Startup: A growth story

Rambhushan Kanumuri

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The views expressed by the Speaker in this presentation are personal

2

The Context

A Start to the Startup World

- The organic nature of early-stage growth can often leave companies
  - relying on a handful of talented leaders
  - to handle everything from acquiring new clients
  - to managing functions in an informal, reactive way

- Nine out of ten startups will fail. This is a hard and bleak truth, but one that you'd do well to meditate on

- Failure is a part of life, and maybe even a bigger part of business

- You learn a lot more from mistakes and failures than all your accomplishments

Are startups relevant to an economy?

- Entrepreneurship is the core driver to address concerns of
    - Unemployment by creating jobs
    - Economic growth or vitality
    - Global competitiveness

- The secret sauce thats driven the American economy and the American success story is entrepreneurship

- There are two regulations which came up in the USA to support small businesses: JOBS Act and Startup Act

- Success is going to be driven by the ability to attract and retain the best and brightest talent as they would probably have the great ideas

Small businesses are not all created equal

- Small business is a core foundation or maybe the fabric of the nation

- Different types of entrepreneurs
  - A: Focused on small business which will always remain relatively small

  - B: Interesting Idea, Create Momentum and Sell – Built to Flip

  - C: Built to Last, which change the way business is done

    For eg. How do you change education? How do you change Healthcare? How can you deliver to Consumers?

7

I think a simple rule of business is:

if you do the things that are **EASIER FIRST,**

then you can actually make

A LOT OF PROGRESS.

Mark Zuckerberg
Co-Founder, CEO
facebook

The India Story

9

India Startup Status Check

- "I see startups, technology and innovation as exciting and effective instruments for India's transformation": *Narendra Modi*

- India is home to 3rd-biggest startup ecosystem in the world

- The country has more than 19,000 technology-enabled startups, led by consumer Internet and financial services startups

- There are nearly 180 venture capital funds registered with SEBI

- Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation.

Startup India Themes

- What if your idea is not just an idea?

- What if it sees light?

- What if it's really born?

- What if you can get someone to believe in it?

- And help you nurture it?

- What if you can set a clear path for it?

- What if it can actually travel?

- What if it grows and blooms?

- What if the whole world embraces it?

- What if your idea is not just an idea?

Indian Funding Trends

13

Investors are employees you can never hire. We made sure to pick investors that thought like us.

Startup Quote!

BIZ STONE
CO-FOUNDER, TWITTER

Money is like gasoline during a road trip. You don't want to run out of gas on your trip, but you're not doing a tour of gas stations.
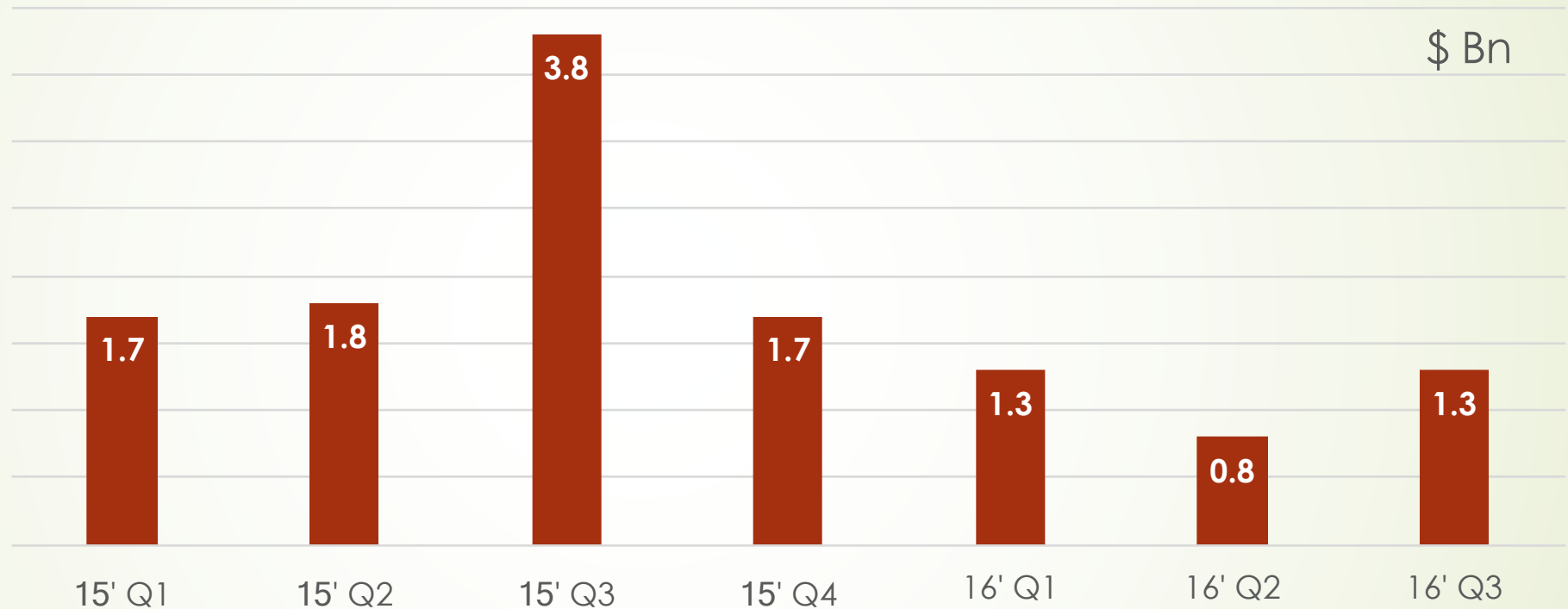
Startup Quote!

