

The ten commandments for launching a startup

Want to start a business? The internet is full of advice for entrepreneurs, whether that's detailing the lifecycle of a startup, how to raise investment, how to manifest success and which 'meal in a can' is best for those on the go.

Why look any further, though, when Maddyness has clubbed together some brilliant minds in the startup and business landscape to put together this quickstart guide? We'll cover the key things budding founders and new-to-the-role founders need to think about – what happens when, why and how? Making it, if not easy, then saving time spent otherwise typing 'should I have paid some corporation tax?' into Google from HMP Pentonville.

Validate your idea

'I've got an idea I think is good.' Bingo! That's a hypothesis. Some ideas are right from the start, some need work. Rather than believing yours is the former, prove it's the latter by doing some market research. You'll also get ideas of how to develop the product alongside key information investors look for as you do: how people responded to the product and whether they'd buy it.

Senior Creative Lead at Bow+Arrow Harry Bond, recommends testing little and often: 'Research is still regularly framed as a 'phase' of a project when really the best innovations aren't conceived and *then* built, they're prototyped early and improved incrementally with feedback.'

‘Among the startups I’ve worked with there’s been a persistent notion that testing is a huge upfront commitment of both money and time, but that’s only true if you choose the wrong questions, methods, or both.

‘For a new business, the key questions to test early are whether there’s appetite for the product/service you’re going to offer, and how you can make it more appealing than the status quo.’

Reassuringly, Harry explains, the user research community is a generous one, offering many a how-to guide to follow and with a broad suite of tools to help, too.

If this is new ground for you, though, it can be intimidating to know where to begin.

Harry explains, ‘In the early stages of developing an idea, you might limit your research arsenal to interviews and surveys to better understand your potential market and audience, while later on you could vary your approach to test things like language, structure and usability.’

Equally, in the early stages, you may worry about stretching your budgets to get these insights.

Costs can vary, Harry says, depending on what you’re doing and who is involved: ‘a 45-minute interview with someone with specific skills and experience might set you back upwards of £200 in recruitment fee and incentive, whereas sending out a short survey to a broad sample would come in at around £1 per response using a platform like SurveyMonkey.

‘Recruitment is where costs can start to balloon, so my advice – unless you’re building in a very niche space – would be to begin with a slightly looser profile than you planned for, and look for opportunities at the edges of your target audience, too.

Often, Harry says, you can save costs by following well-trodden design conventions for things like simple registration forms, instead of spending time and money trying to redesign them.

‘With a bit of desk research you can feel confident that they’ll work in the wild without testing, because they’re meeting the expectations of your audience.

‘Where you find you need to break those conventions – or where you choose to defy expectations – is where you should prioritise deeper research, but bear in mind that not everybody loves surprises.’

Your own ability to cope with surprise insights and changing human behaviours, Harry says, is everything.

‘A startup’s ability to adapt quickly can be the difference between life and death, and there simply isn’t always time to test things thoroughly *before* introducing them to actual customers.

‘Creating a habit of monitoring, evaluating and iterating with real data is just good sense, and people can be surprisingly forgiving of the odd glitch or misstep if you demonstrate a willingness to fix quickly, and learn. Every time that happens, write it down.

‘Documentation is everybody’s least favourite part of doing research, but if you keep your testing data and insights organised over time, you’ll very quickly wind up with a huge bank of knowledge to pull from each time you need to answer a big question, or push a new feature.’

Useful links:

3 discovery ideas that are a waste of time and what to do instead
(Maddyness)

UX Research cheat sheet (Nielsen Norman)

The beginners guide to usability testing [+ sample questions] (HubSpot)

Accessibility guidance for user research (NHS)

Build out your business plan

Branding helps sell an idea but before you try and ‘look the business’ by jumping into making a slickly designed investment deck, think about your strength of communication and how robust you can make your pitch. Don’t be tempted to prettify something if the content’s not watertight in the first place.

Setting down all the aspects of your business is useful: you can clarify the gaps in your knowledge; distil ideas outside of your head; get input from others; all the while boosting your confidence. It can be rewarding having all the fruits of your efforts collated in a clear and compelling way. This is, in short, your business plan: important information hygiene that it helps to stay on top of, no matter the size and maturity of your company.

Senior executive, board advisor and mentor Jeanette Linfoot says in her ‘How to Write a Multi Million £ Business Plan’ podcast that, ‘as a leader, sometimes it can be tempting to hold everything into yourself. And that can be quite dangerous and a very lonely place.’

With a business plan, she says, ‘You can actually know where you’re heading

and you've got a much greater chance of getting there.'

You can use elements of your business plan for internal and external communication, too. This ensures you have consistency of messaging across your touchpoints, with your team and your customers, and – usefully, Jeannette says, 'it gives you a specific plan to measure against.'

What's more, she adds, you'll have the key financial metrics and the measures of success for your business and these can inform your team's objectives, too.

In terms of hiring said high-performing team (and you do want the best to achieve the best outputs), Jeannette says that 'not only are you assessing them but they're assessing you. Having a robust, clear business plan that lays out the future allows you to attract talent that can help drive the business forward.'

Some like to keep their pitches to a one-pager, and that can work. You'd still want to compile an exhaustive plan for your files: 'It's quite useful to have one big document that has everything, and then you can pick out relevant sections that you might want to use for a specific audience.'

Jeannette says you definitely need the numbers in there, alongside clarity on your mission, purpose and vision, though: otherwise 'it's like building a house on sand.'

