

START-UP

(from first idea to successfully running operations)

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!!!!!! Never forget !!!!!



STARTUP

MAKE

SOMETHING

PEOPLE WANT

and as well
make your visions/dreams come true



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A G E N D A

- What means Start-up?
- Why do we need start-ups?
- Motivation to start-up a company
- Collecting business ideas
- What is the way?
- Evaluation process
- Creating visions
- Developing strategies
- Developing business plan
- Budget Process
- Raising funds
- Compliance with all formalities
- Stakeholders
- Market dynamics
- Examples/Conclusions



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What means START-UP?

A small business that has just been started

Start-ups are very vulnerable in the business world.

A new business, or the activities involved in starting a new business

Start-ups need to generate revenue quickly.

The act or process of starting or making something start

A start-up company is a small business that has recently been started by someone



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Why do we need start-ups?



German Ministry of Economics states:

- Innovation creates new jobs
- Push change process and competition
- Promote freedom, diversity and stability in society
- Supports to increase share of women in charge

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Why do we need start-ups?



The research project: “Deficits in approaches and methodical practices for startup organizations“

is about acquiring insights into startup working methods. Researches about major challenges and reasons for failing startups facing were used as starting point. **“No market Need”, sales and customer acquisition** take the biggest share of problems startups have to deal with.

The study identifies by reference to an interview guideline, the main methodical deficits. Therefore, five hypotheses were formulated and validated based on interviews with startups. Especially estimations about market share and potentialities in team were proofed to be a deficit. Furthermore, lots of start-ups **do not know their customers and their needs.**

Consequently, the customer and his needs must be defined early and should be adopted earliest into product development. This makes it easier for sales and customer acquisition to merchandise the product. Nevertheless, the challenges startups have to satisfy, changes in every development stage of the organization. Particularly the growth-stage distinguishes itself with basic changes caused by market entry.

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Why do we need start-ups?



Disciplines that have been unnecessary in the past become highly important (e.g. **Production, Sales, Logistics**). Thus, the tasks cannot be settled by the existing team and new members get acquired. The founder often has issues in **delegation and releasing tasks**. Agility and fast progress, the main advantage of startups can be in danger. The recent perceptions of the study are used to develop a methodical supportive approach, that should assist startups to negotiate deficits. A **mentoring program** could help founders to identify and avoid mistakes.

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Why do we need start-ups?

It is fact that 90 % of startups fall



Main conclusions of study „Startup Genome Project 01 – Cracking the code of innovation“:

- ❖ Founders that learn are more successful
- ❖ Startups that pivot once or twice are more successful than the others
- ❖ Many investors invest two to three times more capital than necessary
- ❖ Investors who provide hands-on help have little or no effect on the performance
- ❖ Solo founders take 3.6 times longer to reach scale stage compared to founding team
- ❖ Balanced teams with technical and business founder are more successful
- ❖ B2C versus B2B is not a meaningful segmentation anymore esp. in Internet
- ❖ Startups need two to three times longer to validate their market than founders expect
- ❖ Most successful founders are driven by impact rather than experience or money
- ❖



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To be one of the successful operating startups following my recommendations

.....

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Why do we need start-ups?



Established well-settled, -organized and -known companies
(sometimes recognized as lazy)

versus

Not established, unknown, innovative, networking creative and young individuals with strong believe in their new ideas and style of working.

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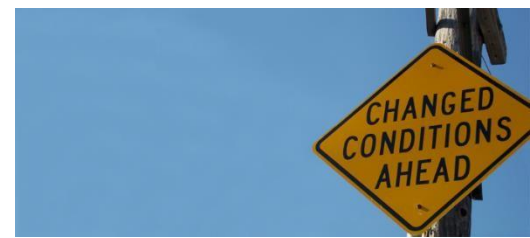
Why do we need start-ups?

Ideas to

- create new products
- implement new technologies
- improve/change existing processes
- improve quality
- increase efficiency
- nourish population improve
- health system integrate
- immigrants accelerate
- (R&D) processes
- change well established behaviours
- manage demographic changes
- manage digital transformation
-

Find answers to continuously upcoming questions; drive the change process

!!! Start-ups are changing business conditions/rules !!!



