

Introduction to Startup Management

Building and Scaling Your Business

Startup Management (IPIRI 63749B), Aleš Špetič, 2023

Welcome

Instructor: Aleš Špetič

- **Education**

BS Computer science, University in Ljubljana

MBA, California State University, East Bay (Hayward)

- **Accomplishments**

Online trading platform OBS Online, Transact-SQL Cookbook, TS Startup incubator, Digital Champion of Slovenia, Member of the PMs advisory group on digitisation

- **Startup experience**

CEO Zemanta 2007-2010, CEO DeckReport 2010-2011,

CEO CubeSensors 2012 - 2016, CEO Klevio 2016-

Course Overview

Structure

- In-depth lectures covering various aspects of startup management.
- Interactive discussions, real-world case studies, and group activities.
- Assignments to apply your learning in practical scenarios.
- A final project to synthesise your knowledge and skills.

Expectations

Continuous team work on a project

- team work on a single project throughout semester
- periodic team presentation in front of the class
- readings and classes on startup topics
- class participation

Grading

Continuous participation helps!

- team work, 2-3 team members recommended
- project presentation, including product readiness - working product
- criteria: would an investor invest in your project?
- incremental weekly progress during the course

Submissions: open a Google Docs account, share the work assignments with ales@spetic.si.

Course Overview

Key topics

- Identifying startup opportunities
- Building a business plan
- Fundraising and investment strategies
- Marketing and branding for startups
- Sales and customer relations
- Legal and ethical considerations
- Scaling your startup
- Exit strategies and sustainability

Introduction to Startup Management

Learning objectives

- Understand the characteristics and defining features of startups.
- Explore the startup ecosystem and its role in entrepreneurship.
- Differentiate between entrepreneurship and small business.
- Comprehend the stages of the startup life cycle.
- Recognize the challenges and risks associated with startups.
- Discuss the essential qualities and mindset of a successful startup founder.

What is a startup?

Startup is a new business!

A startup is a fledgling company in its early stages of operation.

It searches a repeatable and scalable business model.

- Characteristics:
 - **Innovation:** Startups often bring new ideas, technologies, or solutions to the market.
 - **Growth Potential:** They have the potential to scale rapidly if they find traction.
 - **Risk-Taking:** Startups are willing to take calculated risks to disrupt existing industries.
 - **Dynamic Culture:** They usually have a dynamic and agile work culture.
- Airbnb, Uber, SpaceX, Google, Microsoft...

Usually run by a team

Stora Kopparberg mine, June 16, 1288



Entrepreneurship vs. Small Business

Is it a business or a venture?

Entrepreneurship is the process of identifying, creating, and pursuing opportunities to develop innovative and scalable business ventures.

Innovation, Scalability, Risk-Taking for high growth

A **small business** is an independently owned and operated company that typically serves a local or niche market and may focus on providing traditional products or services.

Stability, Local Focus, Risk-Aversion

Startup Life Cycle

Navigating the Phases of Growth

- **Idea Generation:** The initial stage where founders conceive a unique business idea or identify a problem they want to solve.
- **Validation:** The phase where founders test and validate their business idea through market research, prototyping, and early customer feedback.
- **Growth:** The stage marked by rapid expansion, customer acquisition, and scaling operations.
- **Scaling:** The phase where the startup focuses on sustaining and accelerating growth while optimizing processes.
- **Exit:** The final stage where founders may choose to exit the startup through options such as acquisition, merger, or going public.

Challenges and Risks

Navigating the Startup Landscape / Challenges

- **Funding Constraints:** Limited access to capital can impede growth and product development.
- **Fierce Competition:** Competitive markets often require startups to differentiate themselves effectively.
- **Market Uncertainty:** Market conditions can be unpredictable, making it challenging to gauge demand accurately.
- **Talent Acquisition:** Attracting and retaining top talent can be difficult, especially for early-stage startups.
- **Product-Market Fit:** Finding the right product-market fit is crucial for sustainable growth.

Challenges and Risks

Navigating the Startup Landscape / Risks

- **Financial Risk:** Startups often operate with limited budgets and face the risk of running out of capital.
- **Market Risk:** The market's response to a new product or service is uncertain and can impact a startup's success.
- **Operational Risk:** Challenges in day-to-day operations can affect efficiency and customer satisfaction.
- **Regulatory and Legal Risk:** Navigating complex regulatory landscapes can be a significant challenge.
- **Reputation Risk:** Startups must manage their reputation carefully, as negative perceptions can harm growth.

