Case 05: Dinr: My First Start-Up

Teaching Note

Today we're discussing *Dinr: My First Start-Up*. Remember, the goal isn't to find one "right" answer but to think through the founder's choices, constraints, and what you would do in his shoes.

1. Founding Decision

Let's start at the beginning. Markus Berger was working at Google when he decided to leave and found Dinr.

- How well did Berger evaluate the market opportunity before launching Dinr?
- Do you think his opportunity assessment gave him enough confidence to leave Google? In other words, did he gather enough evidence (alpha test, survey, competitor analysis) to justify leaving Google?
- Were his financing choices (personal savings, friends/family, crowdfunding) sufficient for the scale of the idea?
- Did he recruit the right team to execute the business model? Why or why not?
- If you were his friend at the time, would you have advised him to keep working at Google or go ahead with Dinr?

2. Execution

Fast-forward to the first 18 months. Berger has limited resources, a part-time co-founder, and a very lean team.
- Given these constraints, how well did he execute his vision?
- Where do you think he succeeded? Where did he fall short?
- If you were advising him then, what would you have done differently with the business model, the team, or the financing strategy?

3. Action Plan

Now, imagine it's December 2013. Berger has just raised £20,000 from Seedrs. He's on his way home for Christmas and reflecting on Dinr's future.

- If you were in his position, what concrete action plan would you put in place?
- What would you do in the first week? In the first month?
- What specific metrics would you track to decide if Dinr is moving in the right direction?

4. Investor Communication

One of the distinctive things about this case is Berger's openness with investors. He sent very candid monthly updates, even when things weren't going well.

- Should he be showing "all his dirty laundry" to investors?
- At this stage, who does he need to please more: consumers or investors?
- How do you balance transparency with the risk of information leaking to competitors?

5. Shut-Down Decision

Let's imagine you come to the conclusion that Dinr should shut down.

- Why might you make that decision?
- How would you communicate it to investors? Would you go into detail, or keep it simple?
- What would you do with the £20,000 that was just raised?
- How would you explain a decision like, "I took your money and shut down a week later"?

6. Failure Reflection

Finally, let's step back.

- Did Berger "fail well"? What does that even mean?
- What lessons should an entrepreneur — or you as students — take from Dinr about testing ideas, understanding customer behavior, balancing design with fundamentals, and having the right domain expertise?

Closing
Dinr didn't become the next HelloFresh or Gousto. But Berger's journey gives us a chance to ask: what does it look like to learn from a first startup? And what would *you* do differently if you were in his place?

Case Discussion

Ghosh and Maslauskaite (2016), *Dinr: My First Start-Up*. Lead by **Team C**.

Key Terms: Startup Funding Stages

- **Seed Round** – Initial capital to build product and test viability.
- **Angel Investment** – Early external capital, often from wealthy individuals.
- **Crowdfunding** – Raising smaller investments from many individuals online.
- **Accelerator** – Short-term program with mentorship, resources, and sometimes cash in exchange for equity.
- **Valuation** – Estimated worth of the company at a given funding round.

Key Terms: Other Concepts

- **Burn Rate** – Speed at which a startup spends its available cash.
- **Runway** – Months until cash runs out at current burn rate.
- **Minimal Viable Product (MVP)** – Simplest version of the product that can be tested with real customers.
- **Customer Acquisition Cost (CAC)** – Cost to gain one customer.
- **Customer Lifetime Value (CLV)** – Expected revenue from a customer over their relationship with the company.

Founder's Perspective

Role Play

- Imagine you are **Markus Berger, founder of Dinr**.
- Your goals:
  - Prove the *on-demand meal kit* model works in London.
  - Raise money to extend runway.
  - Turn first-time buyers into repeat customers.

Key Question:

How do you make Dinr financially sustainable before the cash runs out?

Dinr at a Glance

- Founded in **2012** by Markus Berger, former Google employee.
- London-based same-day **meal ingredient delivery** service.
- Customers ordered online; Dinr delivered pre-measured ingredients + recipe cards.
- Differentiation:
  - **On-demand orders** (no subscription).
  - Targeted **young urban professionals**.
  - Premium experience: recipe cards, surprise gifts, playlists, wine suggestions.

Mission: Teach people to cook quality meals at home with ease.