And – relevant to this section of your plan – the phrase 'value proposition' gets bandied around in business circles. Mark Wilson, Co-Founder and CEO of business innovations consultancy Wilson Fletcher, says shaping your value proposition effectively is equally critical.

'In a few words you need to capture why and how your business can offer clear (and ideally unique) value to customers. Always think in terms of the end customer's benefit, not yours.

'So 'our space-age lacto-filter technology means that millions of lactose-intolerant people can now drink regular milk, straight from the bottle' is good. 'Our new lacto-filter will drive milk-based revenues into space' is not. Save that for the summary financials.'

Caroline Franczia, founder of Uppercut First and regular Maddynews columnist, agrees, 'answering a pain your customer may have, in a way no else does, is crucial and making it evolve as your company does is imperative.'

On the subject of change, according to Jeannette, you need to remember that a business plan represents your thinking at a point in time.

'It reflects your position in the market today and in and your future view, but it's not set in stone forever.' As with your value proposition, it will evolve as

you grow, learn, pivot, or as the world and its behaviours change around you.

By reviewing it once or twice yearly, you'll be hitting a sweet spot. Jeannette advises against changing it every week – it does need some longevity, she says.

So, you've got your information: how should you compile it? Always with your audience in mind, she says. Whether that's your internal team, your suppliers, potential partners, investors, maybe government and industry officials that are interested in your business.

Alas, it's not a one-and-done, because it's important you're confident in what you're sharing when it comes to potential investors, and they'll each have their own specific interests.

Anthony Rose, co-founder and CEO of SeedLegals admits that honing an investor deck can be a long process. 'Founders tell us they revise theirs on average five times following investor feedback.'

It is important to try to get it right, though, he says. 'A pitch deck is often the first impression you give a potential investor. It's an opportunity to show the value your business will bring to market.'

Components of a business plan:

EXECUTIVE SUMMARY

You may be passionate about every artistically wrought sentence, number (not artistically wrought, we should say) and detail in your pitch deck, but when you're trying to get potential investors' attention, you want to make their comprehension as easy as possible. The same goes for all of your business communications, frankly: outline what you're saying, clearly and succinctly. Expanding on details, where necessary, can come afterwards. You only really need a few bullets outlining what the business is and its mission; key numbers that can impress (be they projections, potential market share, or company growth to-date); and anything else that makes the summary especially impactful. Does it already have backing? Is it endorsed by a notable name?

Jeannette says that 'a good exec summary hits you between the eyes'. You want this to inspire the business equivalent to Jerry Maguire's 'you had me at hello'.

VALUE PROP, MISSION, VISION AND VALUES

This is a chance to detail what the business is really driven by, and what makes it tick.

What pain points are you looking to solve with, to demonstrate, let's say sliced bread? (*It saves time otherwise spent on cutting a loaf, washing up a knife, a chopping board and clearing away crumbs; it prevents the dreaded badly cut wedge; and it stores for longer.*) What's your ultimate goal – what change do you want to see in the world? (*We want to help people save time in the everyday, so they can concentrate on what matters to them.*) What do you want to become? (*Through our commitment to helping our customers make the best sandwiches, we want to become the nation's baker.*) What values will you be defined by along the way? (*We're inclusive: we create our products for everyone, whatever that looks like; we're neighbourly: we'll always listen, try to help out and collaborate; we're nice: the only rise we like to get out of anything is the bread; etc.*)

No, you regret the sliced bread example! Get outta here!

BUSINESS OVERVIEW

Here, you'd include all relevant context about the business. Jeannette explains that this snapshot isn't necessarily exhaustive. It could include the legal structure; the history of the business; the scope of your operation (location; products and services; whether it's a bricks-and-mortar operation, mail-order or internet-based); target customers; and so on.

PRODUCTS AND SERVICES

What are they? Why are they good? 'This is also a great section to include any products' initiatives that you have in the pipeline,' Jeannette says. 'If you've planned to diversify, for example, this is where you would articulate that.' Charging more for unsliced 'artisanal' bread? Ha. This is where that goes.

OPERATIONAL PLAN

What's the structure of the business? What function is responsible for which output? This is only probably necessary for larger startups that have various departments. If it's you and your mate Kees from uni, it's worth leaving this bit out.

SALES & MARKETING

What's your plan to increase awareness and sales? Do you have a tangible strategy you're planning on rolling out, irrespective of future investments? Who are you targeting? What's their value to the business over their lifetime?

Developing these plans really depends on your product or service and its target market. If you're selling FMCGs (fast-moving consumer goods) then it's unlikely you'd implement a cold-calling strategy for your customers (though you might for your vendors).

(It's too broad a subject to adequately attack in this already sprawling guide but, helpfully, Joe Procopio has written about the sales process for Maddyne [here](#), and the kind people at FutureLearn have put together [this article](#) which is a good place to start your marketing ideas flowing.)

MARKET ANALYSIS

For this section, you'll be collating your research of the wider market, which is of especial interest to investors: if you've developed something in a competitive category, they'll want you to fess up and explain why it still has potential for success, for example. Jeannette says this is a 'macro view' of the goings on beyond your company.

'It could include the macroeconomic data; the size of the overall sector that you operate in; the geographical location; forecast; growth projections for the sector overall; etc.'

The relevant information from within your sector is good, but don't overlook behaviours and 'tells' from the world beyond, too, that can support your progress.

Mark Wilson says, 'If Airbnb had only focused on the travel accommodation market, they wouldn't have had the confidence to launch in the first place. 'Like a cheap hotel, only you make your own breakfast'? Hardly an idea to get excited by.

