

STRONGER

HUBS

STRONGER


START
UPS

Good practices in
startup support &
hub operations

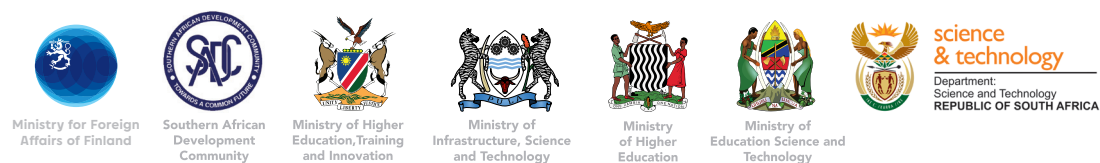
STRONGER HUBS STRONGER START UPS

Good practices in startup support
and hub operations

GENERAL INFORMATION

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INTRODUCTION

Entrepreneurship plays an important role in tackling the high rate of youth unemployment in Southern Africa, and is often seen as a potentially powerful catalyst for economic growth and well-being. However, it is often challenging for the region's youth to take the entrepreneurial path. Innovation support organisations such as tech hubs and innovation labs play an important role in supporting entrepreneurship by helping aspiring entrepreneurs and startups to acquire knowledge, skills, and resources needed to thrive, while also building entrepreneurial communities for stronger innovation ecosystems.

The Southern Africa Innovation Support (SAIS 2) Programme and the SAIS 2 Connected Hubs believe in supporting entrepreneurship and strengthening innovation ecosystems through the expansion of knowledge and the promotion of cross-border collaboration between innovation actors in Southern Africa and internationally. As part of these activities, we share knowledge and best practices on startup support and innovation hub operations within the Connected Hubs network, and facilitate practical collaboration opportunities to support entrepreneurship.

In this publication, we wish to share the lessons learnt and best practices for supporting startups with a wider audience. The advice we share here are sourced from Connected Hubs peer learning sessions on specific topics as well as training sessions hosted during our regional startup support programme BOOST UP.

The peer learning sessions were online and on-site sessions to share different best practices to support early-stage entrepreneurship and manage innovation hubs, with a focus on highlighting what has worked and what has not. These sessions were hosted by Connected Hubs members, with contributions from various external knowledge partners.

From June to November 2019, we jointly implemented the BOOST UP startup support programme with the purpose of training of early-stage entrepreneurs in the art of pitching and how to build more robust businesses. The programme comprised three parts: the BOOST UP Set Up local training events (June–August 2019), BOOST UP Stand Up national pitch competitions (August 2019) and the BOOST UP Scale Up online training programme and acceleration bootcamp, which was organised as part of visiting the Slush startup festival in Finland (November 2019).

Some of the chapters in this publication are based on BOOST UP Scale Up online incubation and Bootcamp sessions provided by our network members and knowledge partners.

Each chapter mentions the facilitator(s) whose session(s) the text is drawn from.



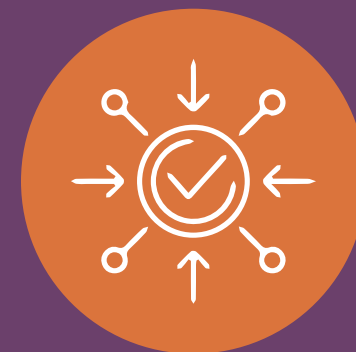
The Southern Africa Innovation Support Programme (SAIS 2) is a regional development initiative supported by Finland's Ministry for Foreign Affairs (MFA) in partnership with the ministries responsible for science, technology, and innovation in Botswana, Namibia, South Africa, Tanzania, and Zambia as well as the Southern African Development Community (SADC) Secretariat. The programme supports the growth of new businesses by strengthening innovation ecosystems and promoting cross-border collaboration between innovation role players in Southern Africa. It applies three tools to further these aims: innovation funding, capacity building, and knowledge and networking.



SAIS 2 facilitates networking between innovation actors in Southern Africa through a community of practice called Connected Hubs. Connected Hubs is a network that connects SAIS 2 and innovation support organisations from the public and private sector on the basis of a joint cause: enhanced entrepreneurship support and regional connectivity. The network's main purpose is to build a regional community and facilitate knowledge exchange by sharing best practices on what works and why when supporting entrepreneurs and startups in SADC (and beyond).



HOW TO MEASURE YOUR HUB'S IMPACT



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Partners:



This chapter is based on the following Connected Hubs peer learning sessions:

Tendai Mazhude, mLab Southern Africa, Pretoria, South Africa: How to measure your impact: practical tips on Monitoring & Evaluation

Anne Badan, impact investor, entrepreneur, Founder & CEO The Shortcut (2015-2020), Helsinki, Finland: Impact model for internal improvement and tool for fundraising

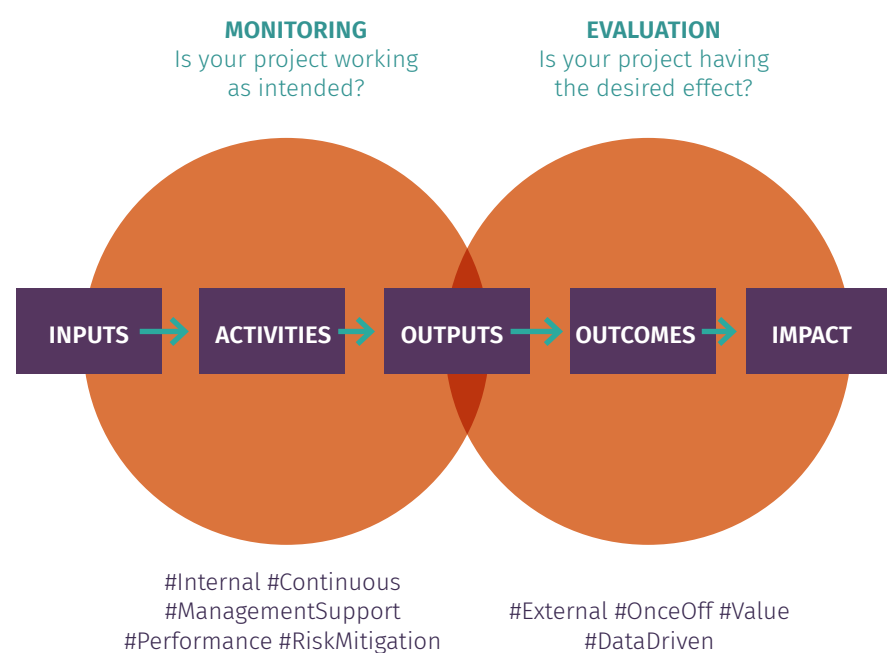


WHAT IS MONITORING AND EVALUATION (M&E)?

Monitoring refers to the internal tracking of your hub's activities and its results obtained. It is crucial to monitor hub activities to provide your team with intel on whether they are on the right track and what actions might need to be taken to achieve your goals. While monitoring is regular and continuous, evaluation is typically conducted annually or at the end of a project. Evaluation, often conducted by an external party, provides you with insight on:

- how significant your project has been;
- how effectively it has been implemented;
- how efficiently resources have been used; and
- how sustainable the results are.