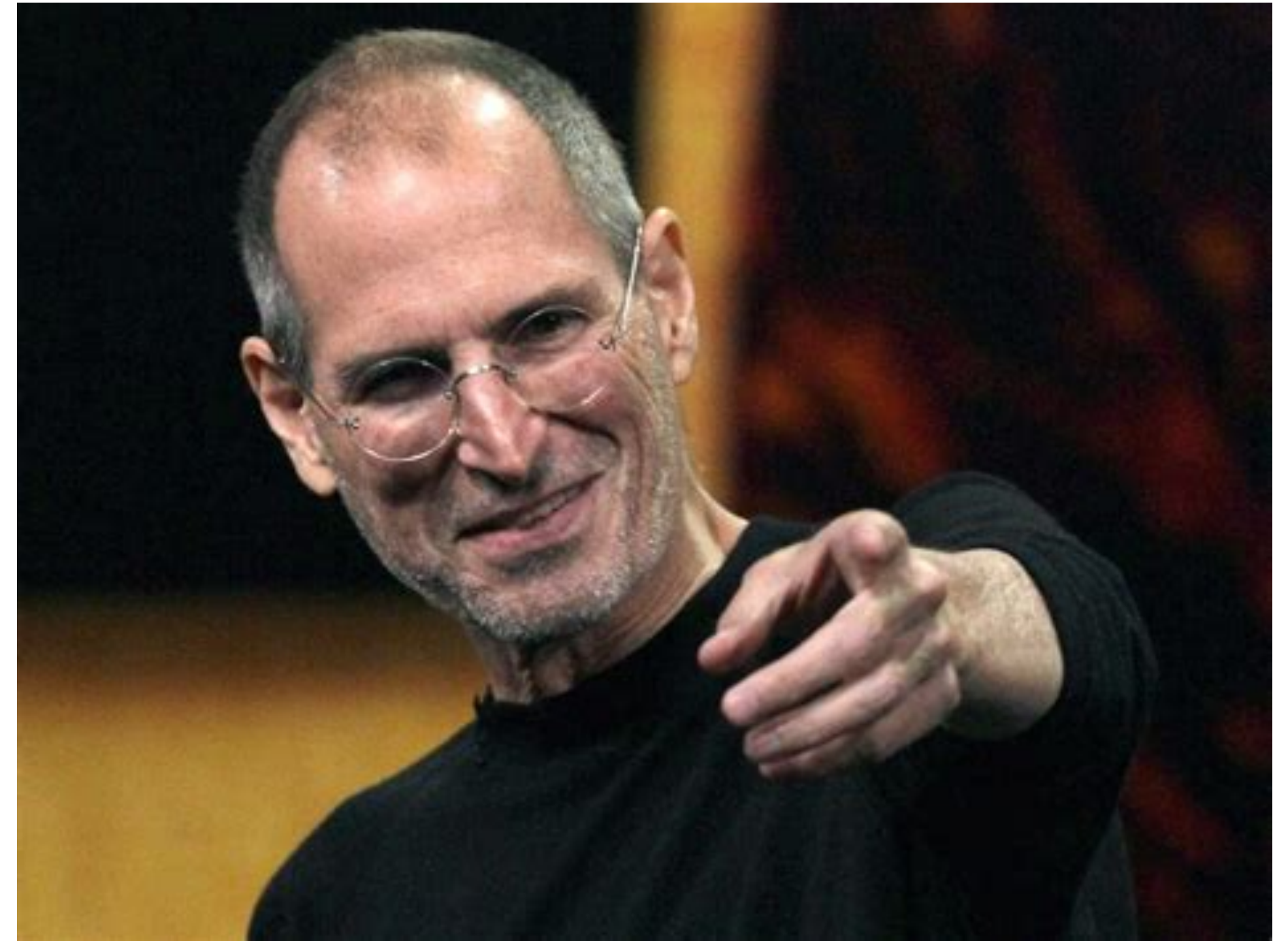
Mindset of a Founder

Qualities that Drive Success

- **Resilience:** The ability to bounce back from setbacks and maintain determination in the face of adversity.
- **Adaptability:** A willingness to pivot and adjust strategies based on changing circumstances and feedback.
- **Risk-Taking:** A comfort with taking calculated risks and exploring uncharted territories.
- **Vision:** A clear and inspiring vision for the startup's future, along with the ability to communicate that vision to the team.
- **Persistence:** A commitment to the long-term vision, even when faced with challenges and temporary setbacks.
- **Life long learner:** Curiosity, learning from mistakes, networking...