'By being aware of changing global attitudes, behaviours and priorities, they could make a bid to become a category leader. And they did.'

COMPETITOR ANALYSIS

Be wise to the goings-on of your competitors, but be careful that they don't spark an existential crisis in your and your brand. There may be things they do better than you, sure, but you don't want to waste too much energy chasing their successes. Put another way: focus on your strengths, not theirs.

As such, this section can be fairly brief. Jeannette recommends having a simple four box matrix, with two criteria on each axis, so you can plot where you sit versus your competitors. You might want to include details of competitor activity, she adds, whether that's mergers or perhaps businesses that have struggled and failed.

'It could be that you have new entrants coming into the market, or you might have financial visibility of a competitor business, and you can include some of those metrics. You can include in here a [SWOT](#) analysis as well.'

THE LEADERSHIP TEAM

'Who are the key people in your business that are driving the performance?' Jeannette asks. This is where you'd include a simple organisation structure 'so that people can see what the various functions are, where they sit in relation to each other, and who's leading those different functions for your business.'

No matter the size of your business, Jeannette recommends detailing the business's key movers and shakers here with a little bio, their credentials, and with a mugshot.

You might think about adding a 'rising star' section, Jeannette says. 'Who's the talent in your business that is coming up through the ranks?'

This can flag your company as having a supportive and collaborative mindset and not only does it say that tomorrow's leaders are taking a chance on the business, but that your business has that future trajectory in its sights.

FINANCIAL PLAN

'This can sometimes be where people get a little bit daunted,' Jeannette says. 'Because it's the numbers.' Before you press the ejector seat button, let's break it down..

'Depending on the size of your business and depending on the growth trajectory, you would include more or less data, but there are some basic financial reports that should be included here.

'So the obvious ones are your profit and loss account, balance sheet, cash flow, and then you might also have other key performance indicators that are very specific and relevant to your business.'

[Investopedia](#) can help get you started with each of these: telling you what information you're looking for, and advising you on how to present it.

That's your 'today' covered. Now we'll look at those wishful tomorrows: Jeannette says this is the part of the plan that would include your funding requirements. What are you hoping for, and what would you spend it on?

'And,' Jeannette adds, 'if you're preparing for a sale, where you may be actually prepared to give away some equity in your business, you might even include a valuation.'

This is also where you show where your numbers are heading based on the information you have. Jeannette says that for a small business a two or three year projection is enough, but for a more established business a five year plan is good.

'It means anyone that's looking to either join the team or to invest in the business, they're able to see how their investment is likely to perform over the forthcoming years.

SUMMARY

Though you'll have tailored your content to its readers, even with a paired back deck there's still a wide range of information you're asking them to process – concepts, ideas, approaches, plans and numbers. Make it easy for them, by providing a clear and concise summary to close.

Avoid clichés and maybe, just maybe, people will think your business is the best thing since sliced bread. (Last one, promise.)

Useful links:

[How to create an unforgettable pitch deck](#) (Maddyness)

[How to write a \(good\) business plan](#) (Maddyness)

[Your value proposition is not a mystery box challenge](#) (Maddyness)

[Write a business plan](#) (GOV.UK)

[‘How to Write a Multi-Million £ Business Plan’](#) (Spotify)

Make meaningful connections

Breaking up intense periods of focus by eating solid foods, sleeping and – perhaps the best tool in the book – networking is always worthwhile.

Oli Barrett MBE, who runs the course ‘build a better network’ and who’s been described by *Wired UK* as ‘a consummate connector’ says that building a strong address book makes it easier to make things happen, ‘because you have a trusted group of people who are happy to hear from you. That can save days, weeks or even months.

‘The other advantage of having a great network is that you’ll become an opportunity magnet.’

It’s often those early opportunities that define a business’s future successes: from serendipitous advice, to audience exposure and investor introductions, it all helps turn the dial for your business.

Oli says that the key to effective networking is 10% about meeting interesting new people, and 90% about keeping in touch with interesting people you’ve already met. ‘Most people approach it the other way round.’

Don’t only rely on having chemistry with the people you meet. For effective networking, Oli says, you need to cultivate techniques for staying in touch.

‘That could be a regular hosted gathering, taking time to share your latest thinking, or being in touch with people when something important happens in their life. On a practical note, it’s carrying a personal card alongside a business card, and taking the time to say hello to someone at the edges of an interesting gathering.

‘Those corridor conversations have led to some of my most valuable and enjoyable opportunities.’

‘Most of all, I’d encourage anyone to approach networking with an attitude of curiosity and helpfulness. Curiosity means asking open questions and not being too keen to find out someone’s job title when you first meet. Helpfulness can happen in that first meeting, by making useful suggestions, but it really comes into its own in the longer term. Keep people in your mind, and when you spot something potentially interesting for them, drop them a line.’

Deborah Ashley, The LinkedIn BlackBelt and founder and trainer at Level Up Executive Branding agrees it’s about offering value to your network. She adds that before you plan the *How?* of networking, it’s helpful to understand the *Who?* and the *Why?*

‘You need to determine what sort of networking you want to do. Are you looking for strategic partners? Are you looking to engage decision-makers? Are you looking to meet people who share your interests?... What do you hope will come out of this experience? Maybe it’s finding out about new opportunities to grow your business. Whatever your goal might be, make sure that it’s realistic and achievable to ensure success.

‘Networking is a marathon, not a race, so focus on similar goals or interests. If you can find those connections, you can start building relationships that are mutually beneficial.’

Whilst online networking can be effective, she says it’s not the same as connecting in person.