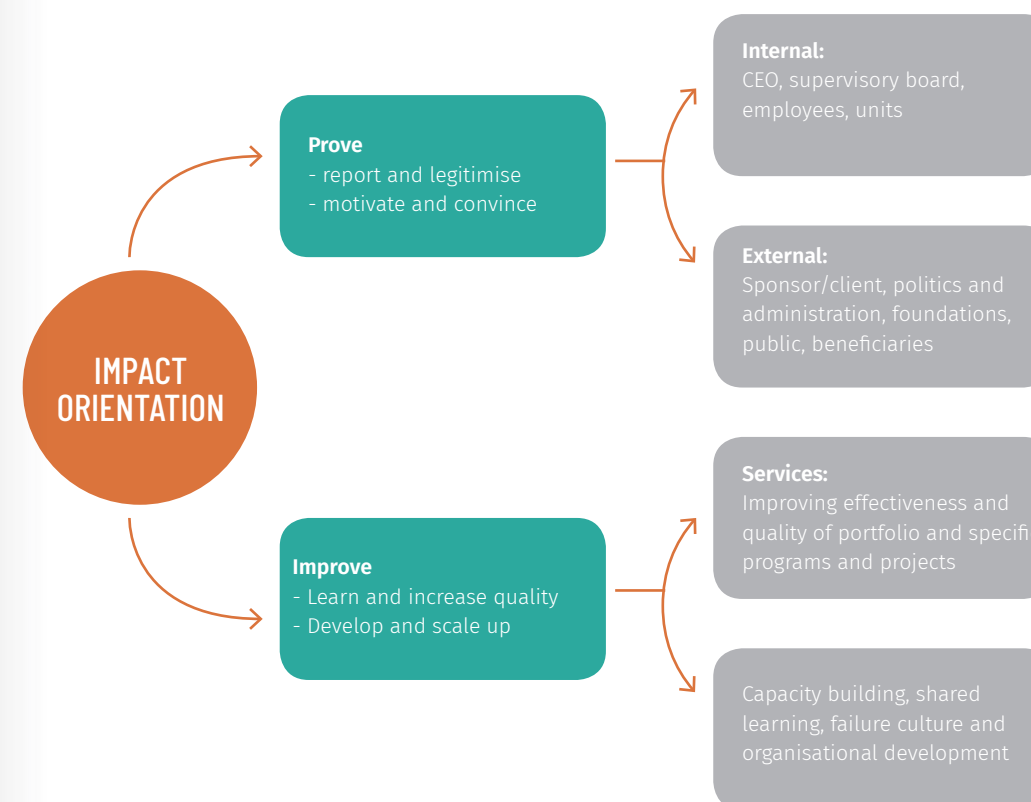
When monitoring, you will focus on analysing whether your project is working as intended, i.e. how well your inputs are turned into outputs. Evaluation aims to tell whether your project is yielding the desired effect, i.e. how well your outputs are leading to outcomes and impact.



Graphic: Tendai Mazhude, mLab

WHY DOES M&E MATTER FOR YOUR HUB?

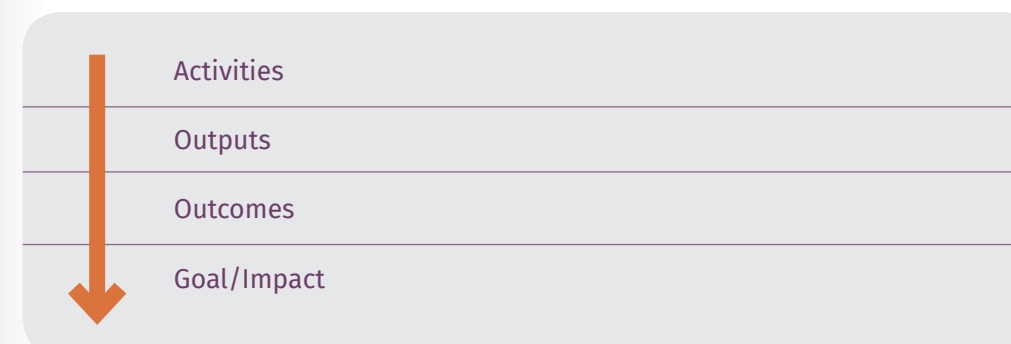
As a hub manager, you should monitor your progress and measure impact for mainly two reasons: (i) to prove (to yourselves and externally) that you are doing the right thing and (ii) to improve on what you are doing. Well-measured, -reported, and -communicated impacts serve to motivate you and your colleagues and to legitimise your work by convincing the beneficiaries and sponsors about the importance of your work. It also allows you to learn what has worked and how you can improve, be more effective, and offer better value. M&E helps your organisation to develop and scale up.



Graphic: The Shortcut, Helsinki Finland

WHAT SHOULD YOU MEASURE?

M&E is an iterative process, starting in the planning phase and continuing throughout your project cycle. In the planning phase, define your project's activities, outputs, outcomes, and goal/impact. There are various approaches to do so, such as theory of change, problem tree, and the results or logical framework.



Once you have the activities, outputs, outcomes, and goal defined, the next step is to define your indicators. Indicators are the basis of monitoring your performance, so it's good to involve as many people as possible in defining them in order to gather different perspectives. Ensure each indicator is directly related to an output, outcome, or goal. One way to develop quality indicators is to use SMART criteria:

- S - Specific**
- M - Measurable**
- A - Ambitious but achievable**
- R - Relevant and result-oriented, and**
- T - Time-bound.**

You should include indicators for each result level (outputs, outcomes, goals) while trying to keep the total number of indicators manageable. Start lean and focus on key indicators instead of including too many. Avoid ending up with a too heavy and complex monitoring system.

It is recommendable to combine quantitative and qualitative indicators, for example by measuring the number of persons trained and gathering feedback on skills developed. The collection of quantitative data is typically emphasised during the monitoring phase; whereas the focus often shifts to qualitative data in the evaluation phase.

When selecting indicators, consider the accessibility of data and availability of data sources. Examples of possible indicators can include:

- **Number of business plans produced**
- **Startups' survival rate**
- **Average turnover of startups**
- **Investments attracted**
- **Number of jobs created (by gender, full-time/ part-time, etc.)**
- **Number of patents requested/granted**
- **Number of spin-offs (academic/research/ industrial)**
- **Number of product/service prototypes developed**
- **Number of persons trained**
- **Startups' assessment of how valuable the training was, etc.**

Once you have selected the indicators, you need to define exactly how each indicator is measured or calculated – otherwise, there is a risk that it is done differently every time, making the monitoring unreliable.

Example: Define your indicators

Indicator: Number of business plans produced

Definition: Number of new or improved business plans developed by the startup teams during participation in the incubation programme

Indicator: Startups' survival rate

Definition: Percentage of startups that are operating six months after the incubation programme has ended.

After defining each indicator, identify the baseline and target for each indicator: what is the initial situation before you start your activities, and how do you aim to change it? Knowing the baseline is crucial as otherwise you will not be able to tell whether there has been progress due to your project.

You also need to identify how the data will be collected. Pinpoint the data source, the frequency (monthly, quarterly, annually, etc.), who will be responsible for collecting, and where it will be reported. To collect data, you may use – amongst others – feedback forms, sign-up forms, surveys, and interviews. In comparison to surveys and forms, interviews are typically more time-consuming, but can provide more in-depth data.

It is a good idea to put all this into an M&E table.

	INDICATORS	DEFINITION	BASELINE	TARGET	DATA SOURCE	RESPONSIBLE	REPORTING
	How will success be measured?	Specific instructions for how to measure the indicator	What is the current value?	What is the target value?	How and when will it be measured?	Who will measure it?	Where will it be reported?
GOAL/IMPACT							
OUTCOMES							
OUTPUTS							
ACTIVITIES							

After collection, clean the data by checking for any inaccuracies such as inconsistencies in the data and its formatting, any errors, or missing dates. If your indicators are qualitative, you can sort your data according to different groupings or themes based on a coding scheme. Lastly, analyse your data by summarising it, looking for patterns, making interpretations, and drawing conclusions. For quantitative data, this typically includes calculations of totals, averages, ranges, etc. according to the M&E plan.