Mindset of a Founder

Elon Musk, Steve Jobs



The Lean Startup Approach

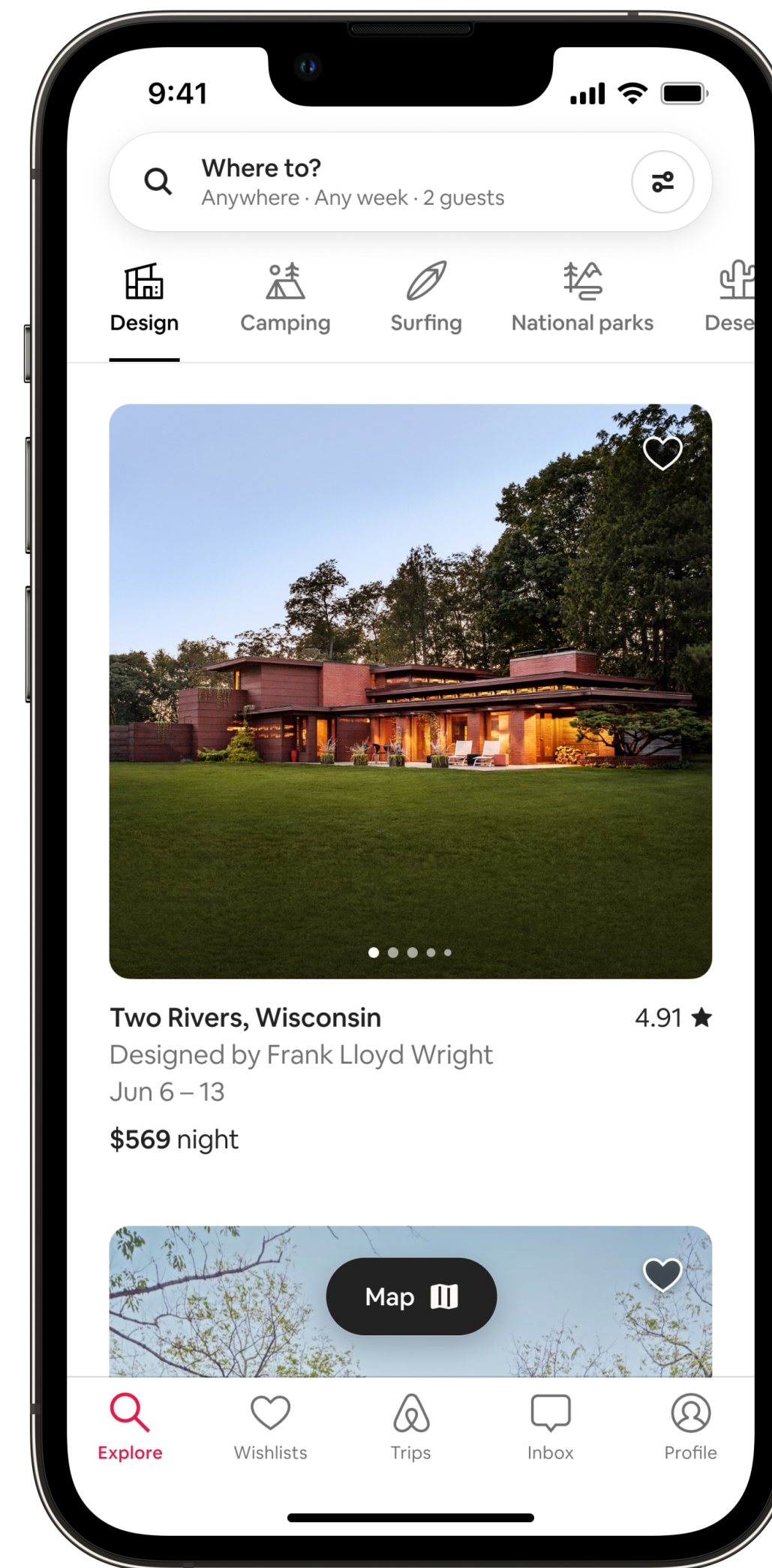
Innovate, Iterate, and Accelerate

The Lean Startup is a systematic approach for developing businesses and products, emphasising iterative and customer-centric practices.

- **Efficiency:** It helps startups avoid wasting resources on products or features that may not resonate with customers.
- **Risk Reduction:** By continually testing and learning, startups reduce the risk of building a product that no one wants.
- **Customer-Centric:** It places the customer at the center of the development process, leading to products that better meet their needs.