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Motivation to start-up a company



Huge change processes are on the way which create unlimited individual challenges

- Digital transformation
 - ❖ Industry 4.0
 - ❖ Internet of things
 - ❖ Video consultation

- Global Warming

- Demographic changes

- Distribution of wealth

- Behaviour changes

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Motivation to start-up a company

- Sustainable business idea
- Strong believe
- Willingness to dedicate most of ones time to this issue
- Enthusiasm
- Hard work

- Ability to manage disappointments
- To become rich, famous, important,....., and free
- Be realistic



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Collecting business ideas

➤ Sources

- University
- Internship
- Watching
- Listening
- Learning from others
- Sharing with others
- Personal experiences
-



➤ External influences

- Changes in legislation
- Lifestyle products
- Make day-to-day life better
- More from less
- Global warming
- Increasing prices
- Digital transformation
- Demographic changes
- Fashion
-

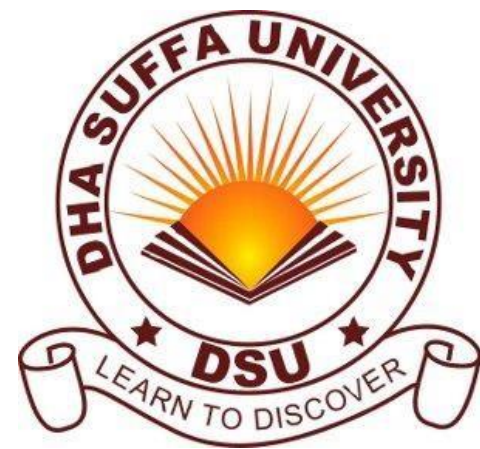


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What is the way?

Garage Start-ups



Digital Hubs and/or Incubation Centers



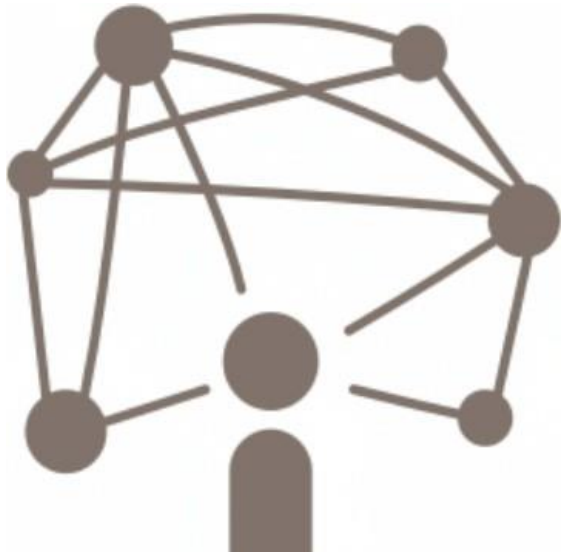
[Business Incubators - Hatcheries for start-ups - Made in Germany.mp4](#)

[hub.berlin 2019 - Trailer.mp4](#)

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What is the way?