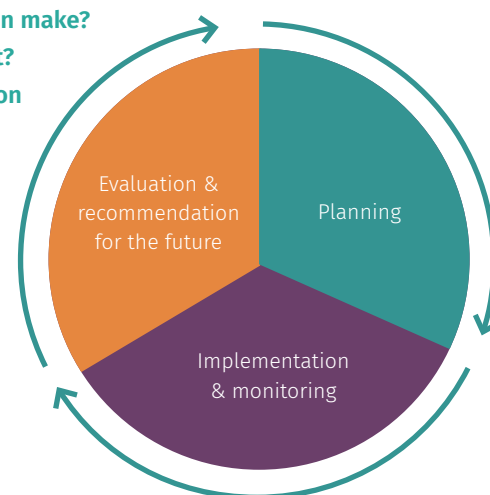
Table: Example M&E template

EVALUATING YOUR PROGRAMME'S IMPACT

When evaluating impact, the success of your hub or specific project is typically assessed considering the below evaluation criteria¹:

- **Relevance:** Do the activities meet beneficiaries' and stakeholders' needs, priorities, and expectations?
- **Effectiveness:** Are the expected results being met?
- **Efficiency:** How efficiently have resources been used?
- **Impact:** What difference does the intervention make?
- **Sustainability:** Will the benefits achieved last?
- **Coherence:** How compatible is the intervention with other available interventions?

The evaluation findings and related recommendations are used to improve the next activities.

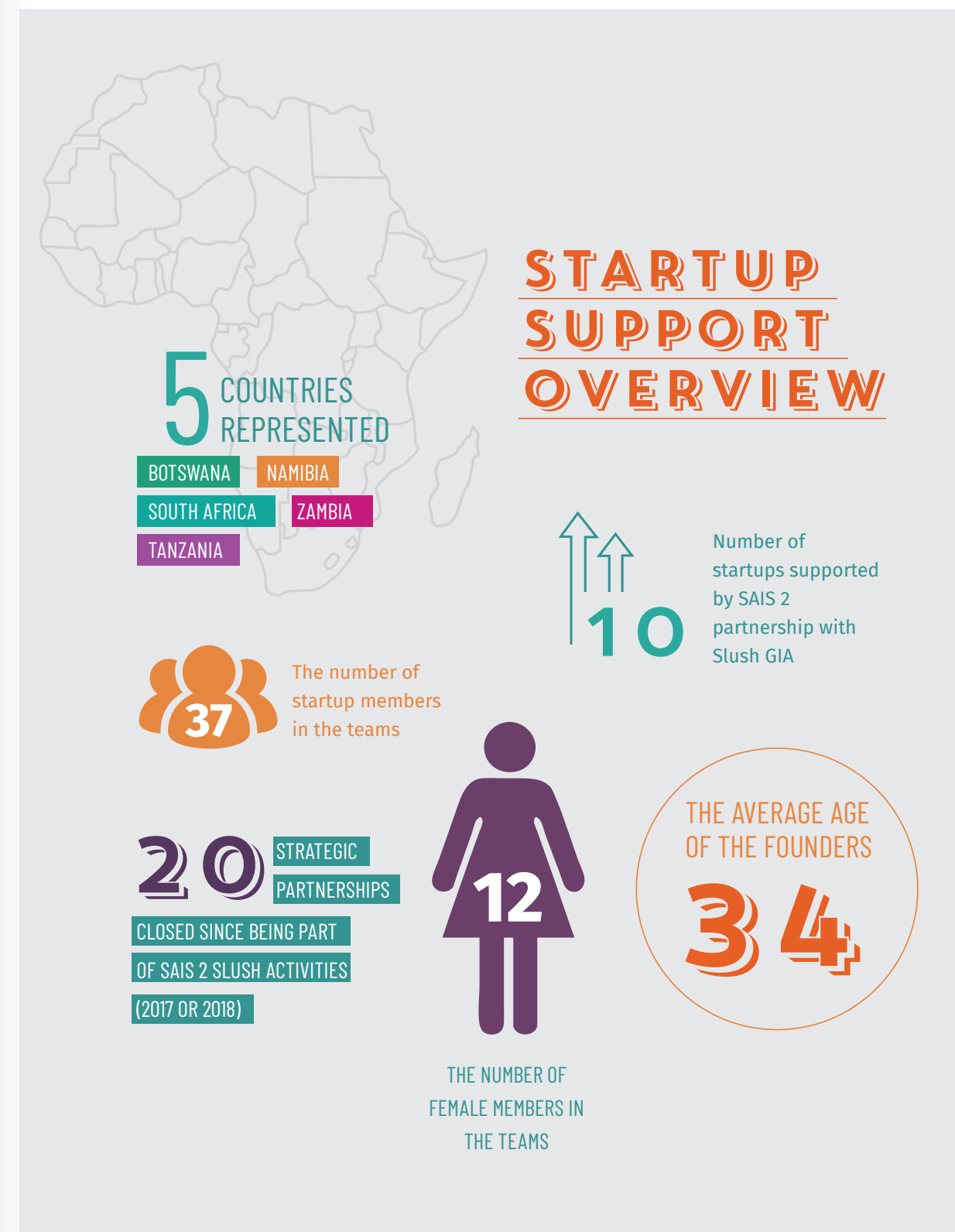


COMMUNICATING RESULTS

Once you have monitored results or evaluated the impact, remember to communicate them in your website, blogs, podcasts, reports, and other communication channels.

An efficient way of communicating results can be infographics, which are condensed executive summaries of all the key results. They allow the reader to review a lot of information in one impactful page with visual stimuli to help make it stick in their mind.

¹ Infodev and OECD/DAC Evaluation Criteria: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>



Graphic: Example infographic from SAIS 2's publication Startups as the New Superheroes (2019).

02.

BUILDING A SUPER TEAM TO GROW YOUR HUB SUSTAINABLY



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Partners:



This chapter is written based on the Connected Hubs peer learning session:

Lukonga Lindunda & Simunza Muyangana, BongoHive, Lusaka, Zambia: Building a super team to grow your hub sustainably

While building a super team is crucial for startups, it is equally important for hubs too. Most hubs are being launched with very few resources, making it a challenge to invest in their teams. This chapter describes a case example of how BongoHive in Lusaka, Zambia, managed to grow their team sustainably despite the common challenge of scarce resources. BongoHive shares their five lessons that will support your hub in building a strong team.

1. FIND YOUR TRUE NORTH

One of the most important lessons from BongoHive is to “find your true north”. The co-founders of BongoHive had a common vision from the moment they met each other. They had identified a gap in the tech skills in their country and shared a strong passion for helping to develop the tech space in Zambia. Identifying your true north will help your organisation remain focused and consistent in everything you do. Good decision-making is guided by one’s true north. It is important that your hub spends time thinking what you are trying to achieve as an organisation. Does everyone in your team have a clear picture of where you are trying to go? Do you have that gut feeling that you are doing the right thing? A part of building teams is being authentic to that true north.



2. BUILD CULTURE

Set the tone for culture when hiring new people. For the first five years, BongoHive operated mainly with passionate volunteers and interns, whose important efforts were complemented by the founders’ expertise. Two of the three BongoHive founders committed 10% of their weekly time for the first five years until BongoHive made its first positive return. To identify volunteers, BongoHive targeted individuals who were interested in contributing to building a space with a similar vision to theirs. Later, when hiring paid personnel, the hub emphasises the candidate’s effort in understanding and sharing the hub’s vision and brand.

One of the most important things BongoHive paid attention to when hiring new people is whether the person does more than just one thing; whether they, for example, run their own business, are writers, or do volunteer work in their community. This versatility is a crucial part of the BongoHive culture. The employees need to be able to think beyond the job and be entrepreneurial in order to be able to support entrepreneurs. You should be very specific about the people you hire, especially if you are a small organisation. In addition, it is important to be able to let go of people who are not a good fit with the organisation.

Furthermore, at BongoHive, the culture of innovation, self-expression, and deep relationships amongst team members are seen as positive contributors to the team’s success. Self-expression allows team members to be who they want to be outside of their organisational roles, enabling them to use their talents and skills fully. Deeper team relationships are nurtured by breakfast meetings, where team members can interact in a relaxed environment and come to understand each other beyond their roles and tasks.