TIM O'REILLY
FOUNDER, O'REILLY MEDIA
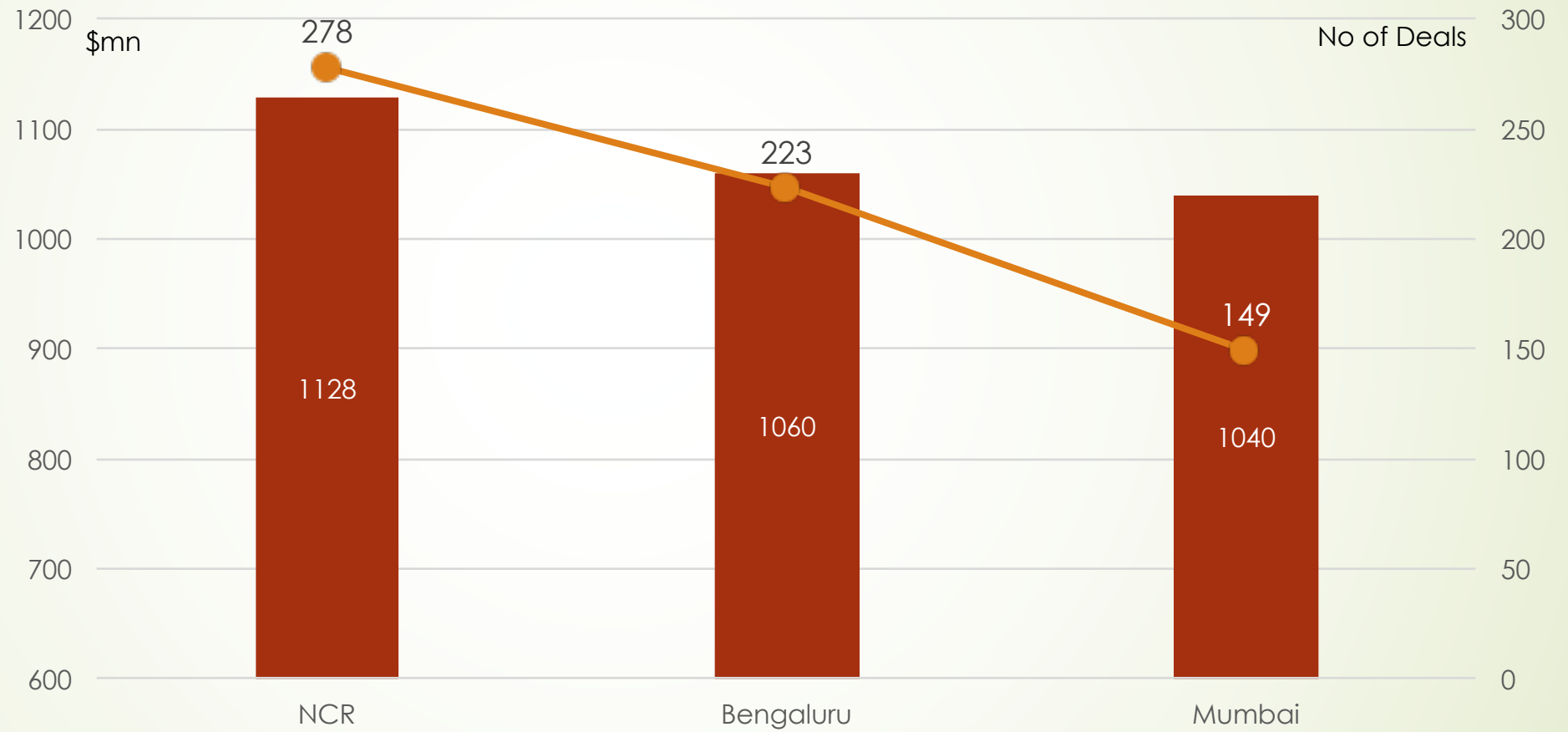
Indian Startup Funding Trend
by YourStory Research