CREATE

USE

SHARE

The Digital Hub Strategy

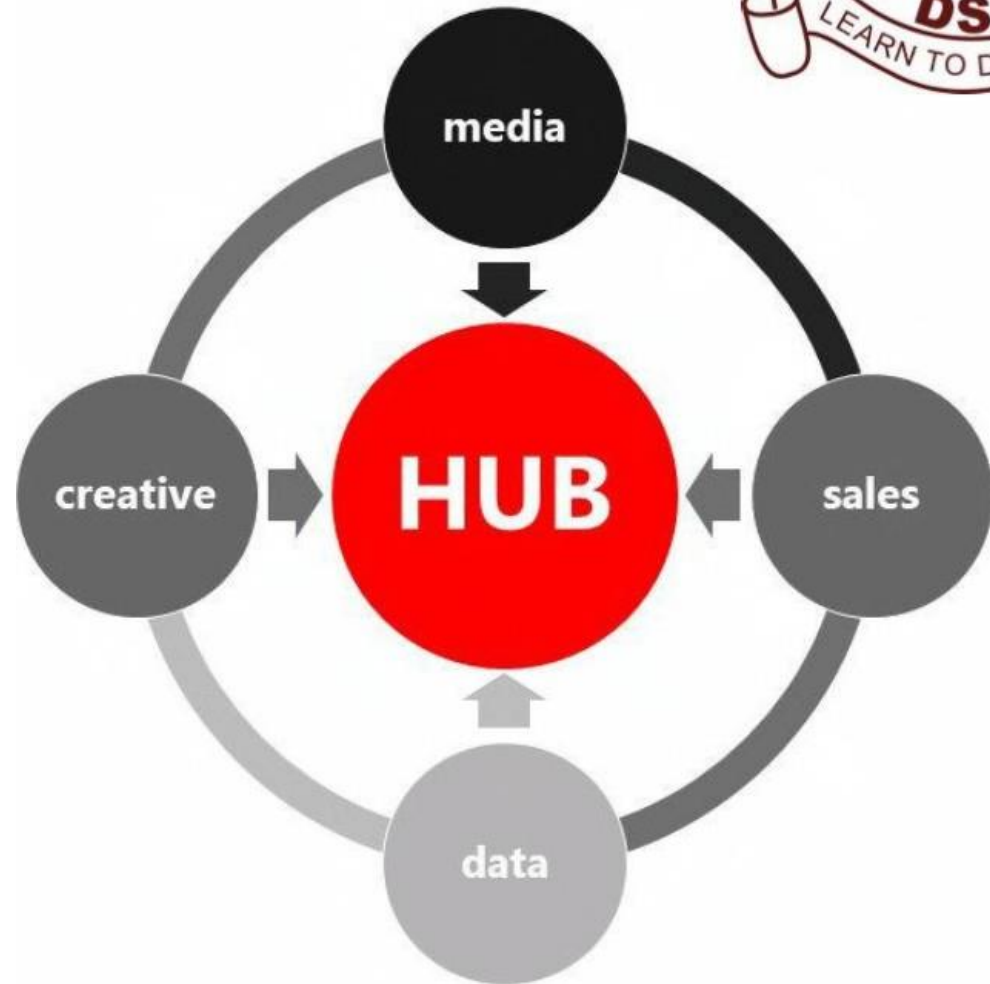
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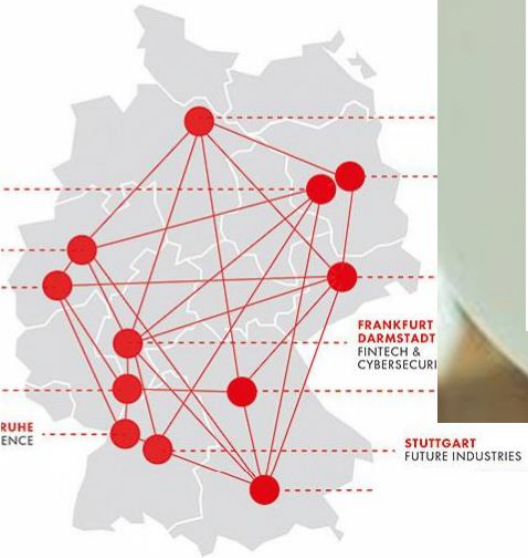
(from first idea to successfully

What is the way?

de:hub

MAKE
YOU™
:DEA
FLY.

