

The Tech Startup Journey – How to Navigate the Rough and Smooth Waters of Founding a Company

Founding a tech startup is unlike anything else you will ever do in your life. No matter how much planning you do before setting off on the journey, you're likely to encounter unpredictable waves and rough waters, but sometimes life will also be plain sailing.

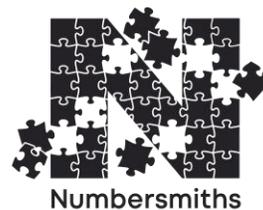
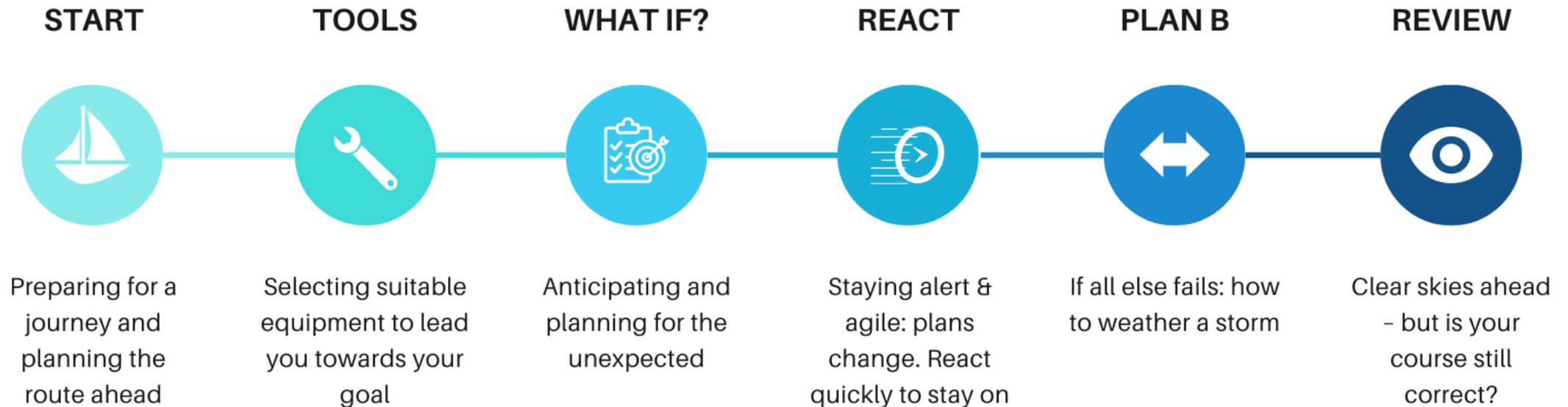
Why all the nautical metaphors, you ask? Let me explain. I believe that founding a tech startup is an exciting (and sometimes) hair-raising process. I also think that the process has more than a few characteristics in common with a sea passage. Preparation before setting sail, choosing a path, and navigating headwinds are all part of that journey.

In this paper, I'll be sharing my view of how to recognise, plan for, and handle the challenges ahead.



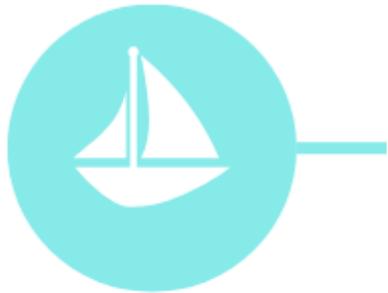
STAGES OF THE TECH STARTUP JOURNEY

Navigating the Rough and Smooth Waters of Founding a Company



1. Getting Started

START



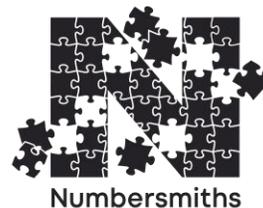
Preparing for a
journey and
planning the
route ahead

Whilst it is true that some startup ideas are conceived on the back of a napkin or over a chat around the kitchen table, few of those grand ideas make it past the kitchen-table stage without at least a bit more preparation.

When you're planning a sea voyage, you need to know where you're starting from and where you would like to (eventually) arrive. You don't necessarily need to sail directly. It's a common misconception that business growth is always linear. Sometimes it makes sense to tack, avoid sailing into a headwind for too long and instead choose an indirect route. In either case, you need to be realistic about how long your journey will take and make provisions for that time.