$ Bn

Period	Value
15' Q1	1.7
15' Q2	1.8
15' Q3	3.8
15' Q4	1.7
16' Q1	1.3
16' Q2	0.8
16' Q3	1.3

- Q1-Q3 2016 has witnessed 815 deals aggregating $3.7 bn as compared to 639 deals last year aggregating $7.3 bn and 300 deals in entire of 2014
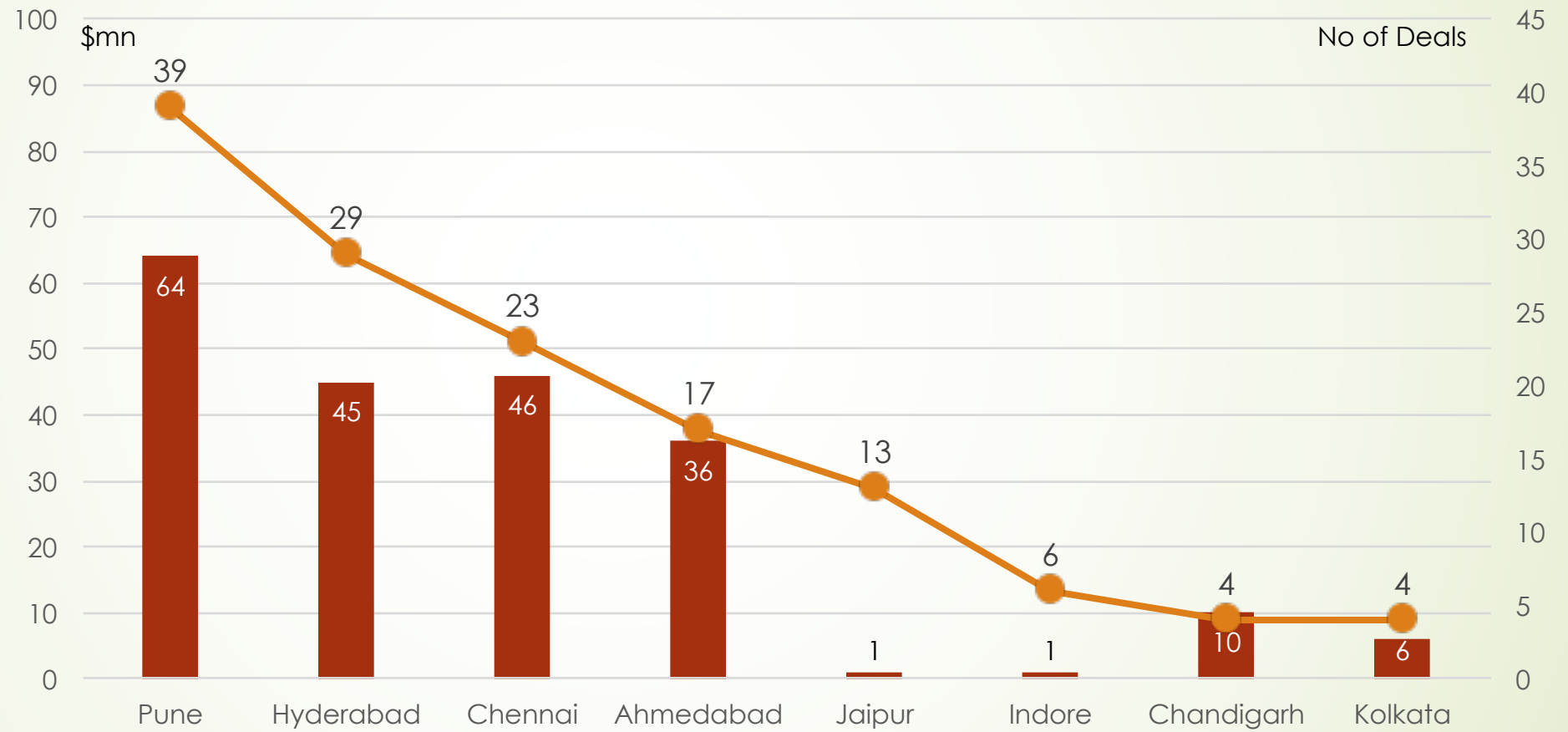
Funding Trends: Top 3 Cities
by YourStory Research