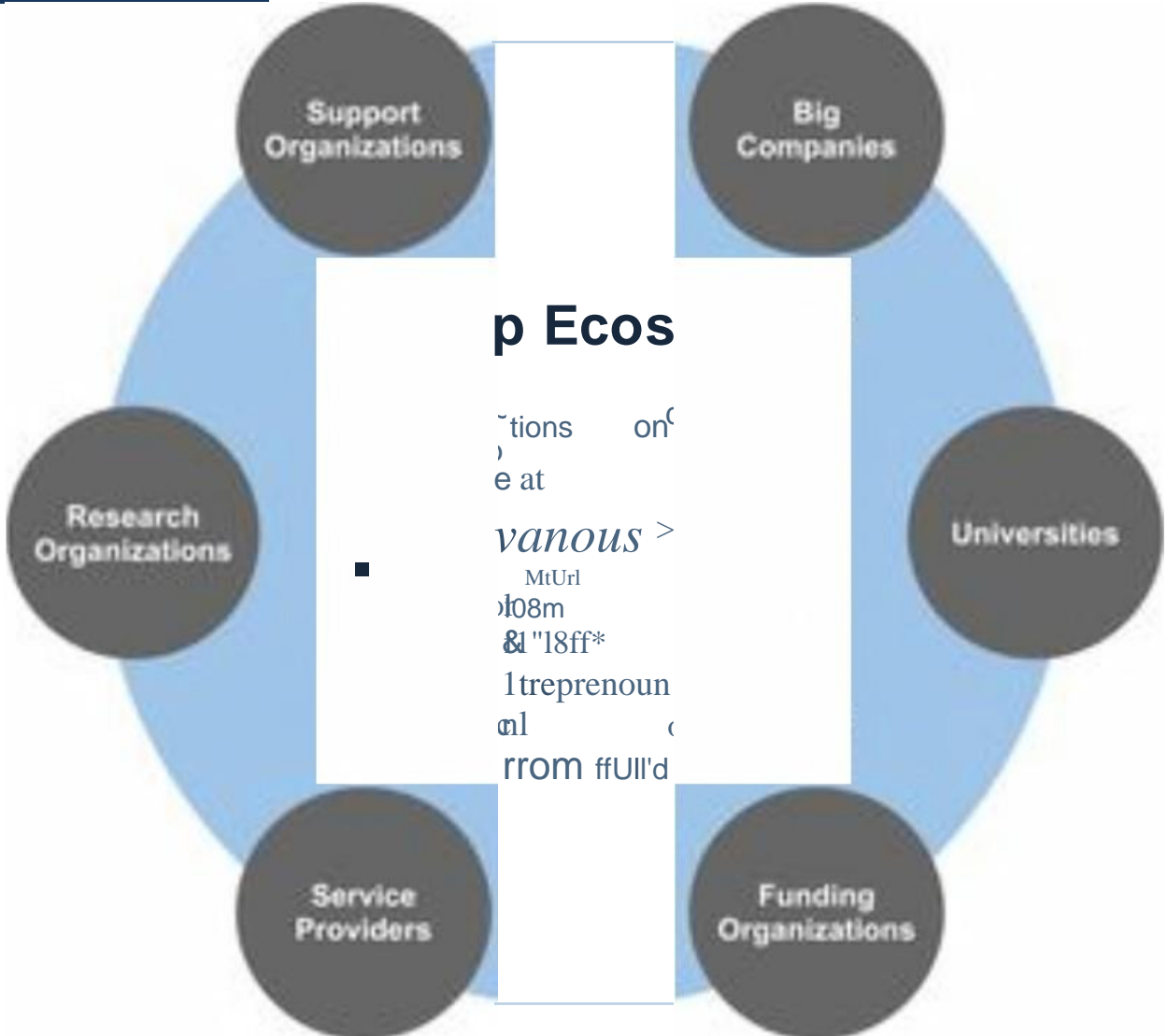




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What is the way?



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Evaluation process



Idea Generation

ScreenIn1

IdN Evaluatio n

Developme nt

Commercialization

Ideas from:

- Customers and users,
- Marketing research,
- Competitors,
- Other markets,
- Company people,
- Middleman, etc

- Strengths and weaknesses
- Fit with objectives
- Market trends
- Rough ROI estimate

- Concept testing
- Reactions from customers of
- Rough estimates costs, sales, and profits

- R&D
- Develop model or service prototype
- Test marketing mix
- Revise plans as needed
- ROI estimate

- Finalize product and marketing plan
- Start production and market in selected markets
- Final ROI estimate

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Creating visions

- **How will the „product“ look like?**
- **Fashion versus sustainability**
- **B2B versus B2C**
- **Digital versus real product**
- **Target group(s)**
- **Commodity versus tailor made**
- **Local product versus national/international**
- **Market approach**
- **How to raise funds**
- **Do I need support and who can/will support me?**



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Developing strategies

- Market entry
- Ramp-up business
- Stabilise operations
- Growing business
- Adapting business to market development
- Expand into new markets
- Add further product groups
- Merge and/or acquire businesses
- Sell operations/Going public



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Developing business plan

PRESENTATION BUSINESS IDEA/ SERVICE OFFER

- ❖ Location
- ❖ Target group/ Target region
- ❖ Market analysis
- ❖ Competitors
- ❖ Marketing plan
- ❖ Pricing
- ❖ Personal planning
- ❖ Structure of project
- ❖ Type of company
- ❖ Team
- ❖ Implementation plan
- ❖ SWOT Analysis



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Developing business plan



INVESTMENT PLANNING/ CAPITAL NEEDS

- ❖ Sales forecast
- ❖ Planning operating cost
- ❖ Profitability forecast
- ❖ Financing Model
- ❖ Repayment Plan
- ❖ Forecast based on minimum assumptions
- ❖ Cash Budget

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Budget Process

Planning Process



[Company Name)

INCOME
INCOME

Actual

Budget

Difference

Sales

Sales - Qtr 1

Sales - Qtr 2

Sales - Qtr 3

other

Total Sales

Cost of Goods

Beginning Inventory

Goods Purchase or
Manufacture!

