

The Art of Scaling Up

Making the Transition
from Start-up to Scale-up



Capital for Innovation

CyberPort Workshop
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Start-up vs. Scale-up:

“A **start-up** is a temporary organization in search of a repeatable and scalable business model.”

- Steve Blank, Lean LaunchPad

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Start-up vs. Scale-up:

“A **scale-up** is a dynamic organization focused on generating disproportionate value via rapid growth.”

- Bill Reichert, Garage Technology Ventures

Scaling up requires Change:

- . . . Change your mindset
- . . . Change your skillset
- . . . Change your processes

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Top Ten Challenges: Making the Transition From Start-up to Scale-up

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1. Organization

Start-up:

- Ad hoc, all hands, multiple hats

Scale-up:

- Repeatable processes, defined roles, assigned accountability

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2. Business Model

Start-up:

- Test and validate

Scale-up:

- Prove your path to profitability:
Your Business Model Formula . . .

What is Your Business Model Formula?



Business Model Formula Framework:

- We sell [product or service] to [target customers].
- The reason our customers buy our product is [compelling value proposition/benefits].
- We have an advantage over our competition because [sustainable competitive advantage].
- We will become profitable in the [Nth] quarter of [201X]
- By selling [XXX] systems/licenses/subscriptions to [YYY] customers
- Through [channels/partners/direct sales]
- At \$ [price] per system/customer/unit/subscription
- With a cost of \$ [cost/margin] per customer acquired/product sold.
- At that point, our revenue run rate will be \$ [revenues] on an annualized basis.

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3. Team

Start-up:

- Band of Brothers and Sisters

Scale-up:

- High performing team . . .

Building a High Performing Team



A Parable:

- The Optimist,
the Pessimist,
and the Engineer

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4. Culture

Start-up:

- Shared passion (and suffering)

Scale-up:

- Explicit shared values and norms

Defining Your Shared Values

- Results, Achievement, Accountability
- Customer Success, Customer Value
- Product/Service Quality
- Structure, Process, Rules, Control
- Personal Development, Career Development
- Innovation, Curiosity, Discovery
- Collaboration, Team spirit
- Vision, Making the World a Better Place
- Integrity, Loyalty, Trust
- Financial Rewards, Shareholder Value
- Honesty, Authenticity, Straight talk
- Intelligence, Genius, Brilliance.

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5. Leadership

Start-up:

- Founders lead

Scale-up:

- Everyone leads

Creating a Leadership Culture

A good leader:

- Sets goals
- Listens
- Makes decisions
- Projects confidence
- Has integrity
- Shows humility
- Delegates
- Instills urgency
- Is resilient
- Gives credit . . .

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6. Product Development

Start-up:

- Minimum Viable Product

Scale-up:

- Stable, secure, scalable product;
continuous improvement process

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7. Sales and Marketing

Start-up:

- Customer discovery (Kissing frogs)

Scale-up:

- Repeatable marketing and sales processes

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8. Financial Planning

Start-up:

- Identify critical metrics; frame out model

Scale-up:

- Track and hit your numbers . . .

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Management Dashboard

Cash

Customers

Team

Product

Marketing

Sales

Support

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9. Funding

Start-up:

- Sell the dream

Scale-up:

- Prove your ability to execute

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10. Global Strategy

Start-up:

- Think global, act local

Scale-up:

- Act global, think local
(in each market)

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Bonus: What is Your Purpose?

Start-up:

- Figure out how to change the world

Scale-up:

- Actually change the world

Top Ten Scale Up Challenges



1. Organization: Implement systems and processes
 2. Business Model: Prove your path to profitability
 3. Team: Build a high-performing team
 4. Culture: Agree on shared values and norms
 5. Leadership: Create a culture of leadership
 6. Product: Make it 10x better
 7. Sales/Marketing: Develop repeatable processes
 8. Financial Planning: Implement a metrics dashboard
 9. Funding: Prove your ability to execute
 10. Global Strategy: Act global, think local
- Bonus. Purpose: Change the world!

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Your Critical Challenges:

- Top three critical challenges?
- Transition status on all ten?
- Other challenges?

The Art of Startup Finance



Online course at
Kauffman
Founders School

For questions, comments, or slides

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RESOURCES FOR
ENTREPRENEURS .



Garage website:
<http://www.garage.com>



www.garage.com

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The Art of Startup Finance

Online course at
**Kauffman
Founders School**

<http://www.entrepreneurship.org/Founders-School/The-Art-of-Startup-Finance.aspx>

Resources for Entrepreneurs

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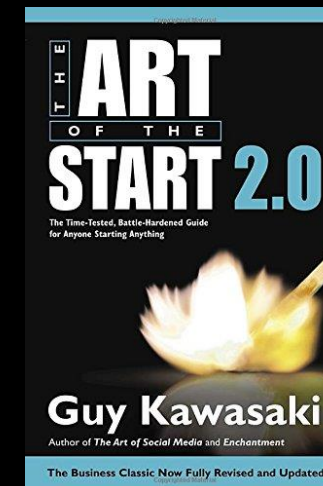
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