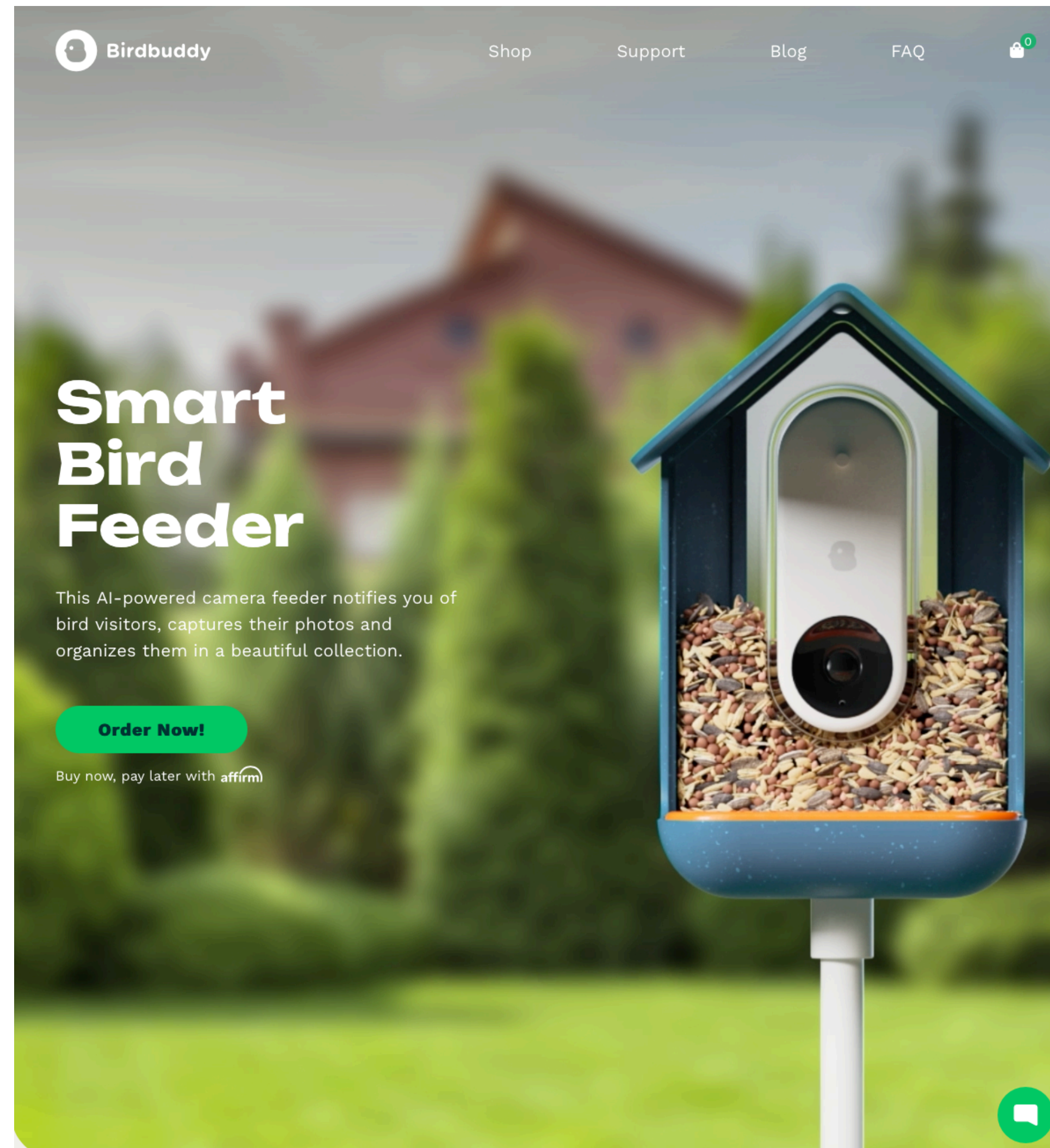
The Lean Startup Approach

Build Measure Learn



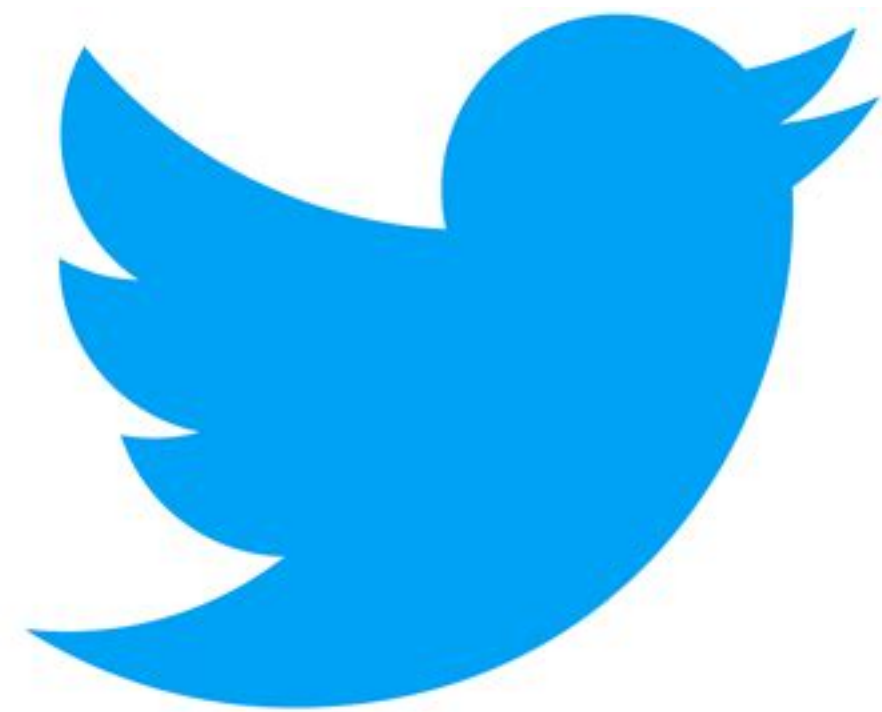
The Lean Startup Approach

Minimal Viable Product



The Lean Startup Approach

Pivot and Persevere



Lean Startup Principles

Continuous Improvement

- **Iterative Process:** The process of Build-Measure-Learn is a continuous loop, ensuring that startups are always refining their offerings.
- **Customer-Centric:** By prioritizing customer feedback, startups align their efforts with genuine needs.
- **Risk Mitigation:** Building an MVP and learning from it helps mitigate the risks associated with product development.
- **Resource Efficiency:** Lean Startup principles conserve resources by focusing on what truly matters to customers.

The Role of Failure

Know when to fail or give-up?

Failure in the startup world is not an endpoint but rather a step on the path to success. It's an opportunity to learn, adapt, and grow.

- **Thomas Edison:** Edison failed thousands of times while trying to invent the electric light bulb. His famous quote: "I have not failed. I've just found 10,000 ways that won't work."
- **Steve Jobs:** Jobs was fired from Apple, the company he co-founded. However, he returned to Apple and led it to become one of the most valuable tech companies globally.
- **WD-40:** WD-40, the popular household lubricant, got its name because it was the 40th formula the company tried. It's now a staple in millions of homes.

Resources and Support

Navigating the Startup System

- **Incubators:** Organizations that offer support, mentorship, and resources to early-stage startups, often in exchange for equity or a fee.
- **Accelerators:** Programs designed to help startups grow rapidly, typically through mentorship, funding, and a focused timeframe.
- **Co-Working Spaces:** Shared office spaces that provide a collaborative environment for startups, fostering networking and cost savings.
