

Assignment 2 - Group 1

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Summary of E-Session on Startup and Fundraising

The session begins with Mr Minhaj Sheikh, founder of FriendsCampus and an alumnus of VESIT, giving us an introduction to the rudiments of startup and fundraising.

STARTUP:

A startup is described as a company or project undertaken by an entrepreneur to create a scalable business model.

Qualities Needed to Start a Start-up

There are many attributes that are required for an entrepreneur to start a successful startup like the correct mindset, purpose, skills and resources.

- **Mindset** - A startup founder needs to have a mindset of a winner because every single day would be a challenge, you are going to face problems. Every single day, you are going to see that the thing that you were thinking is going to be successful.
- **Purpose** - Why do you want a startup? There are different reasons why a Founder actually starts. So whether you want to make a lot of money because you have seen founders making billions of dollars into the network or whether you are going to think of making an impact in society, or you want to change the world. Maybe you have faced a problem in your personal life and you feel that that problem is not being solved by any other people by the product or service. So that's why the purpose of starting up is very important.
- **Skills** - Thirdly it's important to know and evaluate your skills because as a startup founder, you need to wear multiple hats. You may be in one day, you are the product developer. You are developing the coding for the product or service. The other day, you may need to become a salesperson. You need to go and sell your product. Another day, you may be a marketer, you're promoting your product somewhere, then you can also be an accountant. You are actually doing the payroll of your team members. So multiple skills are needed, and in the early stage when you are small, maybe you don't have all those resources

- Resources - The resources like office team members, there are different departments and different admin things that you need to know. There are capital requirements, you need money to build something. There are even time resources that you would be lacking because you only have 24 hours and in between that you also need to, give time to your personal things also.
- Idea / Problem: The fifth one is the idea and the problem that you have, whether you actually have a good idea and a good problem to solve, which is actually purchased or needed by a lot of people out there. If that is not the case, if that problem is not so big enough, ultimately, you are not going to be successful.
- Dreamer or Doer? - A startup founder or anyone joining a startup needs to be a doer every single day. You cannot just dream of becoming a very big company and having creative-looking headquarters. And with thousands of employees, working and marketing and all spending money. You cannot only dream about that. But ultimately you have to spend 99% of your time executing.

Steps to Start a Start-up

The steps to be followed for starting a successful startup are defining the problem or idea you want to solve, researching the background of the problem and analysing the scope of the solution you wish to provide, organizing a highly motivated team, developing a minimum viable product (MVP), and gathering sources of funding to grow the business.

- Problem - First thing of a startup is actually coming from a problem that you see in the society you feel that this is a problem that needs to be solved. For example, Google saw that there is a lot of information and data available but it is not organized. So that's a problem that has been solved and that problem was faced by a large number of users. They created google.com and organized every single data, so that's why Google is such a large organization today.
- Business Plan - You have to create a business plan. How are you going to the market, what is your go-to-market strategy, what values are you going to create, what are the different impacts that the product or service is making in society? Who are your partners? How are you going to create your application or website if you need them? All these different elements have to be covered in the business plan. Maybe you can have advisors and mentors to help you all but ultimately it is your call and your decision to know what you are going to do with your business.
- Co-Founder and Team - If you are actually wanting to do a startup and it is not just a small business, you want to grow it in a large organization and you want to

scale it and reach a large number of consumers, then you need a team and a team is very important. A Founder needs to spend maximum time just to recruit people just to do interviews, to find out who are the people that are going to come with him.

- MVP (Minimum Viable Product) - You need to find out which are the minimum features you can give to the consumer and get paid for it either. You're paying money for it or you're investing. A great example is Facebook. You don't pay Facebook to use the service but you are actually investing your time.
- Customer / User - Before even you develop the product, you can go outside in the market and conduct surveys. You can ask people if what you are creating is actually valuable to them, you can ask different questions as with them and that's why getting real customers is very important because once customers start coming and using your product, you are sure that your product is something that the people want.
- Funding - So in the beginning, maybe you can spend your own money, maybe you can spend your money from your family and friends, you can borrow that. But ultimately you need funds to start your business.
- Growth - We need to grow through Marketing sales and other strategies. For example, WhatsApp work has never spent a large amount in marketing but they have grown because the product was so good, that is word of mouth spread and they grew to become the largest messenger in the world.

Some reasons that lead to a failure of startups are having the wrong team, no market demand, running out of funds, poor marketing or poor quality of the product.

FUNDRAISING:

Fundraising is the funding a startup can raise from our customers for the startup, which is needed for purchasing equipment, renting offices, licenses, offices, the salary of staff, and marketing. Fundraising is also required for a cash advantage in the market.