3. BUILD A STRONG REPUTATION

Building a strong reputation for your hub will not only help attract the right talent but also other relevant stakeholders. From the very beginning, BongoHive was able to document their work and demonstrate the real impact of their work to people, which helped them to build a strong reputation. Thanks to their reputation, they attracted the right stakeholders and secured funding at a very early stage. A number of people in the BongoHive staff started as volunteers. When people believe in what you do and you have a strong reputation, people can actually come to you, even from across the world, and work for you for free. When partners started to see the potential of BongoHive, the hub could start to hire paid personnel.

You cannot build a strong reputation if you are not out there talking about what you do. BongoHive had an in-house media team from the beginning. They put a lot of effort into the quality of content they publish in BongoHive's channels as well as the organisation's branding.

4. GIVE EMPLOYEES OPPORTUNITIES TO GROW

You as a founder need to move onto bigger things and create room for your employees to grow. From the very beginning, when BongoHive still relied on volunteers, BongoHive actively looked for ways to create opportunities for them, such as through converting the programmes executed by its team into products and services for clients. Creating opportunities for career progression and exposure as well as investing in the work environment has helped BongoHive to grow sustainably.

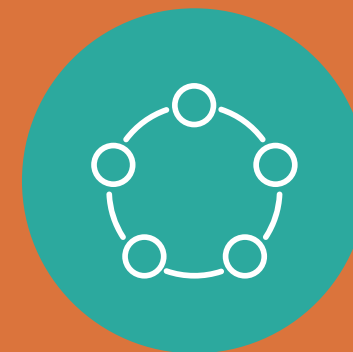
As the organisation grew, BongoHive's founders were able to step away and let their staff take the initiative in making use of opportunities for the organisation. An underlying team philosophy is to always ask how to ensure that each staff member can reach their greatest potential. At BongoHive, the hub is seen as a team member's launchpad, and seeking opportunities, such as starting their own startups, is encouraged.

5. VALUE AND APPRECIATE

Showing your appreciation is an important part of team building. This is not limited to formal methods, such as a salary raise, but also the more informal ways of showing recognition. People want to know that they add value to the team and are appreciated. Appreciating people unlocks so many opportunities. BongoHive strives to support a culture of day-to-day appreciation. For example, the BongoHive team has a Slack channel dedicated to celebrating people and their achievements. Even after the employees have left the organisation, they are still part of the BongoHive WhatsApp group, where opportunities are constantly shared and the members continue to appreciate each other. This shows the employees who have left the organisation that they are still seen as valuable and part of the BongoHive family.

03.

COMPANY CULTURE – A TOOL FOR STARTUP SUCCESS OR REASON TO DECLINE



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Partners:

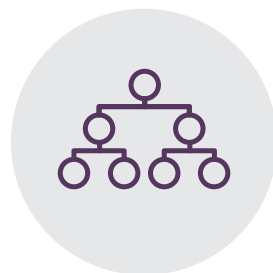


LEIDENSCHAFT

This chapter is written based
on the BOOST UP Bootcamp
workshop:

**Panu Luukka, Leidenschaft,
Helsinki, Finland:** Being a Strong
Founder





WHAT IS COMPANY CULTURE?

Every company has a culture – consciously created or unconsciously formed – that plays a crucial role in startup success. In your hub, you can support your startups by creating awareness on the importance of conscious company culture management.

Company culture can be defined in many ways. According to Leidenschaft, it is defined as the conscious and unconscious values, structures, practices, and the various ways we express these things. Company culture guides, unites, and differentiates a company's members from those in other companies. As William Wolfram (DealDash) described it, "Company culture is what happens when nobody's watching".

If a startup consciously builds its company culture in a way that helps it to reach its goals, that's a winning culture. The company culture can, however, also prevent a startup from reaching its goals. Depending on whether the startup is conscious of this culture, it can be classified as delusional (conscious) or doomed (unconscious). There are also the lucky startups whose company culture helps their organisation to be successful even though they are unaware of its impact.



Many startups do not pay attention to their culture and the impact it has on their business. Startups with a lucky culture can unconsciously do the right thing and get to the next level. On the other hand, startups can be unconscious of a culture that is in fact preventing them from achieving their goals, which dooms them to failure.

Educate your startups to become conscious about their company culture and to constantly talk about, actively lead, support, and live a winning culture. To build their company culture, startups need to:

- 1 Become conscious about the culture
- 2 Design the culture to support the startup's goals
- 3 Put the company culture into practice



Designing the company culture includes setting standards stipulating which actions are in line with the culture and which ones are against it. Advise startups to define their mission, vision, strategy, and values – these will tell employees which actions are for or against the company culture. Company culture should guide everything in the startup, including recruitment, office space, perks, benefits, and celebrations.

MISSION
Why?

VALUES
How?

STRATEGY
What?

VISION
Where?



Note that there is no right, wrong, or best culture. The "rightness" or "wrongness" of a culture is defined in relation to why the startup exists and what it is trying to achieve..

BUILDING A WINNING TEAM

Company culture plays a large role in the most crucial process startups have: recruitment. When attracting the best talent, company culture is the startup's brand in the employment market. Finding the right talent is crucial for startups to successfully execute their brilliant ideas. Investors know this too, which is why they are not only looking for the most innovative ideas, but for the best teams.

“
Companies
with the
best talent
will win.
”

Marissa Mayer, Yahoo

Ideas ≠ success

Ideas * execution = success

That said, finding the best talent is never easy. There is always a shortage of top talent, and the talent that is needed already works elsewhere. It's important to remember that employers don't get to choose talent. It is the talent who choose their employers. Advise your startups to put a lot of effort into finding the right talent as engaged, developing, and happy talent attract more of the same.

“
As a strong
founder, you should
understand that your
company is not about
you. It's about the
company's purpose. Your
people are not for you.
You are for them and for
the purpose.
”

Panu Luukka

TOP TIPS FOR RECRUITING TALENT:

1. **Be open about yourself, your company, and the job.**
2. **Recruit for cultural fit and cultural add.**
3. **Remember: you are not looking for a friend, wife, or husband.**
4. **When in doubt, don't hire. Trust your gut feeling.**
5. **Have the courage to recruit people who are wiser than you.**
6. **Hire slow, fire fast.**

04.

EMPATHY IN DESIGN



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Partners:



**This chapter is written based
on: Connected Hubs peer
learning sessions:**

**Jari Rantala, Andrea Vianello – Siili Solutions,
Finland:** Design thinking and agile tools for
startup support. 25 July 2019.

Andrea Vianello – Siili Solutions, Finland:
How to develop empathy. 19 September 2019.

**Jari Rantala, Andrea Vianello – Siili Solutions,
Finland:** Creating an Elevator Pitch with the
help of Lean Canvas. 19 September 2019.

**BOOST UP Scale Up Online
Incubation session and Bootcamp
workshop:**

**Caroline Chang Liu, Jari Rantala, Andrea
Vianello – Siili Solutions, Finland:** How to
validate your product?



Design thinking helps startups define and validate ideas at an early stage before developing them further, thus getting the business on the right track faster. Using the design thinking approach, your hub can support startups to derive a deep understanding of their product, service, and users; challenge assumptions; redefine problems; and create innovative solutions to prototype and test². It therefore reduces the risk of building the wrong things that customers don't need and heavily investing in the wrong things.

The design thinking method consists of five non-linear and iterative phases: Empathise, Define, Ideate, Prototype, and Test³.

1

EMPATHISE

In the Empathise phase, startups research their users' needs to gain an understanding of the problem they are trying to solve. Empathy allows one to set aside one's own assumptions and understand the users and their real needs.

2

DEFINE

In the Define phase, startups analyse and synthesise the information gathered during the Empathise phase, and define their users' needs and the core problem.

3

IDEATE

In the Ideate phase, startups are ready to generate ideas on how to solve the problem and to identify innovative solutions based on the knowledge from the two first phases.

