment
  - Friends & Family
  - Pre-Seed
  - Seed
  - Series A
  - Series B
  - Series C
  - IPO
- ▶ Crowd Funding
- ▶ Liquidity Event / Exit (M&A Sale or IPO)

# HOW TO PITCH TO INVESTOR

1. Problem
2. Solution
3. Underlying Magic / Technology
4. Business Model
5. Market Size (TAM: Total Addressable Market)
6. Competition / Why You're Unique
7. Status and Timeline
8. Projections and Milestones
9. Team
10. Summary and Call to Action / Ask

# HOW TO PITCH TO EVERYONE



# BOOKS TO READ

- ▶ The Lean Startup (Eric Ries)
- ▶ Crossing the Chasm (Geoffrey Moore)
- ▶ Zero to One (Peter Thiel)
- ▶ The Hard Thing About Hard Things (Ben Horowitz)
- ▶ Venture Deals (Brad Feld and Jason Mendelson)

**THANK YOU**