The Founder, Markus Berger

- Born in **Brno, Czech Republic (1978)**; trained as a lawyer at Vienna University.
- Early career: **consultant at Booz Allen Hamilton**, then earned an **MBA at London Business School**.
- Worked at **Google London (2008–2012)** in account management and business development.
- Inspired by **Jamie Oliver's TED Talk** on teaching people to cook and by emerging meal-kit startups in Europe.
- Personal motivation: more passion for **education and improving lives** than for food itself.
  - Wanted to help people master at least **ten quality home-cooked meals**.
- Cofounded Dinr in **2012** with Atul Mahajan (part-time tech co-founder).

Discussion Prompt:

How did Berger's background — law, consulting, Google, MBA — shape his approach to entrepreneurship?

Dinr Competitors

- **HelloFresh** – Subscription-based, backed by Rocket Internet, aggressive growth.
- **Gousto** – UK subscription startup, heavy fundraising.
- **Middagsfrid (Sweden)** – First mover, sustainability focus.

Discussion Prompt:

- How did Dinr's *on-demand* positioning differ from subscription-based competitors?
- What advantages and risks did this choice create?

Early Results

- Initial traction: some enthusiasm, but **low repeat orders** (avg. 1.53).
- CAC (£30.4) > CLV.
- Customers liked the food, but did not reorder enough.
- Berger raised **£60,000 via Seedrs crowdfunding** (2013).

Challenge: Build habit and loyalty in a market dominated by subscription players.

Relaunch Efforts

- Invested in glossy new website with high-quality food photography.
- Hired a culinary intern to create 8 new themed recipes per week.
- Added **membership option** (£5/month for 10% discount).
- Considered switching to subscription model, but decided against it.

Discussion Prompt:

- Why might Berger have resisted adopting a subscription model?
- Would you advise him differently?

Strategic Dilemma

- **Funding pressures**: Limited runway, failed accelerator applications, reliance on crowdfunding.
- **Execution issues**: Tech delays with overseas developers.
- **Market pressures**: HelloFresh and Gousto scaling rapidly with large VC rounds.

Founder's Challenge:
What should Berger do next to attract repeat customers and secure sustainable funding?

Compare Options

Option	Pros	Cons
Stay On-Demand	Differentiates from competitors; flexible for customers	Harder to build loyalty; higher marketing costs
Pivot to Subscription	Recurring revenue; aligns with investor expectations	Competes head-on with better-funded rivals

Option	Pros	Cons
Hybrid (on-demand + membership)	Offers flexibility + some loyalty	Complex to manage; unclear positioning

Make a Recommendation: Which Path?

- **On-Demand**
  - Keeps differentiation, but high risk of running out of money.
- **Subscription**
  - Easier to model growth, more attractive to investors.
- **Hybrid**
  - Potential compromise, but resource-intensive for small team.

Scorecard Totals

- **On-Demand** → ____ / 5
- **Subscription** → ____ / 5
- **Hybrid** → ____ / 5

Discussion Points

- Which growth model makes most sense given Dinr's resources?
- How should Berger balance vision (education + flexibility) with financial realities?
- How do customer acquisition and retention metrics drive the decision?

Exit Strategy

- Berger's vision: not a billion-dollar business, but a few million in revenue and a solid first startup experience.
- Actual outcome: Dinr struggled to scale and eventually shut down, without a formal exit.

Discussion Prompt:

- What realistic exit strategies could Berger have pursued?
  - Acquisition by a larger meal-kit company?
  - Building toward a sustainable lifestyle business?
  - Positioning for strategic partnerships?
- How do the sources of funding (friends/family, crowdfunding) shape the expectations for an exit?
- Should founders think about exit strategy from the beginning, or focus first on product–market fit?

Key Takeaways

- **Business model matters**: Revenue structure must match market + investor expectations.
- **Execution risk**: Technical delays and founder bandwidth can derail progress.
- **Funding challenge**: Crowdfunding offers quick capital, but limited runway.
- **Entrepreneurial lesson**: Passion and vision must align with repeatable, scalable economics.

What Happened?

- Dinr ultimately struggled to compete with heavily funded subscription rivals.
- Berger later pivoted to other ventures, but the Dinr experience served as his entrepreneurial training ground.