‘I use LinkedIn as a way to connect with other professionals who work in similar industries and who share similar interests. I’ve had the pleasure of meeting some amazing people, but it’s hard to get a sense of who someone is without meeting them face-to-face.’

Richard Kilgariff, founder of Bookomi, connecting authors to audiences in companies and at members’ clubs, agrees. ‘It’s better to have 150 powerful relationships than 15,000 LinkedIn followers.’

He admits that online networks absolutely do help maintain those face-to-face relationships, and they’re doubly useful as a tool through which you can showcase your expertise.

Even if connecting online is your best next strategic step, don’t over-rely on

socials, though. Oli's had successes with good ol' cold emails. In fact, he says most of his ventures and projects have started that way.

'The trick is to take long shots, keep them brief and personal, and time them to coincide with something happening in the life of the recipient rather than in your own life.'

What are the big blunders when it comes to networking? We've all met someone that mistakes being selfish for being assertive. One example of this brashness, Richard says, is barrelling in and saying 'I'm looking to broaden my network.' Cool, nice to meet you, can I hold your coat, too?

Deborah adds, 'Not taking the time to connect with someone who has offered their help,' alongside asking for too much at once from your contacts, when you do eventually ask.

Whether you're confident or nervously taking these steps to meet people, be sure you don't monopolise their time: don't be *that* person that people work to avoid.

In fact, Richard says, 'One counter-intuitive piece of sales advice the author Dan Pink offered at one of our events that stuck with me is to always give someone an off ramp.'

'In business terms, that means allowing new relationships time to breathe - and if they don't work out, it's not personal. Move on.'

Useful links:

How to network on LinkedIn (expand.io)

FOMO is the missing ingredient in your investment strategy (Maddyness)

Start a business networking group (Meetup)

How to network: 17 tips for shy people (CIO)

Be smart about your legals

Ah, the law. Not something you can really 'feel' your way around, you need to know what you need to know and you need to act in line with this. Anthony Rose of SeedLegals offers some key points of consideration.

'When you create a company on Companies House, that's when the clock starts for your business. The first set of legals you want are going to be

between the founders or directors and the company.

‘The second set of legals you need is between the company and anyone the company employs, such as a consultant, a designer, or an outsourced developer. In every case, you want to make sure that you always have a contract that specifies the work to be done and the payment to be made, and importantly, that any work done is assigned to the company. Be mindful that if you don’t have this contract in place, the person doing the work might one day leave and say that they own the intellectual property. Then you’re in for a giant dispute, the company can’t continue and your company becomes uninvestable.

‘The next set of legals is between the company and investors. If the company is raising money, you will need to issue shares and you’ll need the documentation.

‘Outside the founders, employees and investors, you need to make sure you adhere to employment law, consider if you’re employing people you need to make sure you have insurance that covers them, or if you have a workplace, you need to make sure you have suitable workplace insurance. Be also mindful of things like websites – you need to have a privacy policy and terms and conditions.’

When you’re bootstrapped, it can be easy to imagine that a Google search will cover your back, though you won’t necessarily find the right answers for your business specifics. That’s where out-of-the-box solutions like SeedLegals come in or, more traditionally, a lawyer. And, whilst expensive, Anthony says, a lawyer is essential if you outgrow a legal platform or there’s litigation, including the sale of your company. But we get ahead of ourselves here, don’t we?

The most damaging mistake new startups can make in the legal space, Anthony says, is not having those initial founder agreements in place.

‘Sometimes things don’t workout and founders split up. In these cases, if you don’t have founder agreements in place you can have a dispute over who owns the intellectual property, and then end up with a company that can’t even continue with business.

‘The next one is giving away shares informally. Sometimes investors are raising funds and agree in a pub to give X amount of shares. Splitting shares before the cash is received is a no-no, because if the deal falls through it can become a mess to fix this situation afterwards. Similarly, if you promise an investor SEIS or EIS tax benefits and then fail to and things haven’t been done in a particular way, they can lose those benefits and you’ll have an awkward conversation.’

Useful links:

How to register your business in 13 relatively easy steps (Maddyness)

Startup guides (SeedLegals)

Running a limited company: your responsibilities (GOV.UK)

The Law Society

Be cool about your accounts

Success is driven by good ideas. Equally, solid execution and consistent attention to the details. If your strengths lie only in the former camp then you’ll need to pay special heed to this part, not letting your accounting responsibilities pass you by.

Wesley Rashid, CEO & Co-Founder of Accountancy Cloud says that, firstly, startup leaders need to ensure they’re keeping accurate records of all income and expenses; this is the critical paper trail.

‘It will help you to monitor your cash flow and make sure you’re not overspending. It also ensures you’re meeting your regulatory duties, such as filing taxes and accounts.’

Secondly, Wesley says, you need to create a budget and stick to it.

‘Maintaining capital efficiency during these tough times is a priority for all startups and will signal to investors how well you can execute your plan.’

Just because you’ve checked off these recommendations on your to-do list doesn’t mean you’re home and dry. Wesley says it’s important you regularly review your financial situation, assessing when and if you need to seek funding.

Don’t worry if this all sounds a bit much because, as

a leader, one skill you'll need to start honing is delegation. Hiring an accountant is the best place to start.

'An accountant can be essential in helping founders to meet their financial responsibilities,' Wesley says.

'They can provide advice on taxation, bookkeeping and other financial matters. They can also help to create budgets and forecast future income and expenditure.'

You may be weary of paying for any professional services in the early days so when should you enlist an accountant?

'If you're just starting out, like if you've just incorporated, then you may be able to get by without one for a few months. But as your business grows and becomes more complex, an accountant can help you to navigate the financial landscape.'

