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How to Build a Successful Business

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What is an Angel Investor?

An individual who invests his own money, time and knowledge in a startup company in exchange for convertible debt or equity (unlike institutional venture capitalists, who invest other people's money).

[Angel Investors vs. Venture Capitalists. What's Best For A Startup?](#)

What Recommends Me?

1. 25+ years of experience in management, business and investment
2. 10 years of corporate management, leading 200+ people and responsible for 70ME annual budget
3. In the last 12 years I coached 200+ executives, I advised 300+ founders and invested in 70+ local and international startups
4. In my first round of investments 90% of startups failed, but the surviving one has a 20ME valuation
5. In my second round of investments only 10% of startups failed and I have 7 small exits (2x, 3x)

How to Fail as a Startup?



Why Are Startups Failing*? (1/2)

- 1.Lack of Market Need (42%)
- 2.Lack of Cash (29%)
- 3.Wrong Team (23%)
- 4.Too Much Competition (19%)
- 5.Pricing Issues (18%)

* [CrunchBase Insights Research on 101 Failed Tech Startups \(2018\)](#)

Why Are Startups Failing*? (2/2)

1. Not the Right Team (19,44%)
2. Wrong Business Model (18,65%)
3. Product Not a Hit (13,89%)
4. No Market Need (11,11%)
5. Outcompeted (9,13%)

* [Autopsy Research on 300 Failed Tech Startups \(2018\)](#)

Steve Blank – “The Startup Owner’s Manual”

“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.

Search versus execution is what differentiates a startup from an established business.

The primary objective of a startup is to validate its business model hypotheses (and iterate and pivot until it does). Then it moves into execution mode.”

Startup Facts That Are Painfully Unknown

1. 92% of tech startups fail in the first 3 years
2. What we are taught in most economical schools about startups it's ineffective
3. When we do a survey, 70-80% of people don't do what they say they will do
4. When we copy what the 8% successful founders did, we don't get the same results
5. A founder needs to be a generalist/polymath (marketing, sales, R&D, production, operations, finance, HR, legal, management, entrepreneurship)
6. The founder is the main limitation of the company's growth

How to Become a Competent Founder?



Knowledge of Successful Founders

Design Thinking – design a product that solves effectively a real customer problem

Lean Startup – discover a business model that is profitable, repeatable and predicatable

Agile Method – develop a software product fast and best

Data-Driven Decisions – take decisions based on facts and data not on wishful thinking, emotions, biases

[Design Thinking, Lean Startup, And Agile: What's The Difference?](#)

[When, which ... Design Thinking, Lean, Design Sprint, Agile?](#)

[Lean Startup, or Business Model Design, or Design Thinking is the Wrong Question](#)

[The Advantages of Data-Driven Decision-Making](#)

Skills of Successful Founders

Critical Thinking – separate fact from opinion/bias/fake

Creativity – think differently than majority

Collaboration – working together to achieve a goal

Communication – clear, short and persuasive

Effective Learning – avoid the illusion of knowledge

Effective Sales – convince people to do what you want

Strategic Thinking – choose the right objectives

Networking – find and attract the best resources

[The Essential Skills of 21st Century Classroom \(4Cs\)](#)

[Barbara Oakley – “Learning How To Learn” Online Course](#)

Attitudes of Successful Founders

Growth Mindset – Learning-Oriented

Optimistic Mindset – Solution-Oriented

Proactive Mindset – Action-Oriented

Gritty Mindset – Passion + Perseverance

Responsible Mindset – Internal Locus of Control

Respectful Mindset – Appreciate Differences

Ethical Mindset – Moral + Legal

Key Stages of Tech Startups

1. **Concept** Stage (Customer-Problem Fit)
2. **Prototype** Stage (Problem-Solution Fit)
3. **MVP** Stage (Solution-Product Fit)
4. **Efficiency** Stage (Product-Market Fit)
5. **Scale** Stage (Market-Growth Fit)

NB. According to [Startup Genome Report \(2011\)](#) the startup lifecycle is made of 6 stages of development: Discovery Stage (1+2), Validation Stage (3), Efficiency Stage (4), Scale Stage (5, not covered), Profit Maximization (not covered), Renewal (not covered)

How to Launch Your Tech Startup?

1. Concept Stage (Customer-Problem Fit) – Take 10-20 Problem Interviews with your Ideal Customers Profiles (ICP) to validate what is their main problem (real and critical) and formulate a Problem Statement. Test iteratively to discover as many information about their problems.

