

GIP Pre-Accelerator Kickstart Sessions

Session 1: South Africa & Nigeria

18 July 2022

Housekeeping

- **Questions** are very much encouraged at any time.
- Please use the chat function or raise your hand and we will respond as soon as possible.

Business Model Vs Business Plan



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What is a Business Model?

The need to be specific and apply what is learned to one's own venture

- The **way you do business**
- The **activities** and **relationships** and **assets** required for doing business
- Two parts*
 - (1) All the activities associated with **making something**: designing it, purchasing components, manufacturing ...
 - (2) All the activities associated with selling something: finding and reaching customers, transacting a sale, distributing the product, or delivering the service

*[Andrea Ovans, Harvard Business Review](#)



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Business Plan vs Business Model

Business Plans

- Only document “guesses”
- WASTE TIME – “get out of the building” INSTEAD
- Don’t survive first contact with customers
- Are too often defended!

Business Models:

- Not just the revenue model
- Every aspect of value chain

Business Model Validation

What is Innovation?

A new way of doing things that's ...**Better***, **Cheaper**, **Faster**

(*Easier, Smaller, Lighter, Stronger, Prettier, Greener ...)

- Forbes: [You can't be all three](#) (Differentiation)
- Inc: [Also have to be environmental, scalable](#)

Why is Innovation Not the Whole Story?

Innovation represents risk – and startups are brimming over with other risks

- Technology risk
- Platform risk
- Market timing risk
- Market adoption risk
- Market size risk
- Business model risk
- Execution risk (Team risk)
- Capitalization struct risk
- Venture management risk
- Financial risk
- Legal risk

Business Model Validation – It's Critical

It's validating the entire business model and more

- Entrepreneurs **innovate**; customers (& 3rd parties) **validate**
- Validation turns guesses into fact, into **evidence**
 - Your guesses and theirs
- **100 plus interviews** over the course of this programme
- Eliminates “roll-of-the-dice” chance
- Logical, systematic model for assessing progress
- **De-risks** the business model for investors
- “Market insights” come from customer interaction
 - **What problem are customers trying to solve?**
 - **What patterns start to emerge?**

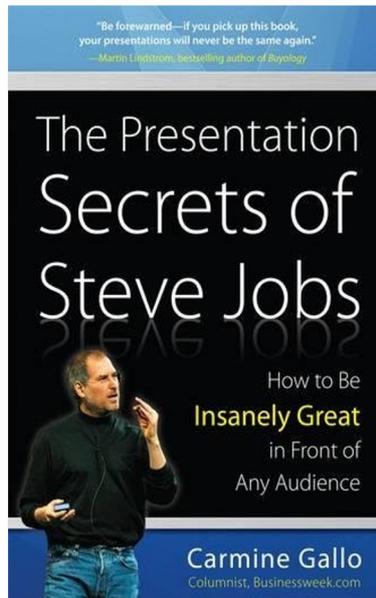
4 Basic Principles

1. Don't Generalize, **Specify**
2. Don't Assume, **Validate**
3. Don't Defend, **Pivot**
4. **Nail It, then Scale It**

Core Considerations for Entrepreneurs

- **Overview** – must be **understandable!**
- **Beachhead** - must be **small, identifiable, dominate 40%**
- **Adjacents** – must be **close to beachhead**
- **Pain!** – must be a **sharkbite** – and must be **customer-relevant**
- **Customer discovery/validation** – tell us **how many people or what type** you interviewed, **what you validated.**
- **Technology** – **secret sauce/friction**
- **Early go-to-market** – always bottom up; how will you **reach** those early customers?

Presenting & Pitching



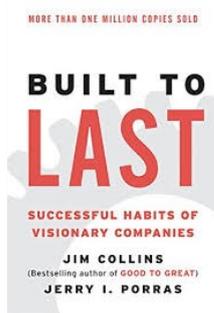
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Investor ≠ Consumer

Investor Presentation
VS
Consumer Launch
(extra content)
Passion sells!