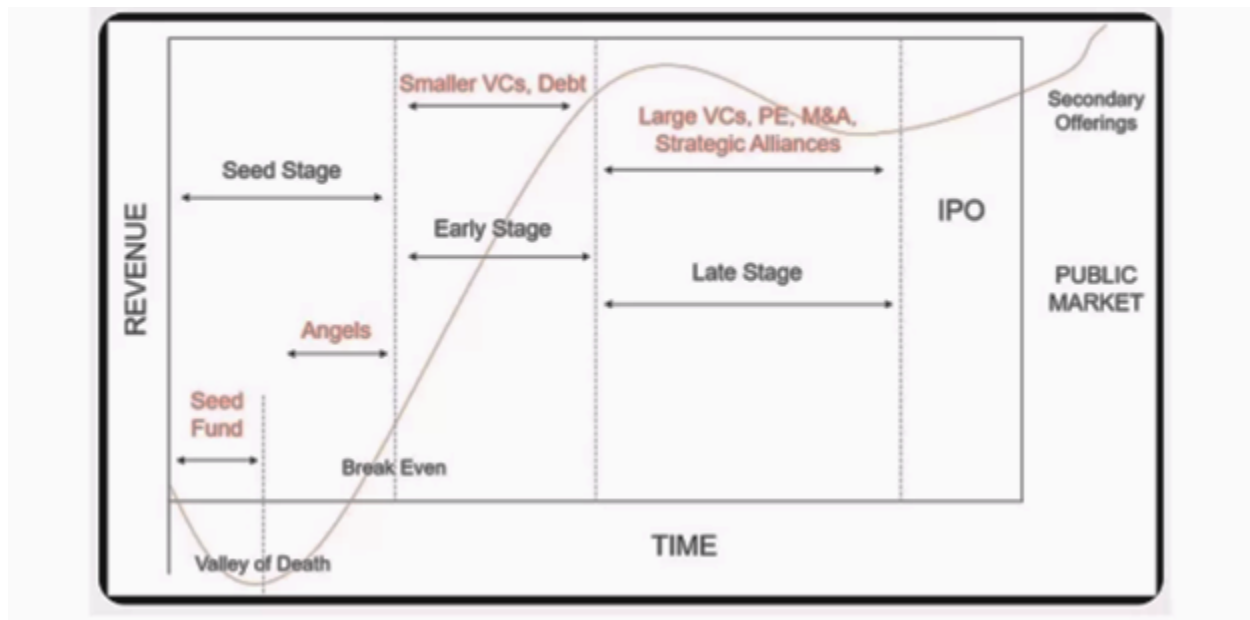
Why raise funds?

- Without funding the vast majority of the startups have failed to date
- You get a cash advantage
- You need money for :
 - Team
 - Equipment
 - Licenses and Certifications
 - Working Capital
 - Marketing and sales
 - Office

- Other Admin Expenses

A compelling story, an impactful idea, a motivated team, a clear vision and sizable customer traction are all the things required to attract funds from investors.

Stages of Startup and Sources of Funding



Potential Investors

The entrepreneur should have an idea about the money required for running the startup for a foreseeable time ahead so that the startup can reach profitability easily. There are different fund-sources in each stage of a startup from bootstrapping, friends or family, incubators, government sources, crowdfunding, venture capital funds, banks, investment firms and finally IPO.

- Bootstrapping or Self-Financing
- Friends and Family
- Business Plans / Pitching Events
- Incubators
- Government Schemes
- Angel Investors
- Crowdfunding
- Venture Capital Funds
- Banks/ NBFCs

- Investment Firms
- IPO - Initial Public Offering

We should pitch our idea clearly and carefully and develop a connection with the investor, by being honest and listening to them. We should have our Pitch Deck ready for the investors. It contains all the information about the startup, the problem and our solution for the same by explaining the funding needs and the business model clearly. It should also have the competitive advantages and marketing opportunities that our startup has over others on the market.

Meeting Investors

- Research about the Investor
- Have a Pitch Deck
- Listen carefully to what the investor has to say
- Connect with the investor
- Don't pushover
- Be Honest
- Make sure you have absolute clarity about the next steps before leaving

Creating a Pitch Deck

- Cover Page - On the cover page, there would be a logo, name and tagline that your start-up needs to have.
- Problem and Solution - The problem that you're solving, the solution that you're presenting, whether it is an application, a website, is it a shop, what solution you're providing to that problem.
- Vision and Mission - The mission statement provides the organization with a clear and effective guide for making decisions, while the vision statement ensures that all the decisions made are properly aligned with what the organization hopes to achieve.
- Business Model - It states how the business works. The purpose of a Business Plan is to identify, describe and analyze a business opportunity and/or a business already underway, examining its technical, economic and financial feasibility.
- Value Creation / Impact - It is the purpose of the institution: to create and deliver value in an efficient enough way that it will generate profit after cost. Value creation is the starting point for all businesses, successful or not, it's a fundamental concept to understand.
- Competition - Explain which companies that exist are your competitors.

- Competitive Advantage - State what additional benefits your start-up aims to deliver over the existing system.
- Marketing Opportunity - A marketing opportunity is a sales-accepted lead that has been qualified as being in need of your product or service. A sales representative determines that there is an opportunity to sell to this individual or company.
- Go-to-Market Strategy - How are you going to actually go and sell your product, how are you going to get the customers on board.
- Revenue Model - A revenue model is a strategy for managing a company's revenue streams and the resources required for each revenue stream. A business model is the structure of all aspects of a company, including revenue model and revenue streams, and describes how they all work together.
- Traction - Business traction refers to the progress of a start-up company and the momentum it gains as the business grows. The reasoning behind developing traction is to grow the business while meeting specific company goals and objectives.
- Team - One of the many ways for a business to organize employees is in teams. A team is made up of two or more people who work together to achieve a common goal. Teams offer an alternative to a vertical chain-of-command and are a much more inclusive approach to business organization.
- Funding Needs - You need to mention this when you are giving them the pitch deck, you need to show them that calculation. For example, suppose we have predicted that we need five lakh rupees per month, 60 lakh rupees per year. So you need to show it there that this is the amount and then you need to show them why you need that amount.
- Current Funding History - State if you already have some investors ready or had some in the past.
- Exit Option - The investor needs returns of the money because he is going to give you an amount for a return. He is expecting that you will be successful and you will pay him back.