'At the very least, it's a good idea to speak to an accountant before making any major financial decisions, such as taking on investment or borrowing money. They can help you to understand the implications of these decisions and make sure that you're doing what's best for your business.'

The key moments to early-stage startup accounting, according to Wesley Rashid

- Open your bank account: 'I recommend at least one for all your business expenses and one which is a Savings account that you'll use to save money to pay your taxes'
- Register for your taxes online: 'Visit the [HMRC website](#) and ensure you are registered to file your taxes online such as corporation tax, PAYE and VAT'
- Choose your finance stack: 'Choose cloud accounting software that makes finances easy, such as Xero, and for expenses try out Pleo and/or Dext. You can, of course, opt for an all-in-one solution like Accountancy Cloud which incorporates these tools already, and pairs you with an accountant.'
- Get to know your statutory deadlines and submit/pay on time: 'Never miss payroll, and also always stay on the right side of the tax man. Ensure you file your accounts and tax returns online to make life simpler.'

'There are a few key things that separate good startup accounting from bad,' Wesley says.

'Firstly, good accounting is accurate and up-to-date. This means that all income and expenditure is accurately recorded, and any financial statements are prepared using the most recent information.'

‘Secondly, good accounting is proactive. This means that rather than simply reacting to problems as they arise, good accountants will work with startups to identify potential issues and develop solutions to prevent them from becoming a problem.

‘Finally, good accounting is efficient. This means that all financial processes are streamlined and efficient, so that founders can focus on running their business.’

Not following these three key tenets to good accounting can land you in hot water, wasting company time and increasing overheads; owing money you haven’t perhaps got in the bank; or even leading to legal difficulties.

Hey! Let’s quickly move on from this doom and gloom, though, and look towards growth because, remember, having your accounts and finances in check isn’t only an exercise in preventing litigation, it’s also an opportunity to make savings and broaden income streams.

Wesley says, ‘As you grow your business, you may want to consider interim CFO services to support your funding round, or if you’re a startup that’s eligible then R&D tax credits can earn you cash or reduce your tax bill.

‘Having an accountant that can partner with you on these tasks is a huge bonus and can complement your business.

‘Do not wing it and do not try to do everything yourself – it can prove costly.’

Useful links:

What should employers know about the end of the tax year? (Maddyness)

Setting up a finance team for success – from a FinTech founder (Maddyness)

How can SMEs learn from one economic downturn to prepare for the next? (Maddyness)

Small Business Accounting 101: How to Set Up and Manage Your Books (Shopify)

Get the right people involved

Anthony Rose says that in order to build a product, you need other people involved.

‘That means,’ (in the frankest terms), ‘that they are going to do work and you are going to give them some compensation in the form of remuneration. This can be cash or equity in the form of shares or share options, but what’s common in every case is that there’s a contract that specifies the deliverables.

‘These contracts state that the intellectual property is assigned to the company, they have a non-disclosure provision, and have relevant non-poaching and non-competing agreements. You don’t want to employ somebody that can then build a competing business, take your IP, poach your staff and take business from you. If that happens, you’ve got only yourself to blame as you didn’t have contracts in place.

‘Then there’s paying other people. When you raise investment money, you may pay your employees with the money you’ve got in the bank. Alternatively, you may want to reward them with share options.

‘However, in the early days, you also may not have any money and might want to use shares or share options to compensate someone for their work. In any of these cases, the important thing is that the share option should always vest over a vesting schedule. A classic mistake is that founders find an advisor or a consultant and promise them X amount of shares, but then these people don’t deliver. Just as you wouldn’t pay a developer the entire annual salary on the first of January, you wouldn’t reward ahead of time with shares without seeing any results.’

Not all equity is equal, according to Christian Gabriel, Co-Founder & CEO at Capdesk (acquired by Carta).

- ‘I’d advise any wantrepreneur to think beyond ownership percentages. Your ownership percentage is shorthand for your stake in the company, but it glosses over details that could make all the difference down the line.
- ‘In terms of the market standard, dilution of around 20% is typical at seed stage and series A. For each subsequent round, the dilution percentage should decrease. But following these guidelines is not a fool-proof strategy. The rights you’ve given away at each stage—in the form of liquidation preferences and share classes—matter more.
- ‘My advice to founders is to get as far as possible with ordinary shares only. You’ll reap the benefits later down the line, when you start issuing equity to employees from your option pool, because your employees’ equity will be worth more. Equity is a fantastic tool to align stakeholders with different objectives; be they founders, employees or investors. Make sure you know how any key decisions could unfold, and consult your legal advisor before committing to giving anything away.’

That’s when you know who you’re bringing on board, though. Steve Coulson, Founder & CEO at Kitt, says that ‘one of the hardest things about building a

startup is going from 40-75 people and hiring your management team.

‘You have to find leaders who can change the world, but are also willing to change a lightbulb. ‘T-shaped skills’ plus humility is a rare but potent combo.’

To find these leaders, make sure you look at the broadest possible individuals. Siobhan Randell is Director of Diversity, Equity and Inclusion at Multiverse, a tech startup on a mission to create a diverse group of future leaders through apprenticeships. She says, ‘there are so many reasons why building a diverse workforce is important, from a company’s commitment to social justice to improved results and innovations.

‘There’s incredible untapped talent that businesses could be reaching – in order to do so, equitable and inclusive practices must be embedded in the recruitment and culture of a company.

