

INNOVATIVE STARTUP

PLAN IT, RUN IT, SELL
IT LIKE A PRO





INTRO

INTRODUCTION AND BACKGROUND

- InNow Project fosters the collaboration of cleantech startups, SMEs and large corporates.
- This guide provides an overview of topics that are essential to build a solid foundation for new or future innovators
- Overall Goal

If you are an entrepreneur and if you're reading this guide (you're considering your next move), you probably believe that the most important part of starting a new business is creating a great product or service that will change the world. Unfortunately, that's not the case.

Just because you have a great idea, you need to think about forming sustainable linkages.

MAIN ACTIVITIES TO MASTER



**Planning Your
Business**



**Funding Your
Business**



**Presenting Your
Business**



Resources



- A good idea is not enough to start a successful business
- A startup is not a smaller version of a large company
- A startup is a temporary organization in search of a scalable, repeatable, profitable business model
- You don't need a business plan, you need a business model
- Get out of the building and talk to customers first
- Don't waste time and money building something nobody wants
- Early adopters are the ideal first customers
- Successful startups don't build products, they solve problems
- Your solution only has value if customers find it valuable
- Successful startups find product/market fit and business model fit
- A business model describes the rationale of how an organization creates, delivers, and captures value
- A great product will fail without a good business model
- Startups exist to create and test hypotheses until they find a working business model
- A minimum viable product (MVP) helps startups run experiments quickly and effectively
- Every startup must decide whether to pivot or proceed

FUND

In the second section, Funding Your Business, you'll learn how to test your startup like an investor. You'll also better understand how venture capital works.

To get funding, entrepreneurs must learn to think like investors

- Investors care most about the Four Ms: Management Team, Momentum, Market Opportunity, Money
- Road test your startup before launching or seeking outside investment
- Carefully examine your industry, market, and team
- Startups raise money in 4 ways: profits, debt, equity, and donation
- Angel investors and venture capital firms investing in startups are hoping for 10X returns on their investment
- Venture capital can help startups at various stage in exchange for equity
- Think about your startup's equity from the start, and don't sell it too easily
- Decide who owns what before registering your company

PRESENT



In the third section, Presenting Your Business, you'll learn how to present your startup to investors and customers.

The founder is the best salesperson and spokesperson for their startup

- Practice presenting and speaking in public often before meeting investors
- Every startup has a story and it's your job to tell yours
- You have to learn to talk about your startup in many different ways
- Every startup needs a high concept pitch, an elevator pitch, and a pitch deck
- A pitch deck is a presentation of 10-15 slides that describes your vision, team, and business model
- Learn to tailor your presentation to address different audiences
- Always consider the goals of your audience and what they want to hear
- Research an investor before the meeting, and come prepared
- Get out there and pitch!

RESOURCES

Finally, the Resources section at the end contains a glossary and reading list to help you on your journey from an idea to a profitable business.

I: Team Building and Management:

PDF

Startup Genome Report, a study of 650+ Silicon Valley startups about main success factors, co-authored by Berkeley & Stanford faculty members



Harvard Business Review (HBR) article from D. McClelland and D. Burnham about motivation and power



Thorough list of startup tools by Steve Blank, Professor at Stanford



Zuckerberg/Winklevoss court case explained (the importance of early SHA)



Value Chain Management principles

RESOURCES

2: Lean Startup:



Main principles



Managers will tire of continuous testing, and false negatives which encourages team to change the idea or kill the idea too fast



Lean startup in science-based ventures (using lean startup in cleantech vs software startup)



Lean startup in practice



Steve Blank's HBR article about how lean startup will change everything



3 customer development case studies



Using a LOI to get customer feedback for a MPV, by Eric Ries



LOI example by Lean Startup Machine

3: Business Model Canvas:



Osterwalder's Strategyzer where he provides free tools and resources:



Video where A. Osterwalder is explaining business model canvas

4: Go-to-market and sales strategies:



Video lecture about go-to-market strategies by Murray McCaig, Co-Manager of MaRS Cleantech Fund



Partnering with corporates, Rachel Sheinbein, partner in the energy and materials practice at CMEA Capital



Sales of clean-tech products



7 tips of selling clean-tech products to corporations



B2B sales strategies



Principles of SPIN selling



25 sales strategies that work



Differences between agents and distributors



McKinsey report: 3 trends in B2B sales

RESOURCES

5: Finances and Investments:



Key financial terms



4 classical pricing methods explained



10 clever pricing strategies for startups



Top 10 funding sources for a startup



Startup fundraising 101



Startup investment rounds explained



Equity investment vs convertible loan explained



Most common startup investment contract clauses



Terminology of startup investments



Founders Fund, term sheet explained



Free contract templates (Convertible Instrument Agreement and Term Sheet, Equity Investment



Term Sheet and Agreement, SHA, Articles of Association, DD Checklist)



READING LIST & GLOSSARY



READING LIST

Eric Ries

The Lean Startup

**Brant Cooper
& Patrick Vlashkovit**

The Entrepreneur's Guide to Customer Development

Steve Blank

Four Steps to Epiphany

Alexander Osterwalder

Business Model Generation

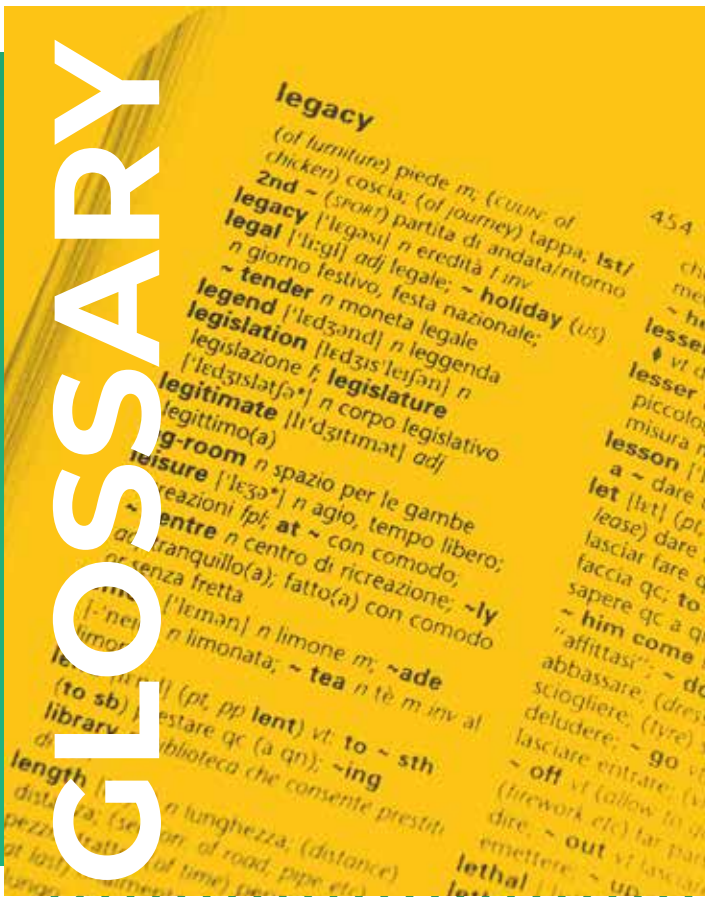
Brad Feld

Do More Faster

Bill Fischer

Six Secrets of Raising Capital

GLOSSARY



B2B – business to business is a type of transaction that exists between two businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer.

Burn rate - describes the rate at which the company is spending its venture capital to finance overhead before generating positive cash flow from operations; it is a measure of negative cash flow. Burn rate is usually quoted in terms of cash spent per month.

Business Model - rationale of how an organization creates, delivers, and captures value in economic, social, cultural or other contexts.

Business Model Canvas – a strategic management tool to design, test, build, and manage (profitable and scalable) business models. Developed by Alexander Osterwalder.

Competitive landscape - a business analysis which identifies direct or indirect competitors and compares your business to them based on features or other distinguishable criteria.

Due Diligence (DD) – audit of a potential investment to confirm all facts, such as reviewing financial records, or any other info presented in company materials.

Freedom to operate (FTO) - determining whether a particular action, such as testing or commercialising a product, can be done without infringing valid intellectual property rights of others.

GLOSSARY

Go-to-market strategy - is the plan of an organization, utilizing their inside and outside resources (e.g. sales force and distributors), to deliver their unique value proposition to customers and achieve competitive advantage.

