Startup Key Milestones

Stages Of A Startup Venture

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Presentation version

Alpha
Why?
Startup

“A startup company or startup is a company or temporary organization designed to search for a repeatable and scalable business model”

- The term became popular internationally during the dot-com bubble

http://en.wikipedia.org/wiki/Startup_company
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Startup

“A startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of "exit." - The only essential thing is growth. Everything else we associate with startups follows from growth.”

- 2012 by Paul Graham - founder of one of the top startup accelerators in the world
Startup Financing Cycle

- **Seed Capital**
  - Angels, FFF
- **Break even**
- **Valley of Death**
- **TIME**
- **VCs, Acquisitions/Mergers & Strategic Alliances**
- **Later Stage**
- **Mezzanine**
- **IPO**
- **Public Market**
- **Secondary Offerings**

http://en.wikipedia.org/wiki/Startup_company
Stage One - Startup Idea

✓ Potential scalable product/service idea
✓ Some initial business models for how it would make money

✓ One person or vague team
  ✓ no real commitment confirmed
  ✓ and/or no right balance in the team structure yet
“Investors” view

"pie in the sky"

– a lot of work to get involved....
“Investor”

- anyone that makes meaningful resource investment purely for ROI

money, work, project, time, skills, contacts etc..
Idea Validation

Less Potential
- Small market
- Market shrinking
- Market Push
- Not scalable

More Potential
- Big Market
- Market growing
- Market pull
- Scalable
Stage Two - Startup Formation

✓ Have set some clear meaningful target
  ✓ clear direction (3y+) with key milestones to get there
  ✓ …36, 24, 12, 6, 3 months -> 3, 6, 12, 24, 36 months...

✓ Team of two or three core people
  ✓ but can also have additional team with lighter commitment
“Investors” view

“hmmm..., maybe there is something here...”

still very risky.... money does not really help here...
Stage Three – A Startup Is Born

✓ Committed skills balanced founding team

✓ Able to develop the product/service (without dependency of uncommitted external resources)

✓ OR already have initial product/service developed

✓ Shareholder agreement with “right things” in it
  ✓ milestones & committed time/money usage
  ✓ founding team commitments for 2+ years with vesting
  ✓ etc.
“Investors” view

“Looks like this may have real potential..?"

Time to get in for a good deal...? Still very risky..... Maybe join as Advisor...?”
Team Validation

Less Potential  More Potential

Solo  Team
Uneven Skills  Skills Balanced
Not committed  Committed
Stage Four - Operational Startup

✓ Can already show some user growth and/or revenue (initial traction)

✓ And/or continue to attract external resources (money / additional people/work) for equity or future revenues
“Investors” view

“This is starting to get interesting…”

Join now? - Later I may not get in or it's going to be out of my range…
Between Previous & Next Stage

✓ Is where assumptions get validated

✓ If selected market and team is good…

-> The idea and business models can be (and often is) changed or pivoted several times
Stage Five - Growing Startup

✓ showing clear and growing user/market traction, momentum and or growth

✓ And/or is able to attract significant funding
“Investors” view

awesome! :)

OR

Oh, I missed the boat :(  

earliest time when good VC's start to get interested....
Stage Six - Established Startup

➢ Pretty clearly is going to make it
➢ Often wants to culturally continue behaving like a "startup" for as long as possible
➢ No longer need to "try" get resources and can get those easily
➢ Continue to grow
➢ Founders make exit or continue biz as usual
Success

idea + plan + action + timing
= reaching a set target
Success

idea + plan (set of initial assumptions) + action ((volume x testing assumptions - failures) + (volume x testing improved assumptions - failures)) + timing = reaching a target
Thank you!

Questions?