‘It’s incumbent on all businesses to be representative of the areas where they operate – and recognise that talent is everywhere, but opportunity is not. Apprenticeships are one great way of creating opportunities for people of all backgrounds, and many businesses are launching these programmes as a route for a new generation of talent.’

Useful links:

Definitions and Examples of C-Suite Executives (reworked.co)

Why post-pandemic leadership fatigue puts extreme pressure on the C-suite (World Economic Forum)

The secret sauce for building winning teams in startups (Maddyness)

5 steps to tackle your board’s diversity problem the right way (Maddyness)

Make HR count

As a new startup founder, you may feel it’s a bit early to think about appointing an HR function. Michelle Zappala-Wood, Head of People at Birdie, the B-Corp certified, home healthcare tech startup, says – worry not – you can afford to bootstrap the process using external resources before you make a permanent hire.

‘An outsourced legal team is a great place to start to get templates for employment contracts and minimum statutory policies in the UK (for example, discipline & dismissal, grievance, and Health & Safety policy) prepped for your future need.

‘Choosing a good tech stack is also something you can do yourself’, she adds.

‘In the early stages, your best bet is an all-in-one that includes an HRIS [a Human Resources information system, which helps store, manage and track all employee information, HR policies and procedures], an engagement element and a reporting dashboard.’

She adds that as you grow it’ll become important to introduce a dedicated internal talent person who can work across multiple teams.

‘The ideal time to introduce them is four to five months before you expect a large growth period (for example, following an investment round) to help create a growth strategy and handbook of best practices to learn from.

‘Ideally this individual has experience in your sector so they can embed themselves as quickly as possible with the technical knowledge of your day-to-day.

‘The key element to consider when hiring a recruiter is their versatility, as no day in a startup is ever the same.’

That’s good for keeping your house in order, but a strong HR team is also one of your best assets in helping to define a good company culture, too. Something it pays to focus on, even in the early days: what kind of company do you want to become?

Michelle says that it’s essential to ‘learn, listen and adapt,’ in order to create a futureproof culture: ‘No one is perfect and a good leader is prepared to make mistakes and learn from their team.’

‘Early culture deterioration signs will be visible, so it is important you create an environment where your team can talk to you and communicate their concerns,’ she says.

‘Creating clear values also helps to cement a culture. When you’re creating your beliefs and values as a business, make sure you prioritise diversity, inclusion, mental health & wellbeing and bake them into every stage in your hiring process. This ensures that each new team member has the same understanding of these core values and will be a champion as you grow.

‘Focus on values, the rest is secondary.’

Sounds easy, but leaders don't always get it right. In fact, a staggering 42% of UK workers claim that toxic workplace culture has affected their mental health, the same percentage claim they've left a job as a result and, even before it gets as serious as that, 41% say that toxic culture has affected their productivity.

‘The biggest mistake you see amongst leaders,’ Michelle explains, ‘is expecting people to think the same way and having fixed beliefs.’

‘A good leader is one that is flexible and curious, yet we often see individuals sticking with one approach and not asking their team how they want to work and improve.’

‘Hire the right people, trust them to do their job and ask them what they need in order to thrive. Then, give them what they need and do it regularly.’

And the opposite is true, too. Michelle advises against being pressured into hiring the wrong person because they can do what you need in the short term: ‘the damage they can do to the growth and success of a company (especially in those early days) is huge.’

Leadership demands growth – at first *and* throughout the process. There'll be confronting times with hires at every stage of their tenure with you, and while it's your job to present a consistently solid leadership profile, Michelle says the best thing you can do when things start to go wrong is recognise that you can't fix it all by yourself.

‘It's really important that you come together and use your peers within the team. We have a wealth of knowledge in the leadership team at Birdie where individual's different experiences guide us all to making the right decisions for the company.’

‘Communication is non-negotiable – you should always keep HR in the loop, preparing them for the potential outcomes to ensure you have up-to-date advice and legal input.’

Useful links:

How to access and hire international talent post-Brexit (Maddyness)

Why hiring freelancers will help your tech business grow (Maddyness)

How to scale a startup to 50 employees without losing its culture
(Maddyness)

Employee communication factsheet (CIPD)

Spend money, add value for your customer

You might be excited to spend £1000 on a laptop, or hesitant to spend the same on targeted ads: either way, money must be spent and, as a business owner, it's down to you to decide how.

Mark Braund, business adviser and investor, says that 'your investment of time and resources should almost exclusively focus on delivering value to your customers.'

That insights work you're doing (see 'Validate your idea')? It'll be instrumental to this.

Mark says, 'Focus attention on your ideal customer's requirements and how these will evolve over time. Many people mistakenly believe that a competitive proposition 'today', will remain competitive next month, next year and even five years from now. Markets constantly evolve with changing needs and innovation, the frequency of which is dependent on how innovative the sector you operate in is.

'Invest time understanding precisely what they need, what problems you help them solve and the value of your solution to them.

'This is critical in helping you craft a compelling proposition and essential to understanding how you prioritise funding and resources going forwards. It is the essence of every successful business plan.'

For this, Mark says, you should get insights from a minimum of 10-25 unique customers, depending on the average deal value of your proposition.

'Typically, the bigger the deal-value the fewer the number of unique customers you need to research. For example, at one end of the spectrum you could have high-value technology at the other, low-tech clothing.'

If your product seems up to muster, Mark says it's important you 'pre-close' the customer. This question, to be effective, needs to be answered with the correct level of expectation.

'It is not a hypothetical question, it is a 'pre-closing question'. As an example, 'If we build a solution that successfully delivers what we have just discussed,

can I rely on you to buy it?' The answer will likely come with provisos like, 'It depends what it costs.'