Investment KPIs:

- Ideal Customer Interviews >100
- Validated Problem Statement Canvas

[The Problem Statement Canvas For Startups And Innovation Teams](#)

[How To Build A Problem Statement](#)

How to Launch Your Tech Startup?

2. Prototype Stage (Problem-Solution Fit) – Use a "pre-product MVP" to validate that your theoretical solution solves their main problem and generates a significant engagement. Test iteratively to discover as many information about your solution (ICP, UX/UI, copywrite, channels, price etc.).

Investment KPIs:

- Conversion Rate > 5-10%
- CAC < the average of respective market.
- Validated Lean Canvas

[10 Shades Of MVP \(Or How To Develop A Product Without Developing A Product...\)](#)

[Create Your First Lean Canvas](#)

How to Launch Your Tech Startup?

3. MVP Stage (Solution-Product Fit) – Use a "single-feature MVP" with real customers to validate that you can build a product that is really solving their main problem. Test iteratively to discover as many information about your product (onboarding, frictions, usability, product UX/UI etc.).

Investment KPIs:

- DAU/MAU ratio > 5-10%
- Churn Rate < the average of respective market, NPS > 7
- Validated Customer Journey Map

[Problem-Solution Fit: When It's The Right Time To Pivot?](#)

[144 Best Customer Journey Map Templates And Examples](#)

How to Launch Your Tech Startup?

4. Efficiency Stage (Product-Market Fit) – Use the real product with real customers to validate the growth processes that will increase exponentially your revenue or users. Test iteratively to discover as many information about your growth strategy (sales funnel, costs/revenues forecasts).

Investment KPIs:

- Sean Ellis PMF test (>40%)
- Validated P&L and GTM Plan

[How Superhuman Built An Engine To Find Product-Market Fit](#)
[Product-Market Fit Survey](#)

How to Finance Your Tech Startup?

1. **Concept** Stage (Customer-Problem Fit) – Bootstrapping
2. **Prototype** Stage (Problem-Solution Fit) – Bootstrapping, FFF
3. **MVP** Stage (Solution-Product Fit) – Bootstrapping, FFF, Accelerators, Angel Investors
4. **Efficiency** Stage (Product-Market Fit) – Accelerators, Angel Syndicates, Equity Crowdfunding, Seed VCs
5. **Scale** Stage (Market-Growth Fit) – Equity Crowdfunding, Series VCs, Revenue-Based VCs

[How To Fund A Startup](#)

[What I Wish I Knew About Fundraising As A First-Time Founder](#)

Tools – Problem Discovery Interview

1. Who are you?
2. What are your pains and gains?
3. What have you tried to solve your pains and get your gains?
4. What worked well?
5. What didn't work so well?
6. How do you search for a solution?
7. How do you decide for a solution?
8. Anything else I should know?

[Rob Fitzpatrick - The Mom Test: How To Talk To Customers & Learn If Your Business Is A Good Idea When Everyone Is Lying To You](#)