IP – intellectual property is intangible property that is the result of creativity, such as patents, copyrights, etc.

Letter of Intent (LOI) - document outlining the terms of a future deal and is essentially an “agreement to agree”.

Lean Startup Methodology – a methodology that provides a scientific approach to creating and managing startups and get a desired product to customers' hands faster.

Minimum viable product (MVP) - bare-bones product that includes just enough features to allow useful feedback from early adopters.

One pager – executive summary covering main parts of company's activities, aiming to raise interest in investors or customers.

Pitch deck – is a brief presentation, often created using PowerPoint, Keynote or Prezi, used to provide your audience with a quick overview of your business plan. Pitch deck is often used in face-to-face or online meetings with potential investors, customers or partners.

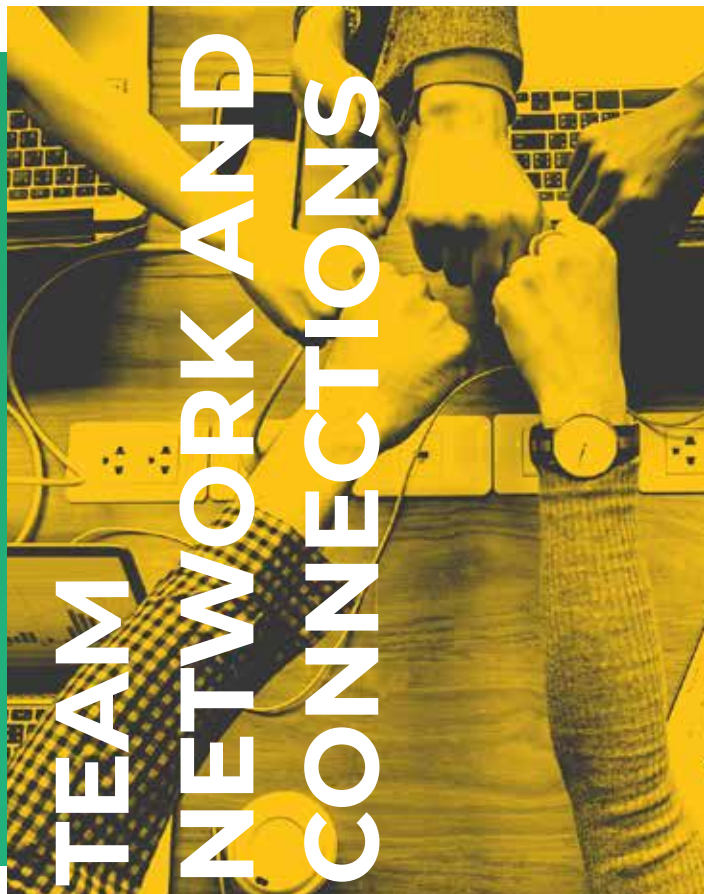
Pivot - a major change in a company's business model or direction based on customer feedback.

Product-market-fit (PMF) – company has developed a solution that matches the customer's problem.

Roadmap - a plan or strategy intended to achieve a particular goal. Return on investment (ROI) – amount of return on an investment relative to the investment's cost.

Shareholders' agreement (SHA) - a binding contract between the shareholders of a corporation, defining the shareholders' rights, privileges, protections and obligations.

Value proposition - statement that clearly identifies what advantages



This last section is all about your startup's connections and how important they are to the success of your business. You will look at the Channels, Customer Relationships, and Key Partners parts of your business model, in addition to considering any investors or mentors you may already have on board.

These relationships are important for a startup's growth. The larger the team's network, the more potential customers and early adopters they can target. A startup can also reach out to its network when looking for investors, employees, advisors, or suppliers. When it comes to connections, it helps having team members with previous startup or industry experience. People who have worked in startups usually have a relationship with investors, and those who have worked in the industry may know valuable potential partners.

First, look at your suppliers. Who do you know that can supply you with the resources you need to pursue this venture? How good are your relationships with these people?

Next, look at your potential customers and distributors. In what ways can you capitalize on your connections here?

Finally, look across the industry. Do you know any of your competitors personally? If so, how could this relationship help or hinder your venture? And could these people become partners if you thought about them differently?

Even if your team's network is small now, it's not hard to expand.

CAUGHT YOUR INTEREST? LEARN MORE.



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