Funding Trends: Next 8 Cities
by YourStory Research

Your reputation is more important than your paycheck, and your integrity is worth more than your career.

Startup Quote!

RYAN FREITAS
FOUNDER, SECOND VERSE

It's simple until you make it complicated.

Startup Quote!

JASON FRIED
FOUNDER, 37SIGNALS

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Phases of Startup Growth

19

5 Crucial Phases of Startup Growth

- **Opportunistic to Strategic**
  - Narrow the market and focus on targeted customer segments
  - 3Ms: Momentum, Margin and Materiality

- **Projects to Products**
  - Identify patterns in Delivery of services and then Design products

- **Ownership to Partnership**
  - Every partnership is an opportunity and a risk
  - Ability to leverage strengths: Relationships, Intellectual Property, Brand

- **People to Process**
  - Embed Company's processes and structure to reduce reliance

- **Relationships to Brands**
  - Define brand no only by what it says but also by what it does

Characteristics of Successful Startups

- **Product is perfect for the Market**

  - Nearly 42% of the failures were attributed for making products no one wanted in a survey by Fortune

- **Entrepreneur does not ignore anything**

  - Good idea and strong technical team do not guarantee success

  - Things are far more organic in a startup meaning that roles and responsibilities will overlap

  - Successful entrepreneurs understand that they must work ON their business and not IN their business

- **Generating the right traction**

  - Keep improving the value proposition across all elements of the business

22

5 Reasons Startups Fail

- **Market Problems**

  - Not enough compelling value proposition or market timing is wrong

- **Business Model Failure**

  - Optimism about the ease of acquiring customers

  - Cost of Acquiring Customer (CAC) < Life Time Value of Customer (LTV)

- **Poor Management Team**

  - Weak management teams make mistakes in multiple areas

- **Running out of Cash**

  - Valuations of startups don't change in linear fashion

- **Product Problems**

  - Did not validate the idea with customers before and during development

How to improve odds of success and reduce failures

- **Define the problem and understand your customers**

- **Assess the market and be open to changing plans**

- **Assemble a great team and learn constantly**

- **Scale wisely and avoid burnout**

When you're ready to quit, you're closer than you think.

Startup Quote!

BOB PARSONS
FOUNDER, GO DADDY

Don't worry about failure; you only have to be right once.

Startup Quote!