'If you can clearly understand the value of your proposition to your customers, you have a better chance of understanding the cost base you need to work to, and thereby be able to provide an outline cost ('in the region of'). Armed with this you should be able to successfully 'pre-close' them.

'Get this right and not only will you have a clear idea of how best to invest in your business, you will also have a ready-made order book against which to build the early stages of success.

So, preparation is key before you sign the cheque or get your crypto password out from its hiding place. But when you do, you could be thinking about recruitment (including your own salary – you do have to eat, after all), sales and marketing, PR, R&D (research and development), logistics... the list goes on.

'These questions,' Mark says, 'can be thoroughly tested against what you have learnt (and captured in the business plan), making certain you prioritise those things that are of critical importance, so the things without which you cannot meet customer expectations or successfully sell your solution and without this you cannot generate revenue and profits.

'As you face each investment decision, ask yourself and your team how it advances your company's ability to deliver what the customer wants, add value, and importantly, how much the customer will be willing to pay for it.

'As you build success,' – taking the time to recognise the wins. Not bad for all those sleepless nights, eh? – 'then move your priorities towards how to scale the business and create a sustainable business model.'

Because it's not as simple as setting your business up *adequately*, then letting it run itself. The strategic thinking and leadership has only just begun, really. Remember that money in an idea does not mean money in the bank.

'Cash preservation and cash generation – it's a matter of balance,' Mark says.

'Cash is a priority at this stage (probably never changes); companies go out of business when they run out of cash, regardless of whether they are profitable

or not. This is why a clear understanding of cash flow is so important when pulling your business plan together.'

How are you going to ensure that your cash doesn't run out, then? 'This can include financing options for some of your expenditure and modifying the financial model of your proposition.

'There are many businesses with compelling propositions who trade a small amount of margin for advanced or early payment.'

Useful links:

Venture debt: a legal guide for startups (Maddyness)

Top tips to drive financial inclusion and better cash management for SMEs (Maddyness)

You don't need investment to start a successful company (Maddyness)

Cash flow apps to support small business (Xero)

Understand what 'launch' looks like

One key point to note – if your startup is a side gig until you can afford to give it your complete focus and before you begin any sort of marketing launch initiative – is the importance of keeping it separate from your full-time employment. Your employer could make a claim on ideas you have or work on during your contract, especially ideas in their area of interest. Have an IP (intellectual property) strategy in place – talk to a lawyer – so you can be confident moving ahead.

Because it's true that you should exercise protectiveness over your idea. This can be confusing, though, if you're in need of all the help and advice you can get getting your idea off the ground. (Try pitching to investors without any specifics and see how far you move towards your goals. If you move at all, it'll be backwards, reputationally).

Tim Chong, CEO and co-founder of Yonder, a credit card that aims to increase fairness in financial services, and whose latest seed-stage funding round raised £20,000,000, says that, more generally, if you're smart about it, you shouldn't need to worry.

'Ideas are cheap, execution is everything. It's never too early to start sharing your idea for a product. Early feedback is essential to make sure you're building something people really want.

‘You don’t have to give everything away – I wouldn’t advise sharing your underlying technology.’

Tim adds, ‘it’s also helpful to consider the difference between product goals and marketing goals. Product teams should be running as fast as possible to turn insights from users and market research into new or better features.

‘Marketers often prefer to control the spread of information more carefully to build a sense of intrigue and anticipation. That could involve keeping quiet on the specifics of your new product while your beta-testing community helps you iron out any bugs, then announcing the launch in public when the time is right.’

It’s easy to get caught up in launch jargon – prototype, Beta, MVP (minimum viable product), MLP (minimum lovable product) and MMP (minimum marketable product) – but Tim says that definitions aren’t that important.

‘Neither is the idea of ‘launch’ as a single make-or-break moment for your business. Instead, I think it’s valuable to test a series of hypotheses each time you take your product to the next level.

‘If you think about terms like MVP, MMP and MLP, they’re all underpinned by a set of assumptions from the founder or product manager. Whether it’s intentional or not, they’ve cast some kind of hypothesis for the next iteration of the product, like ‘the world needs a solution to this problem’ or ‘our team can develop technology to address this pain point.’

‘Founders should think about what they want to prove with each version of their product. If it’s customer demand, you could develop a single landing page to find out if your marketing message is strong enough for someone to click ‘Buy Now’. If it’s your ability to build the product, you could create a simple prototype and see if it works.

‘At each stage, you should build the smallest set of features that allows you to prove or disprove that hypothesis. There should be a continuous process of speaking to customers, shipping and validating as fast as possible as you build up your product and roll it out to a greater number of users.’

Where terminology can be helpful, Tim says, is to signpost the level of quality or functionality you’re aiming to deliver.

‘It can be useful for managing expectations amongst early customers who might otherwise expect too much, and getting your team members on the same page.

‘It’s even more valuable to take the time to explain specific product goals to your team in a clear, thorough way. Ask yourself, what are we trying to test with this version of the product? There could be a dozen different versions of

your MVP with fundamentally different goals.'

'Don't be afraid of launching a draft' is something you'll often hear within the startup ecosystem. Things don't have to be perfect: you'll hear from your customers if they aren't. Far better to iterate, learning as you grow, than to wait for perfection (which may never come or, if it does, demand may have moved on).

Before you power ahead, though, Tim says it's important to get your business fundamentals right.

'Firstly, do no harm. If you're in a regulated industry, developing a medical device or financial product, you can't ignore that. Certain types of product can cause injury, certain groups of customers are more vulnerable, and business owners need to be mindful of that.'