4

PROTOTYPE

The aim of the Prototype phase is to identify the best possible solution for the problem by producing a number of inexpensive, scaled-down versions of the product. A prototype is a draft version of the product that allows startups to explore their ideas and show the intention behind the concept or a feature before investing time and money into development.⁴

5

TEST

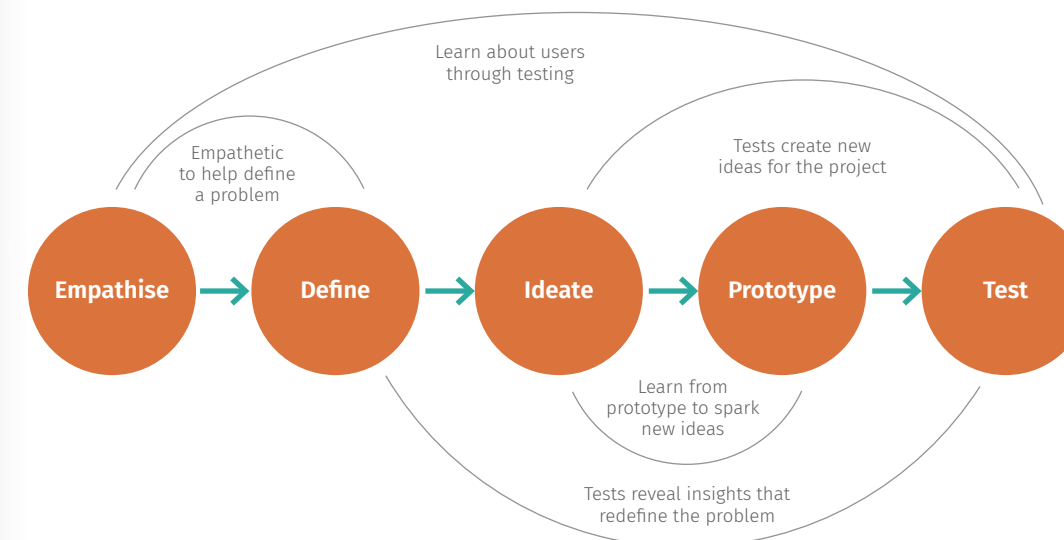
In the Test phase, the solutions identified during the Prototype phase are tested. This is the last phase of the process, but being an iterative process, the test results are often used to redefine the problem and to make further improvements.

² <https://www.interaction-design.org/literature/topics/design-thinking>

³ <https://www.interaction-design.org/literature/topics/design-thinking>

⁴ Usability.gov (2019). Prototyping. Retrieved from: <https://www.usability.gov/how-to-and-tools/methods/prototyping.html>

DESIGN THINKING - A NON-LINEAR PROCESS



Graphic: Author/copyright holder: Teo You Siang and Interaction Design Foundation

The key elements of the design process are thus practicing **empathy** through **user research**, and **rapid prototyping**. This allows startups to learn early, learn often, and fail fast.

USING EMPATHY TO UNDERSTAND CUSTOMERS

Empathy is the ability to fully understand, mirror, and share another person's expressions, needs, and motivations. It requires a neutral mindset – an ability to listen to others' opinions without necessarily agreeing with them.

Practicing empathy helps startups understand users' abilities, limitations, motivation, goals, needs, frustrations, and pains or frictions. This is crucial in order to:

- 1) **Involve users from the beginning. A design that is not relevant to its target audience will never be a success.**
- 2) **Assess the solution iteratively. If the user experience is not good, chances are that people will move on to another product.**
- 3) **Measure the effects of a design.**

Startups can develop empathy through user research, which helps them to understand users' behaviours, needs, and motivations⁵ as well as the impact of a design on an audience. There are numerous methods for conducting user research, including:

- **Interviews,**
- **Focus group discussions,**
- **Contextual inquiries,**
- **Ethnographies,**
- **Surveys,**
- **Diaries,**
- **Experience tests, and**
- **Usability samplings.**

⁵ Kuniavsky, M. (2003). Observing the user experience: a practitioner's guide to user research. Elsevier. Usability.gov (2019). User research. Retrieved from: <https://www.usability.gov/what-and-why/user-research.html>

Interviews are one of the most common empathy methods. Interviews can be divided into three types:



1. Structured interviews are almost like questionnaires with a set of questions that are defined beforehand. The interviewer asks all participants the same set of questions in the same order. The structured interviews allow for easy comparison between respondents and relatively fast execution. As the questions are pre-defined, the structured interviews lack flexibility and often do not reveal as much in-depth, relevant, or unexpected information as the less structured interviews.



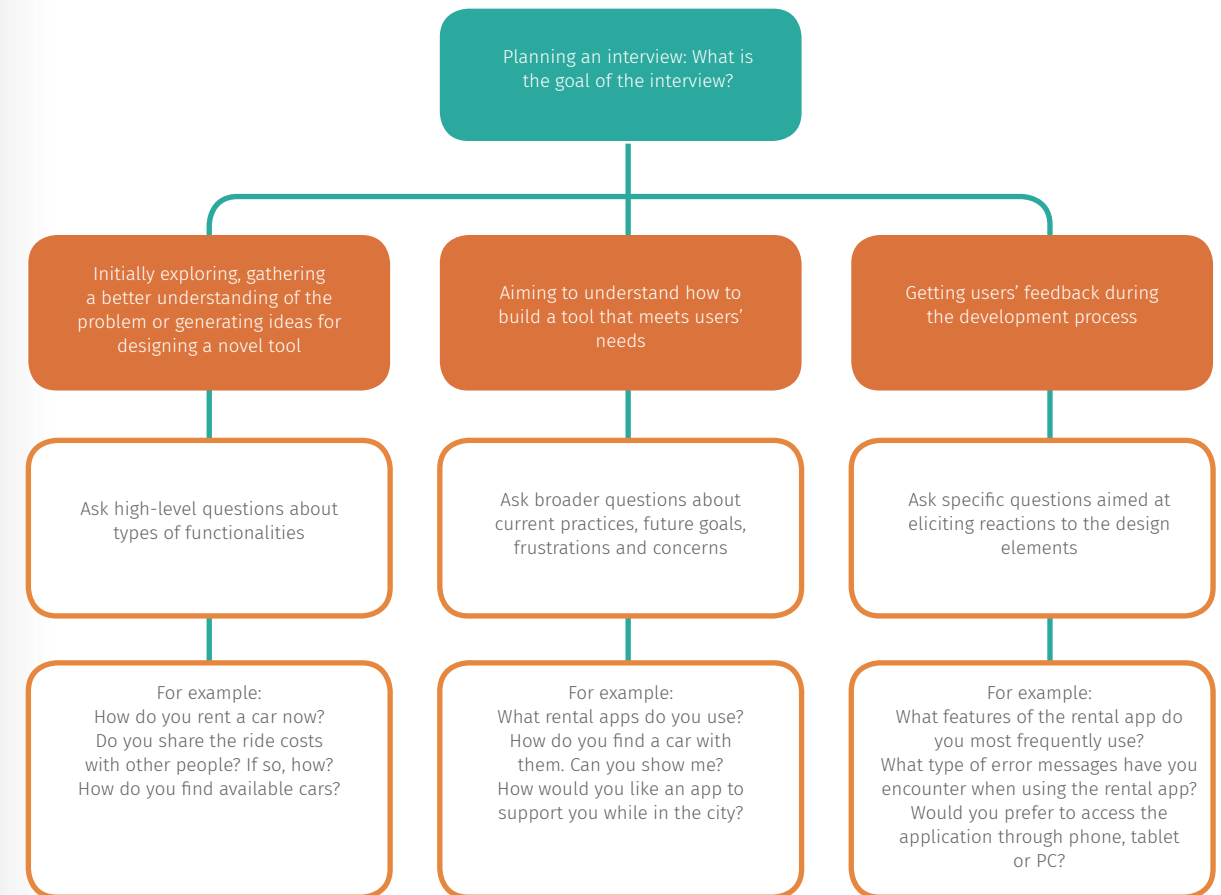
2. Semi-structured interviews include a series of questions or themes to explore. The structure is kept flexible to allow the interviewer to follow interesting and unexpected topics that emerge. This is one of the most common and best-suited methods for understanding users' needs and practices. It can be used at any stage of development.