For a startup, this means writing down business goals, which is easier said than done. Ideally, business objectives should be **SMART: specific, measurable, achievable, relevant, and time-bound**. Simply saying "I want to run a successful business" isn't enough. Instead, try saying "I want to generate regular monthly operating profits within 12 months of setting up this company."

Without this type of objective, it is impossible to complete a business plan, let alone draft a strategy. Think of your objectives as your north star. Even when the day-to-day building and running of the business become overwhelming, your goals help you see and reach your destination, no matter how many stops and detours are required.



2. The Right Tools for the Job

TOOLS

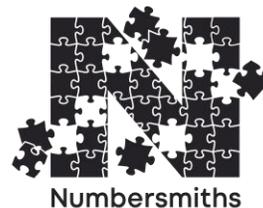


Circumnavigating Britain requires more than an app on your phone. You'll need nautical charts and navigational equipment as well as different types of communications gear. At sea, there is no guarantee of a reliable 4G signal. Radios or satellite phones may be necessary, even if they're only to be used in emergencies. Having the tools is one thing, but do you know how to use them? There's nothing wrong with admitting you need expert support – or a basic training course to use your tools effectively.

And what about the vessel itself? Is it up to the job you want to use it for? Sailing in sheltered coastal waters around the nearest headland doesn't require an ocean-going superyacht, and it's a great way to establish your sea legs. Learn by sailing a smaller craft or crewing to gain experience, before applying your knowledge to a bigger vessel.

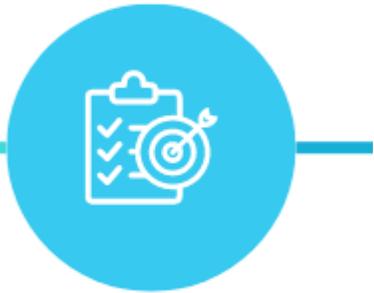
Selecting suitable equipment to lead you towards your goal

It's only natural to have big ambitions as a startup founder, but take a look at your resources and stay realistic. Huge companies like Amazon and Apple started in the founders' garages, but there is no doubt about the big ambitions driving those businesses. Both certainly outgrew their initial spaces, but starting small allowed their founders to keep costs low and test the business model before expanding.



3. What If: Planning for the Unexpected

WHAT IF?



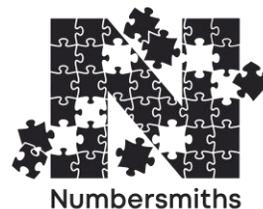
Anticipating and
planning for the
unexpected

Before you set out on your journey, you need to ensure that you have all the necessary safety equipment on board in case your boat encounters rough waters. Granted, experienced sailors plan to avoid heavy seas, but even with the best possible planning you can't always avoid freak waves or storms that seem to appear out of nowhere.

Aside from safety equipment, well-prepared sailors carry more food than they think they need, several sets of spare parts for anything that could reasonably break, as well as a selection of communications tools.

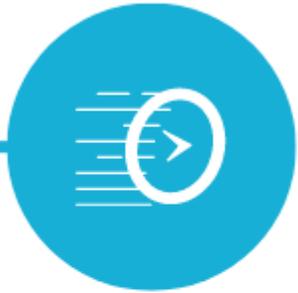
As a startup founder, you need to be realistic about the time it may take to turn your idea into a marketable product. The number of months or years you allow may vary, but it is almost always longer than planned. As a result, you need a strategy to deal with those delays.

Perhaps you can keep your headcount small and use contractors as needed rather than hiring full-time employees. Or maybe you ensure that there is an emergency fund to tide you over delayed funding rounds. Having the right contingency plans in place also includes access to expertise. You may not need a finance director every day of the week. But when the need for strategic financial planning arises, it's good to have a relationship established.



4. Being Ready to Change

REACT



Just a few moments ago, you read about the importance of putting in place solid business goals. It's equally important to remain ready to deviate from those plans. Why? Because it's impossible to foresee every potential future event.