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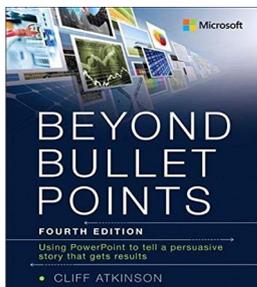
Innovate with Passion



“Some managers are uncomfortable with expressing emotion about their dreams, but it’s the **passion** and **emotion** that will attract and motivate others”

Jim Collins, Built to Last

Tell a story



“The fundamental secret of changing your audience’s minds is to **tell a story.**”

Cliff Atkinson, Beyond Bullet Points

Tell a story



MacWorld Conference & Expo 2007 - San Francisco
Photo by Blake Patterson
https://commons.wikimedia.org/wiki/File:Steve_Jobs_presents_iPhone.jpg

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Investor Presentation

Example 10 minute presentation with slides

Note: This not a mandatory table-of-contents for your pitch – to repeat, these are suggestions. However, you would do well to cover the following in no more than 12 or 13 slides:

- **Title Slide**
- 1. Overview
- 2. Problem
- 3. Solution
- 4. Market Size/Growth
- 5. Go-to-Market Plan
- 6. Competition
- 7. Product
- 8. Technology
- 9. Sustainability / Impact
- 10. Business Model
- 11. Team
- 12. Financials
- **Closing Slide / Contact Details**

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Tell a story



MacWorld Conference & Expo 2007 - San Francisco
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Investor Presentation

What you should cover

- Use your validations to provide rock-solid, credible, evidence-driven ‘no-brainer’ assertions
- Aim for 10-13 slides
- Talk about business model, identified pains, value proposition, your initial customers and market size
- Discuss competition and how you differentiate
- Don’t get too deep in your technology
- What is your team? What’s missing?
- Basic finance information – keep it conservative but compelling
- Identify and address concerns
- Simple, clear and visual language

Key Elements of an Elevator Pitch

1. Business Description

- Bold statement!
- It's the entire value chain – every step where value is created or exchanged
 - Design? R&D? Manufacturing? Transport? Direct sales? Installation? Maintenance?
- Must be graphical
- Tells entrepreneur, investors and what is involved
 - Not just technology; but the whole business

2. The Pain / The Problem

- What is the problem or “pain” that you are addressing?
- Specific customer segments affected?
- BIG? - “Shark bite” (not a “mosquito bite”); “tourniquet” is a MUST BUY
 - 4 OR 5 on a scale of 1 to 5
- MONETIZABLE? QUANTIFIABLE - High cold call return rate.
- Why? underfunded, no reputation, brand or track record
 - you need fast traction.

3. The Product / The Solution

The product (not your technology)

- What does it do? How does it work?
- Does it address the pain? Better than alternatives?
- Quantify “better”.
- Be graphic—on one slide

The product stage of development

- Concept – is it proven?
- Prototype – is it customer validated
- Product development – pilot? Shipping product?
- Wide commercial availability?

4. Technology / Intellectual Property

- How is the Technology **unique and innovative**?
- What is the status of the technology?
 - **Concept only? Proof of Concept? Prototype? Pilot?**
- What is the plan for validating the Technology and/or Product?
- What part (or function) of the Technology is Patentable
- What is your strategy to defend the IP?

5. Customer Segmentation

- Identify/ brainstorm high level (general) segments first
- Then drill down on each to create several **sub-segments**
- **Sub-segment** comprises:
 - like minded customers
 - in the same activity
 - With the same degree of “pain”
 - who share the same cultural language and business language,
 - In the same particular geographic location, pain urgency
 - With the same buying process

Prioritize segments with respect to economic pain & value to customers, urgency of need, pressure to buy, time to first sale,

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6. Beachhead Segment

- Low hanging fruit — **traction**
- Segment with greatest **pain**
- First buying segment—they have budget
- Homogeneous segment — one buys , they all buy
- The best (ONLY) place for foothold for underfunded STARTUP — no reputation, brand or track record
 - **“opens the way to further developments”**
- Dominate beachhead
- Pilot customers
- **Minimum viable product (MVP)** is a product with just enough features to satisfy early customers, and to provide feedback for future development

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1 Minute Elevator Pitch

What you should cover

- What problem does your technology solve? This is crucial
- What does your product/technology do? Be crystal clear
- Why is it special? Talk about the 'secret sauce' that differentiates it from everything else
- How will it impact the planet?
- Explain the environmental, social and economic benefits

Assumptions behind an Elevator Pitch

Some key questions to consider:

- What is the **specific problem** you are trying to address? Why are existing solutions inadequate? Can you **quantify the pain** and the potential for monetization?
- What is **innovative and unique** about your technology/product? How are you able to **address specific customer pain points more effectively** than existing solutions?
- What is the stage of your technology/product? What are its **unique benefits** and how can key aspects of the intellectual property be **protected**?
- What is your **SOM**? What is the initial breakdown of identified customer **sub-segments** in your SOM?
- Can you prioritize your customer sub-segments and identify the most suitable **beachhead**? Why is this the most appropriate target?

Q & A / Interactive Discussion



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Thanks!



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