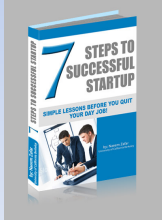


7-Steps to a Successful Startup

Lessons from Silicon Valley



Naeem Zafar
Partner, Concordia Ventures
Haas B School at University of California Berkeley

www.startup-advisor.com

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Personal Background

- Faculty at Univ of Calif Berkeley Haas business school
- Founder Concordia Ventures – advisory to entrepreneurs
- CEO of three companies (semiconductor & software)
- Worked in engineering, research, marketing & sales
- Experience at one large multinational & 6 startups
- One IPO (Initial Public Offering)
- Four acquisitions, One merger, two “wind-down”, One “restart”
- Raised over \$70M in multiple ways (VC, asset sale, debt, angel)
- Extensive experience in working with people from all cultures
- Traveled to 73 countries, lived in 3
- Brown University engineering 1981, Univ of Minnesota; Gold Medalist from Lahore
- Charter member of OPEN & TiE Silicon Valley
- Advised or mentors over 200 entrepreneurs

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Entrepreneurship

- Pursuit of business opportunity with the resources that you currently do not control



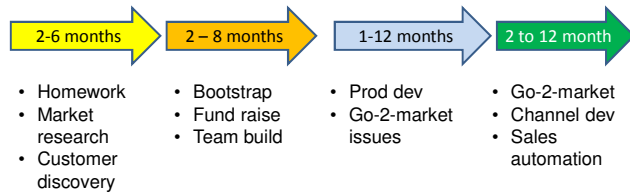
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7-Step Process: Starting Your Business

1. Are you really an entrepreneur?
2. Market research- identify a big problem
3. Customer discovery: who has hair-on-fire?
4. Creating your unique positioning
5. Establish & validate business model
6. Do you have the right team?
7. Why now? (the timing)

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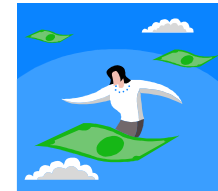
How Long Does it Take?



It takes ~6 months to 3 years to build a company
– are you ready for the hard work ahead?

1: Why Start?

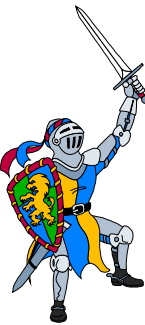
- Profile of an entrepreneur
- Tremendous rewards
 - Sometimes financial
 - Always personal
- You make the rules



Have clarity on why you want
to be an entrepreneur!

Make up of an Entrepreneur

- Resilience, determination, perseverance!
- Must be creative & resourceful
- Strong conviction but very flexible in execution



Commonly Held Beliefs Among Novice Entrepreneurs

- I must keep my idea “secret” as long as possible
- I am working on a prototype and then I will start a company
- Investors are there to screw me

2: Finding an Opportunity

- Is there an unmet need?
 - Most important homework
 - Not just a solution looking for a problem
 - Observe people who claim there is a need



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Finding an Opportunity

- Customer discovery
 - Ask many people to establish this
 - But peel the onion 2 or 3 levels
 - Observe people who claim there is a need



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Sizing an Opportunity

- How big is market if we can fulfill this need
 - Do bottom-up & top-down analysis
 - Both numbers should jive
- How big a market should there be to start?
- What is wrong with smaller markets?



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Market Research

- Who should be interested in my product or service?
- How many such people are there
- Who needs me more than others
- How many can I reach easily
- Surveys, talk to people, group sessions



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Target Market



- Identify your target market
- Find a sliver who needs you more!

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How to Pick Your 1st Customer?




- Look inside your chosen sliver (picked because better match)
- Find a customer whose hair is on fire now!

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3: Customer Discovery Process

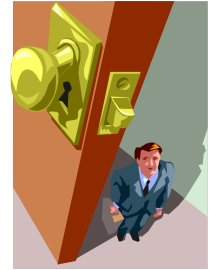
- You must understand & be clear on who is your customer
 - Age
 - Gender
 - Title
 - Income level
 - Buying habits
 - Decision making process
- **ALL this before you have a product!**



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Customer Discovery

- Persona of your customer
- Interviews
- Online surveys
- Pitch your idea and:
 - Understand their alternatives
 - Price points
 - Feedback must be heard and noted
 - Ask open ended questions and not leading questions
- Carry a note book at all times



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Customer Discovery

- Create a “product brochure”
 - See what people’s reaction is
 - Google Adwords to gauge customer interest
 - “write a press release”
- You should have an extremely good idea why your customers would buy your product before you even start the company
 - Not like my first startup

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4: Creating Differentiated Positioning

- Positioning = “what do you do?”
- Who else is doing anything close to what you are trying to do and...
- How do you appear different to customers that they do?



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Positioning

- Positioning statement must be simple & self explanatory
- Make it specific
 - Bad: “increase website security”
 - Good: “cuts fraud in online transactions for commercial banks”
- Core: must connect with core competency

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5: Define Business Model

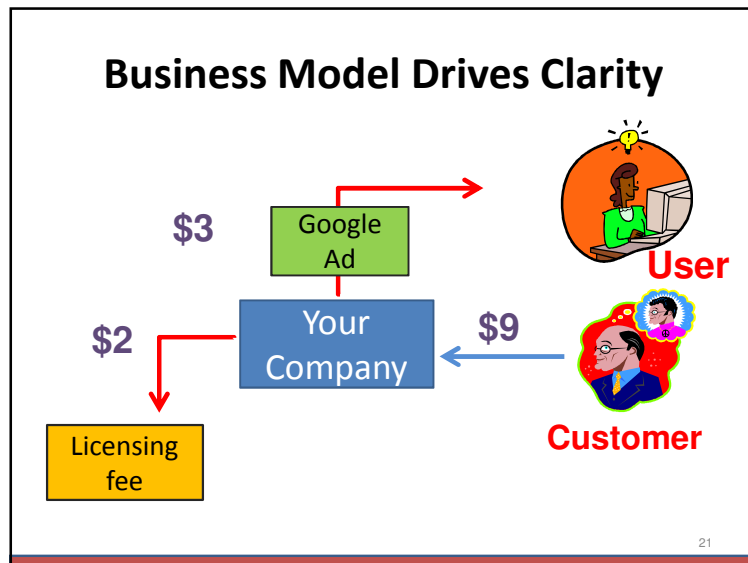
- How do you make money?
 - who pays you
 - what channels
 - what gross margins



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6: Why us: The Team

- Are you uniquely qualified to do this?
- What is a good team?
 - The only common thread among successful teams: deep mutual respect
 - People who share your vision
 - People whom you have worked with
 - Complementary skills
 - *Four goal-keepers do not make a good team!*

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7: Why Now

- This question will be on investors mind
- What has changed:
 - New regulation?
 - New technology or platform?
 - New pricing opening new doors?
 - Demographics?
 - Some invention?

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Summary: Essential Homework

1. Self analysis
2. Essential homework
3. Get organized (timeline)

Many ideas

Unmet need

Market size

Differentiated Positioning

Scalable Biz Model

Why us & why now

Good ideas

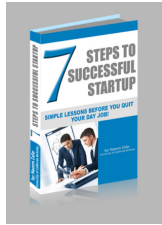
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Epilogue

*it is my mission to encourage
entrepreneurship everywhere in the world and
create a network of mentors that can help
entrepreneurs make their dreams come alive*



Join me & join the Network

naeem@ConcordiaVentures.com

Get a copy of my eBook free at
www.Startup-Advisor.com