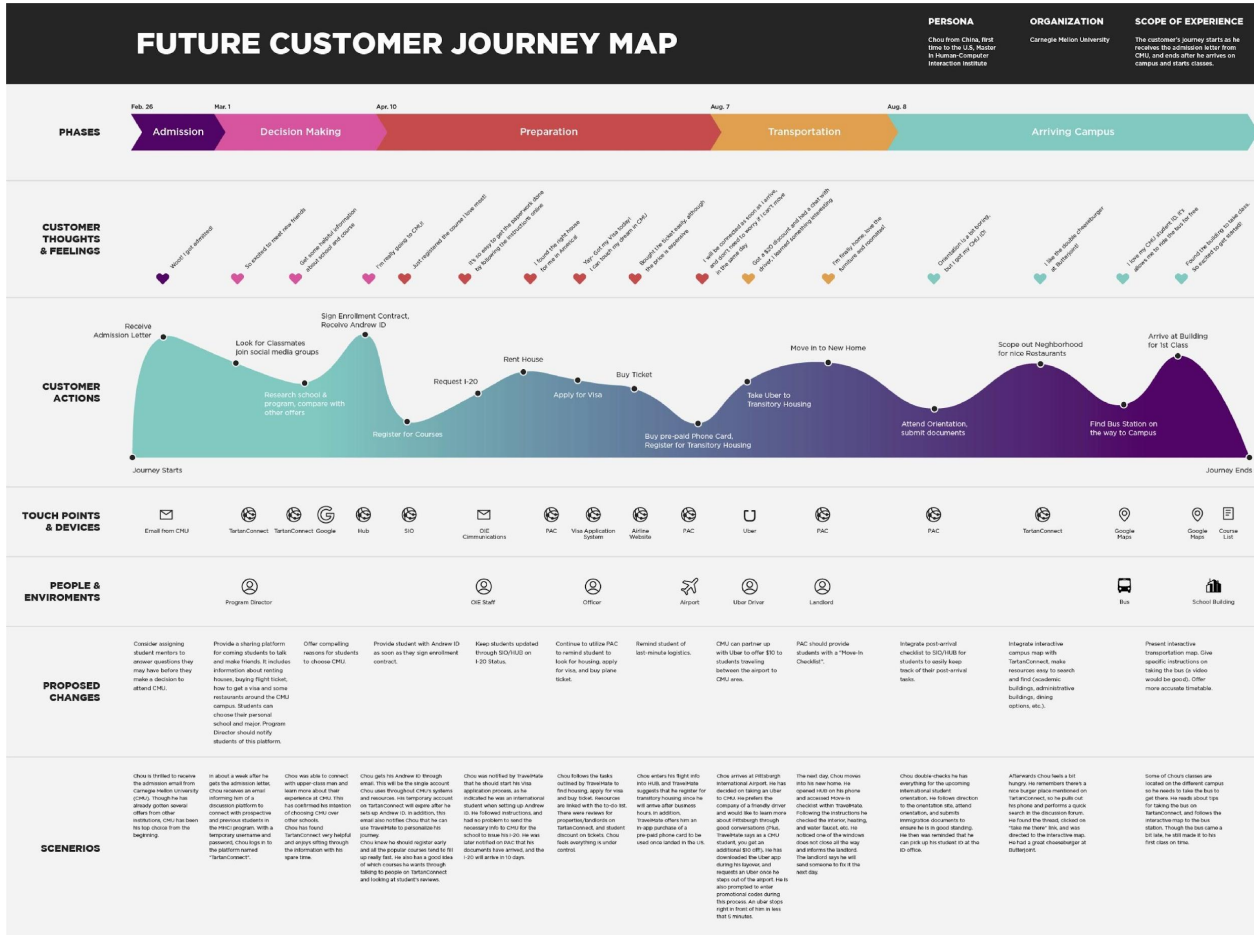
Tools – Problem Statement Canvas

THE PROBLEM STATEMENT CANVAS STARTUP NAME [Type here] DATE [Type here] VERSION [Type here]		
CONTEXT When does the problem occur? [Type here]	PROBLEM What is the root cause of the problem? [Type here]	ALTERNATIVES What do customers do now to fix the problem? [Type here]
CUSTOMERS Who has the problem most often? [Type here]	EMOTIONAL IMPACT How does the customer feel? [Type here] QUANTIFIABLE IMPACT What is the measurable impact? (include units) [Type here]	ALTERNATIVE SHORTCOMINGS What are the disadvantages of the alternatives? [Type here]

Tools – Lean Canvas

PROBLEM <i>List your top 1-3 problems.</i>	SOLUTION <i>Outline a possible solution for each problem.</i>	UNIQUE VALUE PROPOSITION <i>Single, clear, compelling message that states why you are different and worth paying attention.</i>	UNFAIR ADVANTAGE <i>Something that cannot easily be bought or copied.</i>	CUSTOMER SEGMENTS <i>List your target customers and users.</i>
EXISTING ALTERNATIVES <i>List how these problems are solved today.</i>	KEY METRICS <i>List the key numbers that tell you how your business is doing.</i>	HIGH-LEVEL CONCEPT <i>List your X for Y analogy e.g. YouTube = Flickr for videos.</i>	CHANNELS <i>List your path to customers (inbound or outbound).</i>	EARLY ADOPTERS <i>List the characteristics of your ideal customers.</i>
COST STRUCTURE <i>List your fixed and variable costs.</i>		REVENUE STREAMS <i>List your sources of revenue.</i>		

Tools – Customer Journey Map



Tools – Customer Benefits

Customer Benefits are reasons a product or service is valuable to a customer and prompts them to buy it.