3. Open-ended interviews are almost like a free conversation, which allows one to collect (unexpected) insights and form a deep understanding of how respondents think. This method, however, requires a lot of expertise and time to analyse the data.

PLANNING AND CARRYING OUT INTERVIEWS

When guiding a startup in the interview process, the types of interview questions depend on the startup's goal for the interview. Initial exploration and building up a better understanding of a problem requires high-level and general questions, whereas gathering user feedback during a development process requires one to ask specific questions about different design elements.



After setting the purpose for the interview, the startup should plan the interview questions accordingly. Regardless of the high vs specific level of questions, it is recommended to avoid questions that are:

- **Leading or too restrictive, or that result in “yes/no” answers:** “Did you like X? Do you prefer X, Y, or Z?”
- **Biased:** “Why do you think X was wrong?”
- **Double negatives:** “Which of these applications did you not consider unreliable?”
- **More than one at the same time:** “How do you rate the system response times to urgent and non-urgent requests?”
- **Subject to interpretation:** “Do you attend online tutorials on a regular basis?”

You can guide the startup to plan the interview using this general structure for interviews:

- 1 Introducing the purpose of the interview to the interviewee. Making the participant feel at ease by reminding them that there are no right or wrong answers, but that the purpose is to gather experiences, opinions, and views.
- 2 Breaking the ice by asking general and background questions. A good way to start an interview is to ask so-called Grand Tour questions, which can relate to something:
 - **Typical:** “Could you describe to me a typical day...?”, “Could you tell me how you usually make...?”
 - **Specific:** “Could you tell me about the last time you made...?”
 - **Task-related:** “Could you show me how you X with Y and explain the process?”

- 3 Addressing the issues. This is the core of the interview and includes more specific questions (leaving possible sensitive questions for the end).
- 4 Debriefing and thanking the participant.

Once the interview plan is finalised, you can guide the startup to make a few prior checks before starting the interviews:

- **Think of the most important things to ask**
- **Check questions with a peer**
- **Carry out a pilot interview to test the script**
- **As a rule of thumb, keep to 45 minutes as an approximate overall length**

When carrying out the interview, it is a good practice to have one person facilitating the conversation and another person taking notes. This way, one person can focus on keeping the conversation going and natural; and the other on making notes and capturing interesting behaviours and expressions.


Finally, remind the startups to:

- **Keep eye contact;**
- **Keep participants in the focus and not to do all the talking (the interviewer should talk for about 10–15% of time);**
- **Be flexible in exploring/probing interesting topics that emerge;**
- **Ask interviewees what they mean exactly, if they use jargon.**


STAKEHOLDER INTERVIEW CANVAS

Canvas
Template by
Siili

Project

 5 mins

Goal and structure of the interview
 Explain to the interviewee the goal and structure of the interview

 5 mins

Warm up questions
 Validate target group fit, and get the person talking by asking some warm-up questions.

STAKEHOLDER INTERVIEW CANVAS

 45 mins

Interview Questions

Write down the questions and their order

1. _____	
2. _____	
3. _____	
4. _____	
5. _____	
6. _____	
7. _____	12. _____
8. _____	13. _____
9. _____	14. _____
10. _____	15. _____
11. _____	16. _____

KEEP IN MIND

- Don't ask everything – ask what you need to know to design your solution.
- Always ask why.
- Ask, don't quizz.
- Research deep rather than wide.
- Recognise your own bias and stay neutral (don't talk about yourself).
- Research in pairs (one facilitates and the other observes and documents).

 5 mins

Ending the interview

End the interview clearly and indicate the ending to the interviewee. Make a list of things to remember in the end (gift for interviewee, etc).

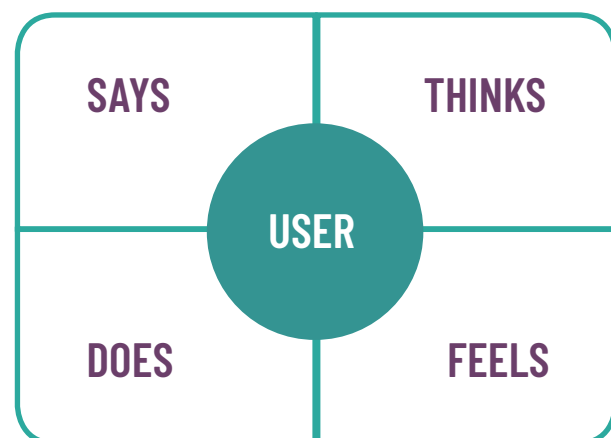
1. _____	3. _____
2. _____	4. _____

ANALYSING AND SYNTHESISING INTERVIEWS

After the interviews, the startup will analyse and synthesise the knowledge gathered. There are different ways of summing up the learning from the interviews, one of which is the empathy map.

Graphic: from <https://www.nngroup.com/articles/empathy-mapping/>

EMPATHY MAP



Utilising the empathy map tool consists of two steps: filling out the map and synthesising.

1. Filling out the empathy map

- What did the user say? Write down interesting quotes or keywords.
- What did the user do? Describe or draw the actions and behaviours you noticed in the interviewing situation.
- What did the user think? Write down what you think the user might be thinking, their motivations, goals, needs, and desires.
- How did the user feel? Write down what emotions the user might be feeling, the cues like body language, choice of words, and tone of voice.

2. Synthesising

- Cluster together similar notes in the same quadrant and name the clusters with themes that represent each group.
- What themes are repeating in all quadrants?
- What themes are present only in one quadrant?
- What themes in different quadrants are in contrast?
- What gaps exist in our understanding?

TESTING

Testing helps a startup to gather evidence and learn in order to make faster and better-informed decisions throughout the design process. Constant testing reduces the risk in decision-making⁶.

Depending on the stage of a project, a startup needs to test different aspects of the business proposition. With the design process being iterative instead of linear, testing helps the startup to validate or invalidate different aspects, depending on the stage of development:

- **Problem:** Is the problem identified worth solving to the customers?
- **Solution:** Does the solution solve the need and are customers willing to pay for it?
- **Features:** Do the core features of the prototype add value to the solution?
- **Business model:** Is the solution viable?
- **Pricing:** Is the pricing model of the product or service viable?

The key is to test it early and test it often. It is crucial to expose the idea to the target audience before building and releasing the final product.

Regardless the development stage, testing can be started by mapping and prioritising assumptions:

- 1 Map out the different assumptions. An assumption is something one believes to be true without having evidence to back it up.
- 2 Prioritise the assumptions from critical to not so critical. First validate the important assumptions which are easy to confirm and then move to the important assumptions which are more difficult to test. Leave the not-so-critical assumptions for later.
- 3 Once you've prioritised the assumptions, convert the assumptions into hypotheses. A hypothesis is an educated guess about what you expect to happen in a given experiment, with a numeric target.
- 4 After defining the key hypothesis you want to test, you can select the most suitable experiment(s) to test (and validate or reject) your hypotheses.



User testing is one form of user research and is often used when a prototype (even a very early one) is developed. It helps those running the tests to understand how people experience a solution.

To conduct a user test, a startup can:

1. Give a prototype to people external to the development team.
2. Give them a task to perform.
3. Observe how the user gets the task done. This may include asking the user to think aloud while performing the task.
4. Analyse your observations.