Shipping Charges

Labor (wages and payroll)

Other

Less Ending Inventory

Cost of Goods Sold

Gross Profit

Non-Operating Income

Interest

Income

Rental Income

Other

Total Non-Operating Income

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Raising funds

- Own money
- Loans from family/friends
- Bank loans
- Customers loans
- Supplier loans
- Venture capital
- Support program
- Crowd funding



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Compliance with all formalities



Rules,
laws,
tradition,
culture,
religion,
behaviours,
.....
need to be respected.

!!! Otherwise you run the risk to fail !!!

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Stakeholders

Stakeholders ---+



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Excursion:

Price and/or cost deviation have significant influence on result



To achieve a gross margin of 50 you need to sell x units

Revenue/Unit

135,00	0,5	0,5	0,5	0,5	0,6	0,6	0,6	0,6	0,6	0,6	0,7	0,7	0,7	0,7
130,00	0,5	0,5	0,6	0,6	0,6	0,6	0,6	0,6	0,7	0,7	0,7	0,7	0,8	0,8
125,00	0,6	0,6	0,6	0,6	0,6	0,6	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,9
120,00	0,6	0,6	0,6	0,6	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,9	0,9	1,0
115,00	0,6	0,6	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,9	0,9	1,0	1,0	1,1
110,00	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,9	0,9	1,0	1,0	1,1	1,1	1,2
105,00	0,7	0,7	0,8	0,8	0,8	0,9	0,9	1,0	1,0	1,1	1,1	1,2	1,3	1,3
100,00	0,8	0,8	0,8	0,9	0,9	1,0	1,0	1,1	1,1	1,2	1,3	1,3	1,4	1,5
95,00	0,8	0,9	0,9	1,0	1,0	1,1	1,1	1,2	1,3	1,3	1,4	1,5	1,7	1,8
90,00	0,9	1,0	1,0	1,1	1,1	1,2	1,3	1,3	1,4	1,5	1,7	1,8	2,0	2,2
85,00	1,0	1,1	1,1	1,2	1,3	1,3	1,4	1,5	1,7	1,8	2,0	2,2	2,5	2,9
80,00	1,1	1,2	1,3	1,3	1,4	1,5	1,7	1,8	2,0	2,2	2,5	2,9	3,3	4,0
75,00	1,3	1,3	1,4	1,5	1,7	1,8	2,0	2,2	2,5	2,9	3,3	4,0	5,0	6,7
70,00	1,4	1,5	1,7	1,8	2,0	2,2	2,5	2,9	3,3	4,0	5,0	6,7	10,0	20,0
	35,00	37,50	40,00	42,50	45,00	47,50	50,00	52,50	55,00	57,50	60,00	62,50	65,00	67,50

Unit cost

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Market dynamics

Compare real business against budget, analyse deviations and react



Margin	<ul style="list-style-type: none"> - Did competitors change prices and why? - New competitors? - New and/or better products? - Location? - Opening hours? - Service level ? - Skills of staff? 	<ul style="list-style-type: none"> - What are the reasons for being successful? - What can we do to keep on that track? - How to become better? - Expand ? And in which direction?
HIGH		
LOW	<ul style="list-style-type: none"> - Competitor's behaviour? - New and/or better products? - Location? - Opening hours? - Service level ? - Skills of staff? - Marketing activities? - Products out of fashion? - Close down? 	<ul style="list-style-type: none"> - Do we achieve our budget figures? - Can we increase prices without losing volume - Do we need to change our product mix? - Location? - Opening hours? - Service level ?
	SMALL	BIG

Salesvolume

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Market dynamics



Rethink, analyse and, if necessary, adapt your visions and strategies

Be open for new and better ideas

Report to all stakeholders

Make (tough) decisions

Think, listen, think again and act

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Examples:



Examples of sustainable and very promising start-up initiatives:

➤ Specialist in reinforced soil



Examples of sustainable and very promising start-up initiatives:

- Experienced sales representative for high end wood based panels



Examples of sustainable and very promising start-up initiatives:

- Prototyping
- Improved Animal Feedingstuff
- Service offer for Maintenance
- IT Maintenance on demand