DREW HOUSTON
CO-FOUNDER, DROPBOX

A Case Study: Airbnb

How Design Thinking Transformed Airbnb

The Status

- In 2009 Airbnb was close to going bust
- Revenues flatlined at $200 per week resulting in horizontal drumstick growth
- Venture investors look for companies that show hockey stick growth

The Problem

- Paul Graham along with the founders was poring over the search results to understand why the take rates were low
- There was a similarity between all 40 listings: which is the photos were awful
- People were using their camera phones or picking from classified sites
- Result: Customers weren't booking rooms because they could not see what they were paying for

How Design Thinking Transformed Airbnb (contd.)

The Solution

- A completely non scalable and non technical solution

- Travel to New York, rent a camera, spend some time with customers listing properties, replaced amateur photos with beautiful high-resolution pictures

- There was no data to back this decision originally

The Result

- Improving pictures doubled the weekly revenue to $400 per week

- First financial improvement in over eight months

- From an original belief that everything needs to be scalable they indulged to experiment with non-scalable changes to come out of their "trough of sorrow"

- It changed the trajectory of the business

- Let People be Pirates, ship stuff and try new things

It's not about ideas.
It's about making
ideas happen.

Startup Quote!

SCOTT BELSKY
FOUNDER, BEHANCE

If you're building
a product, you can't
be afraid of hearing
criticism about it.

Startup Quote!

KYLE BRAGGER
CO-FOUNDER, FORRST

29

More Examples

KISSmetrics

Hiten Shah

Co-Founder

My co-founder and I spent $1 mn on a web hosting company that never launched.

We were perfectionist so we built the best thing we could without even understanding what our customers cared about.

We have now learned to spend smart, optimize for learning and focus on customer delight.

Zipcar

Robin Chase

Co-Founder

With GoLoco – social online ridesharing – we spent too much money on website and software before engaging with customers.

This meant part of our learning was undoing our first guesses.

Get to your customers as fast as possible & learn from them to build your product.

Moz

Rand Fishkin

CEO of Moz

One of the mistakes we've made at Moz was to repeatedly build "big bang" projects requiring many months of development time without visibility into progress

Missing something you budget and plan for by more than a year is really bad news in the startup world.

Use agile development, have lots of visibility into progress, and keep your team accountable

TWiT network
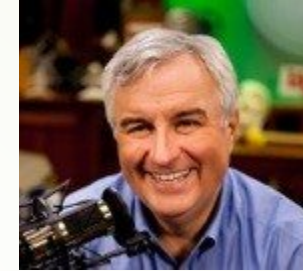
Leo Laporte

Founder

My biggest mistake was trying to do it all myself. As a founder I felt like I knew everything I needed to know about media, content, even the technology involved to reach my audience.

After a few years of rapid growth my company had stalled out.

Hiring a business partner felt a little like giving up my company but was a vital step toward success.

Author and Entrepreneur

Tim Ferriss

Best Selling Author

One of the mistakes we've made Committing to too many 'cool' opportunities and projects.

I think it's important, to either say 'Hell, yes!' or a flat 'no' to things. They should be definitive and binary.

If you're not 100% excited, it should be a decline.

Author and Entrepreneur

Michael Hyat

Best Selling Author

Mistake of borrowing money to fund my growing company.

Unfortunately, did not understand difference between rapid growth (like cancer) and healthy growth (normal cellular reproduction).

Eventually, growth consumed our capital and the business failed.

Never let growth exceed own ability to fund it.

Quibb

Sandi MacPherson

Editor-in-Chief, Quibb

Spent 6 months building a product, I wouldn't use very often, in a market I wasn't familiar with, for users I didn't understand – big mistake.

Made it extremely difficult to figure out why things did not work, ending up with a product no one wanted.

I could never become the product expert, which is what every founder/CEO needs to be.

CD Baby

Derek Sivers

Founder

Once it turns nasty, it never goes back. Fire a rotten apple immediately.

I let the culture of the company get corrupted. I ignored problems instead of nipping them in the bud

Protect your internal culture, no matter what.

Bibliography and Credits

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Thank You

EVERYONE HAS A PLAN 'TILL THEY GET PUNCHED IN THE MOUTH.

Mike Tyson