People and companies are buying products/services:

1. To make money
2. To save money/time
3. To have a competitive advantage
4. To avoid risks
5. To be compliant with regulations
6. To quiet their emotions

Tools – Value Proposition

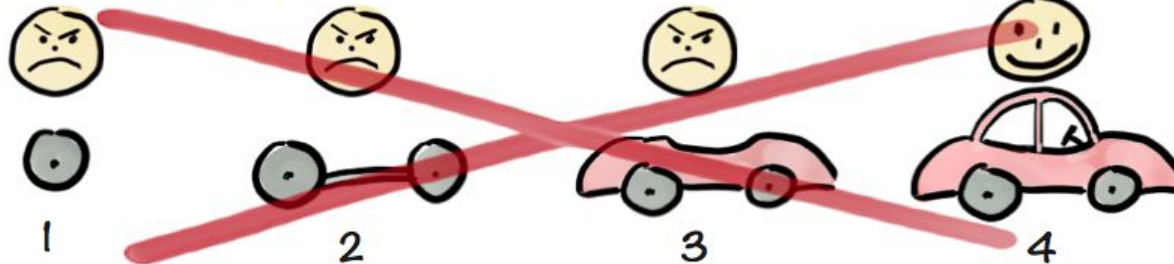
Value Proposition is a simple statement that summarizes why a customer would buy your product or service.

Formula: *For [customers] who [problem] which [problem costs] we offer [solution] that will [solution benefits].*

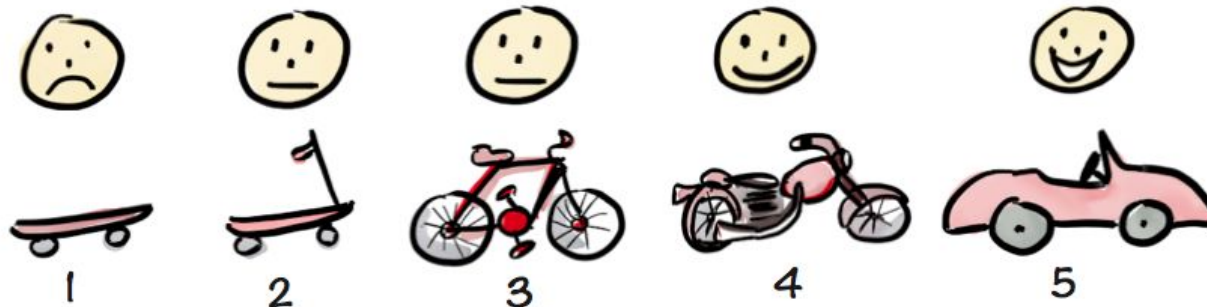
Example: For [young founders] who [don't know anything about entrepreneurship] which [leads to a 92% failure rate of the early startups] we offer [an accelerator] that will [teach them how to save money, time and resources when starting a company].

Tools – What Is An MVP (And What Not)?

Not like this....



Like this!



Tools – 5 Main Types Of MVPs

1. Concierge – Email/IM + Manual Work
2. Smoke Test – Social Media + Landing Page (Instapage, Unbounce, Optimizely, Strikingly)
3. Crowdfunding – Video + Social Media (Kickstarter, Indiegogo, Your Own Site)
4. Wizard of Oz – Prototype + Manual Work (Marvelapp, InVision, Justinmind, Flinto, Figma)
5. Single-Feature Product – 20/80 Feature (Upwork, Fiverr, Custom Software Agencies)

[10 Shades Of MVP \(Or How To Develop A Product Without Developing A Product...\)](#)

[MVP Development: How To Choose The Right One For Your Startup](#)

Curated List of Tools and Resources

[Letter to a Startup Wannabe \(part 1\)](#)

[Letter to a Startup Wannabe \(part 2\)](#)

[Letter to a Startup Wannabe \(part 3\)](#)

[Letter to a Startup Wannabe \(part 4\)](#)

[Tech Startup School](#) is a non-profit community to support the growth of the Romanian Tech Startups ecosystem

[Romanian Tech Startups Association](#) is a non-profit, organization that brings together the main actors of the national ecosystem of tech startups, facilitating their communication and creating connections and partnerships between them.

Q&A Session

I will send you this presentation if you will send me an e-mail mentioning at least

1 IDEA

that had a strong impact on you from my presentation.



Criteria to Invest in Stage 1-2 (Pre-Revenue)

1. Founders (90%)

1. Right Knowledge
2. Right Skills
3. Right Attitudes

2. Business (10%)

1. Apply DT, LS, DDD Methodologies
2. >10% Conversion Rate in B2B on No-Product MVPs for the Target Micro-Segments (>3% Conversion Rate in B2C)

Criteria to Invest in Stage 3-4 (Post-Revenue)

1. Founders (70%)

1. Same Criteria as Stage 1-2
2. Right Team for Execution

2. Business (30%)

1. Same Criteria as Stage 1-2
2. Board of Advisors (min. 3)
3. Financial Management (P&L, Cash flow)
4. Operational Efficiency (OKR, BPM)
5. Repeatable and Predictable Sales/Marketing Processes
6. Profitable and Scalable Business Model