Examples of sustainable and very promising start-up initiatives:

- Photogrammetry by drones



- Reinvent scooters





Examples of sustainable and very promising start-up initiatives:

➤ Natural Fitness



➤ Music school



Examples of sustainable and very promising start-up initiatives:

- Job attraction consultancy
- All-round carefree package for managers/high potentials
- IT based training for occupational therapists
- IT based training for social care staff
- IT based marketplace for apprenticeship (changing the rules)





Start-up ASTARTE-Manufaktur

Start-up ASTARTE-Manufaktur



Start-up ASTARTE-Manufaktur

Mission:

- Produce high quality products that refine basic foodstuff
- Sell it with reasonable margins at exclusive places
- Develop brand „ASTARTE – Manufaktur“

Start-up ASTARTE-Manufaktur



astarte

MANUFATUR

Nusskerne oder Saaten in Akazienhonig mit Meeralz



- Ingredients Honey, 16 different roasted nuts and salt
- 2 types of glasses 100 and 200 gr
- 32 different recepices – 32 SKU (Stock Selling Unit)
- Price per SKU 100 gr PKR 1.000 - 1.450
- 200 gr PKR 1.450 - 2.040



- Production: Rented kitchen
- Staff: Help in kitchen on demand
- Stocking: Raw material in kitchen
Finished goods in residential house
- Main assets: Camper and Trailor; Shelter
- Points of sale: Markets; Internet; Selected Retailers;
Restaurants; Cafés

Start-up ASTARTE-Manufaktur



- Started in 2016
- Got a loan of 15 k€ = PKR 2.200.000
- High price products
- Result 2017 € 0; but no regular salary to the founder could be payed

Planning 2018

- Increase sales by 50 % (3.000 units -> 4.500)
- Extend product offers
- Find new customers
- Improve result to a at least real black zero
- Monthly reporting

Start-up ASTARTE-Manufaktur



To summarize:

!!! It is hard work to start-up a new company !!!

!!! The risk to fail is high !!!



Any questions ?
Thanks for your attention !

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The MentorenNetwork brings start-ups and experienced senior manager together with the target to discuss and evaluate e planed set-up of companies. In the board of experts are five persons. They will listen tot he business idea, evaluate and probably coach for a certain time. This offer is dedicated to start-ups, and potential successors of a family owned business. Access to this cost free offer have all interested persons out of the SINDH region.

For registration please fill in the following standard form and send it via email to the following address:

.....

If you have any questions, please contact

Data to applicant and company

Name(s)

..

Name of company

..

Street

..

Place

..

Telefon no.

..

E-Mail/ Website

..

Date of foundation

..

No. of founders

..

No. of employees

..

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Information to company/business idea

What is your business idea ?

Which competitors offer comparable/similar products/services?

Do you have any competitive advantage? Is there an USP (Unique Selling Position) ?

Describe your (potential) customers. Which customer value do you offer?

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Which routes to the market do you use ?

How do you indicate your products/services to your target customers ?

What about your professional qualification and work history ?

What is your motivation for this step into freelance work ?

How high is turnover and profit or even budgeted ?

Request for professional support/coaching

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Conclusions



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MAKE
SOMETHING
PEOPLE WANT

Coworking

Limit risks

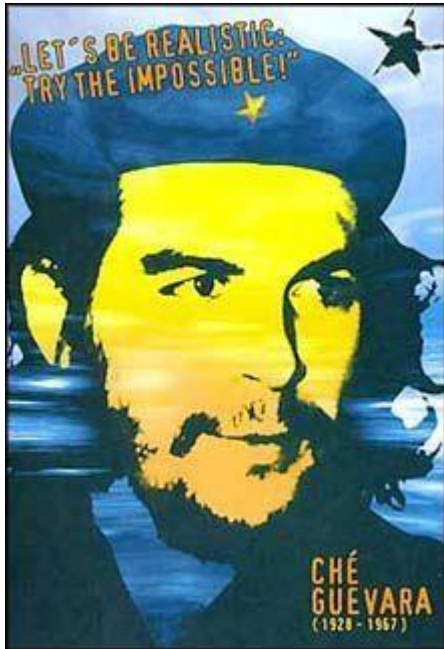
Listen to stakeholders but as well to your heart

Realistic self-assessment

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Conclusions



Let's be realistic, try the impossible

Thanks for your attention