DO s & DONTs for startups

■ Dr. Kaustubh Dhargalakr

1. **Believe in your hunch….. but do your research.**

   Many a time, it happens that we get some brainwaves when least expected, we keep that idea at the back of the mind but don't act on it. A few months/years later, we come across a decent-sized business based on a similar, if not the same, concept. I am sure this has happened to each one of us, not once, twice, but many times over. We respond in two ways to these happenings.. One is, we say, "Henceforth I will act quickly on my hunches". The second response is, "Henceforth, I will not share any of my ideas with anyone". The first response is a desirable one but does not get implemented all the time. The second response comes typically from the human instinct of 'possessiveness', 'not wanting to share'. However, if you are serious about executing the idea, you need to do the following when you get a brainwave

   a. Validate it
   b. Prototype it
   c. Get a few people to try it
   d. Get feedback
   e. Refine it, tweak it based on the feedback

   However, none of the above would be possible if your response was the second one.

   SO DO DISCUSS YOUR IDEA WITH RELEVANT PEOPLE

   The undesirable side-effect of this is you get confused with too many people advising you & cluttering your judgment. There maybe very senior people who might tell you, "this won't fly" & you get deflated. Internally, you are deeply convinced that the idea WILL fly. At such times, introspect deeply and answer the question, "how well you know the consumer segment you are aiming at?" if the answer is, "very well", then you need to check the validity of your idea with folks from that segment & not the expert who is a 'supposed know-all'. You might be wondering what I am talking about. At the beginning, I said, "Do discuss your idea with RELEVANT people" & now I am saying, "Go with your gut".

   The adjective 'RELEVANT' is important in the above phrase, the years of experience may not be as much. Your target segment is more 'relevant' than the 'supposed know-all'.

2. **Have the 'Critical Success factors' under your control.**

   I used to run an 'Innovation lab' at We School & am a mentor for start-ups with the CIIE (Center for Innovation Incubation & Enterprise) at IIM- Ahmedabad. By virtue of these positions, I have a lot of young students coming to me with fantastic concepts in e-commerce, m-commerce, healthcare, robotics, online education etc. My first question to them is how do you plan to create the product/service offering. Usually the ones who come in with technical concepts s.a. robotics, healthcare etc. are the ones who have the technical expertise. However, most of the ones who come in with ideas in e-commerce/ m-commerce, respond by saying, "I will get the web platform developed from a friend of a friend who happens to be the cousin of another

friend's girl-friend"…….. I, then ask, how will you get the work done from this friend's friend's cousin's………….?

Well, you got my point, right?

The most common response is, "I will outsource all the development work of the web platform" & I ask, "how will you ensure the quality of the output, the timeliness of delivery etc?" the response is, "I will sign a foolproof Service Level Agreement(SLA) with the supplier".

If things were as simple as that, then everybody would have succeeded at entrepreneurship. What if your 'outsourced' developer promises you a delivery in one month & never shows up again. Even assuming, he delivers a great web platform to begin with & you begin your operations, but after a few weeks there are some bugs to be fixed & the developer then keeps dilly-dallying attending to your requirement. In this case what do you do?

To avoid such situations, **identify the Critical Success Factors of your business & form a close-knit team** (using whatever enticements that you think are practical) that will be able to deliver on the same. Have these folks under your wings rather than outsourcing these criticalities. An investor lays more emphasis on the team than the idea.

3. **Make your first 'Guinea Pigs' feel special**

   Don't wait too long to perfect your offering. Create something tangible & test it out with your target group. It gives you a lot of REAL TIME insights into what you are going to face in reality. Make those who are trying out your prototype, feel really special. Take copious feedback, make them feel that they are a part of a revolution to 'Change the World'. After all, that's what you are trying to do as an entrepreneur, right?

4. **Don't get disheartened if you do not get funded quickly.**

   Every start-up, these days, wants to pitch to 'Seed funds', 'Angel Investor Networks' & what have you. My advice is blunt: Please sit back and check actually how much do you need to create a tangible prototype? The answer, many a time, will be, a few ten thousands (Rupees). Do you really need an external investor for this???? & most investors will not look at your idea if you do not have a proof of concept. Investors in India (be it Angels or call them by any other name) do not fund an 'idea', they fund a 'business with REAL customers'. You might have heard of stories about how Google got funded when it was still a Ph.D thesis, well……..that happens once in a blue moon (if something like that exists). Google is an exception not the rule!!!!!

   This does not mean that you don't approach investors. When you approach them & present your concept to them, they evaluate you & your business model well enough to point out obvious flaws in the concept or execution. This 'Free Advice' is worth its weight in Gold/Platinum/ Iridium or what have you.

   So, do pitch to investors, but don't get disheartened if you don't get funded in the first year or two. Carry on with your good work & get valuable feedback from the target consumer/Angel Investors/ Seed funders & keep improving your offering & get your revenue stream in place…investments will follow ☺ ☺ ☺