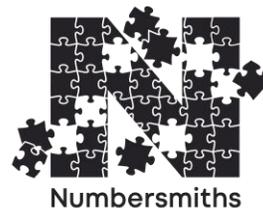
At sea, the weather or currents can change suddenly. You need to stay alert and try to recognize impending changes as they develop. The sooner you notice, the sooner you can adjust your course or change your direction.

Despite being laser-focused on your goal, remember that there is usually more than one way to reach a goal. Prepare to react to changed conditions and take a detour, if necessary.

When it comes to applying this concept to the startup journey, there is really no example more pertinent than the coronavirus pandemic. Very few companies would have had a pandemic in their contingency plans. Those who adapted quickly to their changed circumstances not only survived but in many cases even thrived.

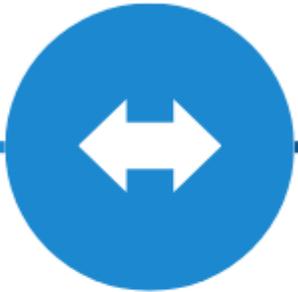
Rigidly insisting on following the initial course would most likely have ended in disaster.

Staying alert &
agile: plans
change. React
quickly to stay on
course



5. Weathering a Storm

PLAN B

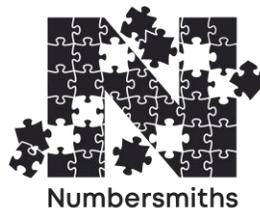


If all else fails: how
to weather a storm

When there is a storm brewing or you have a severe mechanical issue at sea, sailors have to put safety ahead of any other goals. That may mean putting into a harbour for a few days and delaying the journey. As inconvenient as that may sound, it's nothing more than a blip on your charted course. In fact, spending a few days to regroup, make repairs, or simply wait out the storm may benefit the overall journey.

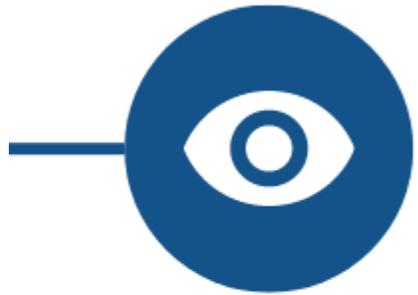
In tech startup terms, it's important to have the resources to weather a storm like the recent pandemic. Saying that, very few early-stage companies would have set aside funds to carry them through months, if not years. That doesn't mean that you shouldn't aspire to have some kind of financial buffer or safety net in place.

Ideally, your emergency fund could last you a few months. But, to be perfectly honest, any fund is better than no fund. Having this type of fall-back option allows you to take the time to consider your options and choose the best one as opposed to being forced to react under stress.



6. Is it Time for a Change of Course?

REVIEW



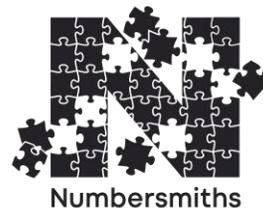
Clear skies ahead
– but is your
course still
correct?

The storm clouds have gone, and you're surrounded by flat, calm seas. But how do you know that your course is still the best choice?

In nautical terms, you could consult your GPS to gain an idea of your absolute position to allow you to check your chart. But sometimes, you don't have to go all out to get the answers you need. Rather than heading for GPS and chart, take a look at the coastline instead. Can you see any known features? These features will tell you if you're on your way or need to consider a course correction.

For startups, getting an overview of their financial situation is equivalent to re-evaluating their course. On many occasions, you don't need to pore over spreadsheets for hours. Instead, getting a birds-eye view can be as simple as logging on to accounting and bookkeeping software and looking at your dashboard.

Whilst that may sound like it is not enough, it is enough to spot early warning signs in many cases and correct your course, if necessary.



Sailing Into the Sunset

Perhaps your goal is to bring a startup to the point of being bought by a larger competitor, or perhaps you would like to grow your business into an international company. No matter what your vision is for your business, take the time to remember the unpredictability of a sea voyage and put plans in place to handle the consequences.

What that means specifically will vary from startup to startup, but it will almost always include having a good understanding of your financial situation. If you're not sure whether you know what you need to know, contact us today. We'll help you plot a course and sail into that sunset after all.

Need more support? Contact us on 07802 635167 or rob.mackean@numbersmiths.co.uk