And then, he says, 'When it comes to customer experience, you should do whatever it takes to deliver the best version of your product, even if things are held together with sellotape behind the scenes.'

'Think of a theatre show: the audience sees something amazing, with all the performers and the set working together beautifully. Behind the curtain, it's chaos.'

'It's OK to do things that don't scale as long as customers don't notice. It's more important to validate the product than prepare to scale before you're ready.'

'At Yonder, we agreed that 24/7 customer service should be a core part of our product from day one. This usually requires a large team across multiple time zones, which we didn't have. Instead, we trained our entire team and took on different night shifts, so there's always someone available to support our members.'

What launch looked like for Yonder, according to CEO & co-founder, Tim Yong.
'Yonder went through four phases in the process of launching our challenger credit card.

'The first was about testing our proposition, or a 'minimum viable concept'. We wanted to learn if people were interested in a new type of credit card, so we asked them to read through a simple Notion document and tell us what they thought. We were looking for people to jump out of their chairs and say, 'can I sign up now?'

'The second was about testing our product execution hypothesis. Building a credit card is technically very complicated, so we needed to know if we could make a transaction work. We launched to our own staff members with a basic product. There was no customer service and the app barely worked. Just, can we pay with the card? Yes!

'Next, we wanted to test if other people outside our team could understand and use the product. We recruited family and friends to help us identify all the big issues that would stop someone from using the credit card.

'We launched Yonder's beta version, or Founding Members programme, to a much wider audience. At that stage, we were feeling good about the product and wanted to make sure members got a great experience. We sought out early adopters and limited sign-ups, waived the membership fee, set up a Slack channel for the community to interact and feed back on bugs, and I shared my personal phone number in case users had any issues.

'Now Yonder is available to the public, we're still testing. When we've figured out our unique proposition, the product experience, how we make money and how we acquire customers, then we can scale.'

Useful links:

How startups launch products that customers want (Maddyness)

How to improve a product with (actually) working strategies (UserGuiding)

How to lead a successful product launch (Hotjar)

The complete guide to progressive onboarding in UX (UserGuiding)

Set your teams up for success, in a way that works for you all

Being a people manager is demanding at the best of times. When socio-economic, geo-political and climate factors seem to take up more brain real estate, good leadership is mission critical.

Business owner, super-networker and author of *The Nowhere Office*, Julia Hobsbawm explains how leadership strategy is different nowadays.

‘The big story is that we now understand that a global, standardised, one-size-fits-all model of managing and running organisations doesn’t work post-pandemic. The first lesson for leaders is that they have to listen and iterate workplace by workplace and team by team.

‘It’s quite a shift as a lot of industries have sprung up based on this traditional model of presenteeism, recruitment and prioritising work over personal lives.’

Talk about the great resignation seems to have left the broadsheets, but Julia explains that the movement we were witnessing was, in fact, the great *reevaluation* and that that’s still very much relevant to global business.

‘The entire workforce isn’t made up of office workers, and there are some roles that will always need to happen in situ.

‘But across cities worldwide, there is a revolution in the sixth of the world’s workforce made up of office or knowledge workers: any worker who can is choosing to work differently.

‘For a manager or a leader, they have to approach things differently now. The best thing they can do is worry that they don’t have the answers and use that worry to lead them to ask and listen, rather than relying on old certainties and believing they already have the answers.’

As a leader, you’ll likely have many of your choices challenged, whether you know it or not. Better to create a culture in which people feel (and, crucially, are) listened to, than to add a mutinous staff to your burdens of responsibility.

Now, along with *how* we’re leading, it’s important to recognise that the balance of leadership has changed, too. Julia explains:

‘Today’s workforce isn’t negotiating. The pushback from workers has been a huge shock for political bosses and leaders of any enterprise.

‘Needless to say, the future is already here, and that’s created a generational shift between leaders like Jacob Rees-Mogg and Elon Musk (generally speaking men, generally speaking white men) that have not read the room, metaphorically speaking.’

Julia commends the companies that have embraced working from home and hybrid models, saying that they've understood a change is needed, though she feels the first attempts to create a shiny new model are 'clumsy.'

'For instance, The four-day week and 3-day model are just attempts to signal change rather than reflecting the particular change a workforce needs.'

'Regardless of the final changes the focus must be on getting the work done in a way which suits all concerned: Worker, Manager, and the Consumer of whatever goods and services are produced. The point of this phase of work I call The Nowhere Office is to use the uncertainty to shape and create a better environment for work itself to work.'

As a new leader in a world of not insignificant challenges, do as you do with your customer: speak to your team; uncover their unmet needs; and create a balance that works for you all (what's smart for the people in your business is smart for business, typically).

Most importantly, though: communicate *exquisitely*. By now you know the mechanics of setting up a business, but getting people bought into you and your idea is critical, always. If you can win the crowds your job's going to be much easier in the long run.

You don't have to double up business acumen with Robin Williams' charm, but that passion in your product; that dedication to its success; and that interest in what other people really think? A killer trifecta. We'll be FedExing your yacht to Mars before you know it.

Useful links:

Working smarter, not harder, as an entrepreneur (Maddyness)

Why we need our human skills more than ever (Maddyness)

How to be a leader that everyone admires at work (CCL.org)

Anyone can learn to be a better leader (HBR)

Ella Bowman has a career spanning PR, public affairs and business consulting. Happiest helping progressive companies deliver the right message to improve audience behaviours, she currently splits her time between freelance copywriting and as a strategist for Safety In Design, Ltd.