- **Funding Sources:** Options such as venture capital, angel investors, crowdfunding, and loans that provide capital for startup growth.
- **Networking Groups:** Communities and events where entrepreneurs can connect, share knowledge, and build relationships.
- **Mentorship:** Guidance from experienced entrepreneurs or industry experts who provide valuable insights and advice.
- **Educational Programs:** Courses, workshops, and seminars focused on entrepreneurship and specific skills.

Resources and Support

Funding

- **Venture Capital:** VC firms invest in startups with high growth potential, providing not only capital but also strategic guidance.
- **Angel Investors:** Individual investors who provide capital and often mentorship to startups, especially in their early stages.
- **Crowdfunding:** Platforms like Kickstarter and Indiegogo allow startups to raise capital by pre-selling products or seeking donations from a large number of people.
- **Loans:** Some startups secure loans from banks or alternative lenders to fund their operations.

Conclusion

Preparing for Your Startup Journey

- The definition and characteristics of startups.
- The importance of the startup ecosystem.
- Distinguishing entrepreneurship from small business.
- The startup life cycle and its stages.
- Common challenges and risks faced by startups.
- The qualities and mindset of a successful startup founder.
- The Lean Startup approach and its principles.
- The role of failure as a learning opportunity.
- The resources and support available to startups.

Assignment

Build your startup

- get co-founders
- generate/test ideas
- define a product
- sketch a prototype
- get a name (extra: get a domain)

Create docs with GDrive tools and share the doc with ales@spetic.si by the end of the week! I'll share a Google Sheet link for teams to signup.