⁶ Board of Innovation. Validation Guide: 24 Ways to Test your Innovation. https://info.boardofinnovation.com/hubfs/Validation%20Guide%20compressed.pdf?t=1541154254804&utm_campaign=Validation%20guide&utm_medium=email&_hsenc=p2ANqtz-80EExmSmlCukXVOTnqLSwFTDSx6d8h5yiPh_3srKtR8s-7rz0JbyDdNjSiXS48-hhQTTNM2aOEZC-E8md9C7LQQ-cr4IJ95urfi986KpgcQWJA&_hsmi=65451737&utm_source=hs_automation&utm_content=65451737&hsCtaTracking=af7321ad-d1e1-453d-9be8-17abcf5fd5c%7C0449b966-227a-4b65-8209-5847dc3f3579

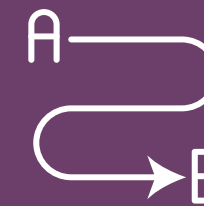


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05.

LEAN SERVICE CREATION



i

Partners:

futurice

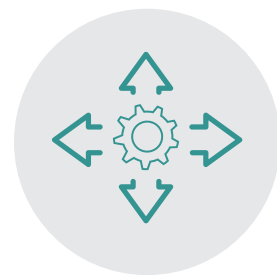
This chapter is written based on:

Connected Hubs peer learning session:

Kajsa Hasselström-Pere & Sebastian Hojas – Futurice, Finland: Supporting your startups with Lean Service Creation canvases. 9–10 April 2019.

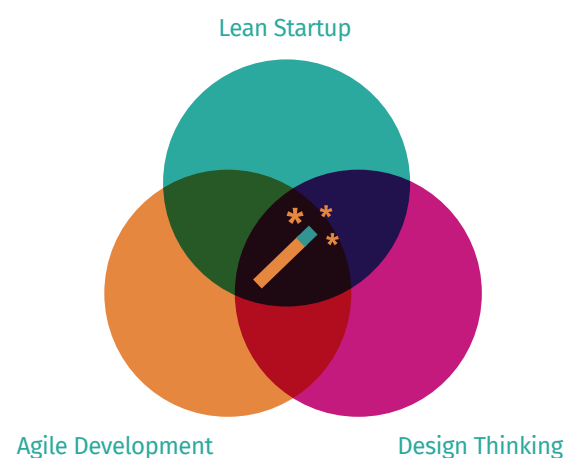
BOOST UP Bootcamp workshop:

Kajsa Hasselström-Pere, Hanno Nevanlinna, Juha Pesonen, Sebi Tauciuc – Futurice, Finland: Building a digital product people love



LEAN SERVICE CREATION

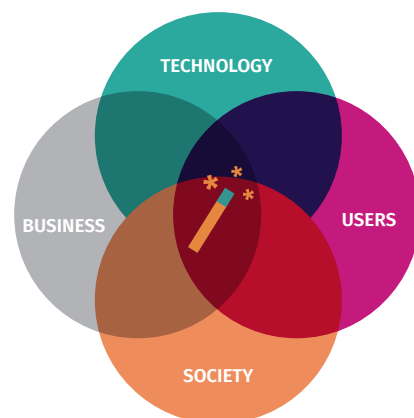
Lean Service Creation (LSC) is a methodology created by Futurice that guides startups and other teams through all phases of creating services from early ideation to completion. The LSC builds on the design process and it stands on the shoulders of the Design Thinking, Lean Startup, and Agile methods.



When building digital services, it is a common mistake to focus too much on one aspect at the expense of a holistic and sustainable overview. It is often tempting for startups to prioritise commercial considerations and focus too much on internal processes. While focusing on users and their needs is critical for any startup, it is good to keep in mind that this is not the only important thing in successful service design. For some startups, it is tempting to be highly tech-focused and to obsess over different tech features, which may lead to them losing sight of the wider offering. Other startups are driven by making a positive societal impact. While this is an important goal, it cannot be sustainably achieved if other aspects of service design are neglected.

With the LSC approach, you can guide startups to create commercial and user-centred solutions that deliver a positive environmental and societal impact. This process requires considering:

- **End customers and their needs**
- **Business and commercial aspects**
- **Technology**
- **Societal and environmental impact**⁷



The LSC consists of a set of over 20 canvases that outline the relevant phases in a successful service creation process. Asking the right questions at the right time is the most important part of creating a product or service, so each canvas is designed to pose a series of questions appropriate to a particular phase. These canvases help you guide startups in service creation by enabling them to concentrate on the right things from start to finish. Using the canvases, they can try out and prototype, iterate, learn, and tackle problems step by step.

⁷ The Lean Service Creation Handbook, Futurice Oy (2019) https://assets.ctfassets.net/pqts2v0qq7kz/4p1lqoP3nqC2OVPg8tsY6C/4ab5eb944c0a6f8aba8eb109f557239a/lsc_031219.pdf

The canvases are designed to be tangible. You can use them as posters that can be stuck on a wall so the team can collaborate, discuss, and work together in the same physical space. The LSC includes 23 canvases designed to meet the goals of the different phases:

Phase	The canvas helps to achieve the goal of:	Which canvas(es) to use:
Business objective	Defining a common goal which the whole team supports	Business Objective and Context Immersion
Users' needs	Understanding the users' needs, emotions, motives, and values	Customer Grouping Script Creator Insight
Ideation	Defining a business idea with which the fulfilment of business, user, and society needs is technically feasible	Ideation Sandbox Idea Accelerator
Concepting	Turning an idea into a concept	Rational Concept Sheet Concept Sheet Impact Optimiser Customer Engagement
Business model	Understanding whether the idea or concept has a feasible business case	Business Model & Market Size
Validation	Testing whether different assumptions related to the problem and solution are correct	Feasibility Study Evaluating the Concept Validation
Wrapping it all up	Making sure the essence of all phases has been captured	Minimum Loveable Product Pitch Creator

Table: Modified from The Lean Service Creation Handbook, Futurice (2019)

EXAMPLE: BUSINESS OBJECTIVE AND CONTEXT CANVAS

The Business Objective and Context Canvas helps the startup to clarify to themselves the business objective and to tie the project to a wider context of business impact and achieving something bigger.

BUSINESS OBJECTIVE AND CONTEXT

Create this together with the person funding the project

Who needs to be involved?

(Stakeholders, people from parallel or related projects...)

How will we know that we've succeeded?

(After a month? After a year...? Write concrete goals.)

What is our business objective?

(What is the impact we are aiming to create?
What is the business challenge we are trying to solve?)

How far are we aiming?

(Are we doing an incremental innovation, a breakthrough, or are we disrupting the market?
When we are expected to have a viable business?)

ASK
WHY

What is our strategic purpose?

(Are we an option to be invested in if need be?
Are we the big bet that will change our company?
Or are we a no-regret move that will be beneficial no matter what?)

Social & environmental impact

(Based on our strategy and mission & values what are the positive societal and environmental impacts that we aim to boost and what are the impacts we aim to reduce?)

Risks, restrictions and things we need to take into account?

(Budget, Schedule, Organisation, Legal, Current business...)

How to fill the canvas

- 1) **What is our business objective?** A good business objective does not imply a predefined solution, but can be solved in a number of different ways.
- 2) **How far are you aiming?** Define the project's ambition level.
- 3) **What is our strategic purpose?** How important is the project's success or failure?
- 4) **Who needs to be involved?** List the stakeholders that should be kept on-board.
- 5) **How will you know that you have succeeded?** What are the concrete measures of success in one year and in one month, e.g. the number of customers, profit, and growth rate?
- 6) **What positive and negative social and environmental impacts does the solution have?**
- 7) **What restricts us?** Are there any restrictions to consider?

For more information and to access all the LSC canvases, go to futuraice.com/lean-service-creation/.

06.

TRAINING STARTUPS IN PITCHING



i

Partners:

**PITCHING
FOR LIFE**
SAIS CONNECTED
HUBS

This chapter is written based on:
**The Connected Hubs peer
learning sessions:**
**Walid O. El Cheikh, Pitching for Life,
Helsinki, Finland:** How to train your
startups in pitching. 12 June 2019.

