

# **STARTUPS THAT WORK**

## **The 10 Critical Factors That Will Make or Break a New Company**

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**MAIN IDEA**

After studying and analyzing 350 different startup companies over a four year period, a research team from PriceWaterhouseCoopers found there are ten rules of thumb which increase the chances of long-term success for a new company.

**How to increase your chances of success as a startup**

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| <b>1</b> Start with a group of at least three or four founders. | <b>6</b> Target a market which already exists.         |
| <b>2</b> Get a marketing person on your founder's team.         | <b>7</b> Find a great first customer you can leverage. |
| <b>3</b> Build a network of talented people around you.         | <b>8</b> Build a board who actually solve problems.    |
| <b>4</b> Concentrate on creating value, not your exit strategy. | <b>9</b> Make your offering unique and then brand it.  |
| <b>5</b> Manage your cash with financial discipline.            | <b>10</b> Be passionate and enjoy the ride.            |

*"Simply following these ten rules of thumb will not guarantee success. You need good ideas and you need good timing. You need money and you need the ability to generate enthusiasm. You need energy – and the capacity to work long hours and stay up late. Still, after years of research, we can say that if you follow these ten rules of thumb, your chances of success are certain to increase."*

– Joel Kurtzman and Glenn Rifkin

**1. Start with a group of at least three or four founders.** . . . . . Page 2  
The larger the group of founders you can put together, the better. This broadens your new company's skill sets and access to capital. To further enhance your chances of success, put together a team of people who have already worked together on other projects and share power broadly.

**2. Get a marketing person on your founder's team.** . . . . . Page 2  
Technical people are obviously important but you need someone who will have their eye fixed squarely on the marketplace. And don't worry if the technologists and the marketers argue – that's normal and should generate some creative ideas.

**3. Build a network of talented people around you.** . . . . . Page 3  
The best way to do a start-up is to build your network of talented people well before you need them. That way you can bring together compatible people on your team who can work towards a common goal without internal conflicts.

**4. Concentrate on creating value, not your exit strategy.** . . . . . Page 4  
Focus exclusively on creating long-term value and payoffs when you do a startup. Build a great revenue stream and your exit strategy will take care of itself.

**5. Manage your cash with financial discipline.** . . . . . Page 4  
Always know how much money will be required for you to become profitable. Act with financial discipline and never lose sight of the fact startups are speculative investments.

**6. Target a market which already exists.** . . . . . Page 5  
It's far better to develop a product or service that will appeal to an existing market than it is to attempt to create your own market. Develop products that are better, easier or cheaper rather than those which are pioneers.

**7. Find a great first customer you can leverage.** . . . . . Page 6  
Sell to someone noteworthy. You can then leverage your bragging rights all over the place. The key to doing this is to show you're in business for the long haul, not here today and gone tomorrow.

**8. Build a board who actually solve problems.** . . . . . Page 7  
Put together a board of directors who will work as partners in your startup's success. You want people who will provide ideas, let you access their personal networks, solve the management's thorniest problems – and then get out of the way and let your people work.

**9. Make your offering unique and then brand it.** . . . . . Page 7  
To give your startup some momentum, make whatever you offer high quality and unique. Once you've done that, you can then set about branding your offering so people won't forget.

**10. Be passionate and enjoy the ride.** . . . . . Page 8  
Invariably, the highly successful love what they do. They combine passion and vision with the ability to shrug off temporary setbacks along the way. This means they exude confidence which rubs off on the people they work with.

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