**Auri Evokari, SAIS 2 PMO, Namibia,
Windhoek:** Connected Hubs peer
learning pitching workshop. 9 April 2019.

**The BOOST UP Scale Up
online incubation session and
Bootcamp session:**
**Walid O El Cheikh, Pitching for Life,
Helsinki, Finland:** Pitching. 7 October
(online session) and 16 November 2019.

A pitch can be defined as a presentation in which you ask something, or as an impressive interaction intended to reach a result. Most commonly, pitching is used to communicate strategically and persuade someone to do something for you. Startup founders typically pitch to raise funding from investors or to sell their products to customers. This chapter will give guidance in how to train startups to pitch more efficiently.



PITCH STRUCTURE

The pitch structure and content depend on the situation, audience, and target. Depending on the situation, the length of a pitch can vary from a few seconds to a long presentation. A startup founder should therefore have various pitch scripts for different situations. As a trainer, you can encourage startups to create a base for a general demo pitch that they can learn by heart and then tailor according to the context. Guide the startup to think about who they are pitching to and what they want the audience to do for them. When coaching startups for a pitch competition with an exact pitch duration (e.g. three minutes), ensure that the startup's pitch uses all of the available time but without going over the limit.

Typically, a pitch has the following structure:

1

OPENING

A strong opening hooks the audience's interest in one or two sentences.

PROBLEM STATEMENT

What is the problem the customers are facing that is worth solving? Having a validated problem to solve through business can be used to prove the business opportunity exists. The startup can use emotive language here to make the audience "feel the pain". The problem statement can be supported with statistics and numbers from reliable sources. If the problem is very technical (e.g. X amount of energy is wasted in the process Y), it is better to help the audience to understand the numbers by making a comparison or putting the numbers into an understandable context (e.g. "this is the equivalent of the energy used in... during a month/used by... in a year").

2

3

SOLUTION

How does the solution solve this problem? The startup should describe their product in an exciting way that fits the problem statement. Encourage the startup to be bold and proud about what they have accomplished.

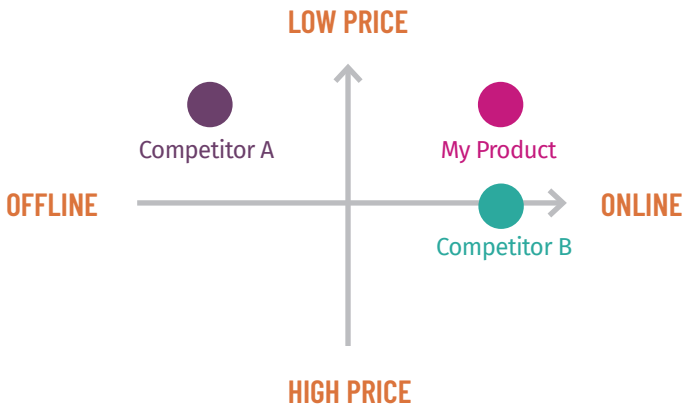
4

UNIQUE VALUE PROPOSITION AND BUSINESS MODEL

Why is the solution unique? The uniqueness and how the solution works can be demonstrated with demos, photos, videos, processes, samples, or visual description. To make it sellable and understandable, it is best to use simple and straightforward language: "It's the YouTube for teachers"; "The user does x, then y and z happens".

It is also critical for a startup founder to know their competitors in the market and understand why the consumers will love this solution more. The market situation and the uniqueness of the solution can be demonstrated with a graphic or table, which highlights the value proposition the product offers compared to the competitors. Two examples are presented below.

	My product	Competitor A	Competitor B
Product characteristic X	✓	✓	✓
Product characteristic Y	✓	✓	
Product characteristic Z	✓		✓



Charting a visual graph of how one’s product compares to competitors. Competitor A is inexpensive but only works offline. Competitor B works online and is in the mid-price range. The product in question is the only one of the three that is both inexpensive and functional online.

To explain the business model convincingly, it is critical to know the numbers fully in order to easily share how the startup will make money, how much has been accomplished so far, and how much of the potential market the startup will be targeting (and by when). For early-stage startups, their partnerships, pilot results, feedback, wins, etc. all matter.

TRACTION

What are the startup’s key achievements so far? By demonstrating traction, a startup can convince the audience that it will be successful. This can include showing how many customers the startup has so far or how much revenue it is generating. Early-stage startups that don’t have customers or sales yet can show proof of interest from potential customers (customer validation). A unique technology, service, product, or other achievements can also be considered as traction. This part can also include presenting the vision and plan for the future to paint a picture of where the startup is going.

5

6

TEAM

Why is the startup team the dream team to solve this problem better than anyone else? This segment of the pitch can include a short description of the team, the relevant shared knowledge, and why the team members are working together. Good-quality team pictures are important to build audience trust in the startup.

CALL TO ACTION OR ASK

How can the audience contribute? Audiences vary, so the ask should be tailored according to the expected audience. The ask can be quantitative (usually funding), qualitative (mentorship, consultancy, feedback, advice, partnership, etc.), or both – in which case one of them should be the main ask.

When asking for money, it is important to gain the audience’s trust with proper arguments and to be precise on how much is being asked as well as what will the investment be used for.

To engage the audience, it is beneficial to help the audience to connect with the startup’s mission and to make them feel that their potential contribution will be valuable.

8

THANK YOU

A brief summary and a thank you is a good way to finish the pitch.

PITCH DECK

A pitch deck is a highly visual presentation used to support a pitch. The visual presentation is a reflection of the startup and therefore needs to look professional. Typically, startups have one pitch deck for presenting to an audience and another with more text and information in the slides for sending out to audiences, e.g. via email.

A good presentation pitch deck typically:

- **Has a lot of graphics and pictures, and very few words;**
- **Does not have (many) bullet points;**
- **Has a large enough font that is visible to the whole audience**
- **Has high-quality images which ideally are not sourced from a stock image site**
- **Has a consistent style throughout the slides**

PRESENTING THE PITCH

When coaching startups on pitching, it is crucial to emphasise the importance of practice. Advise the startup to make a pitch script and know the script by heart – one should always pitch without notes. Pitching improves the more one does it, so encourage your startups to take every opportunity to practice and improve based on the feedback received.

Careful preparation and practice also help the startup to control nerves when onstage. Public speaking can be nerve-racking, but it gets easier with practice. Encourage startups to practice at least 100 times before an important pitch. Have them practice pitching in front of an audience and make pitch videos that they share with you (their coach), fellow startups, family, and friends for feedback. You can organise practice sessions by gathering an audience from your hub.

Eight tips to consider when giving feedback on the pitch:

- 1 **Is the pitch clear and easy to understand?** Everyone in the audience should understand the message in order to be convinced. You can advise the startup to have a test round with grandparents or little cousins. If they understand the pitch too, it's on the right track.
- 2 **Is the noise minimised?** "Noise" means any word that is not relevant to the pitch or anything that could be said in a shorter way. Noise makes the message unclear.
- 3 **Was the time used wisely?** In a pitch competition, the pitch duration is restricted (e.g. to three minutes) and it's important to use the whole time available without going over. Careful planning and memorising the script word by word is key to efficient use one's available time.
- 4 **Did the pitch evoke emotions?** Emotions help the audience to connect with the startup and make the pitch more interesting and memorable. Storytelling of personal or customer experiences are effective ways of awaking emotions.
- 5 **Were the tone and pace adequate?** Pitchers should speak directly to their audience in a steady and loud enough voice. Include small pauses in the presentation, especially after and before numbers, and use small breaks to emphasise the main points. While it's not advisable to have lengthy text in the slides, the audience should be given time to read the short texts.
- 6 **Did the speaker's body language support the pitch?** Guide the speakers to stand on both feet, shoulders back, hands out of pockets. They should be making frequent eye contact with the audience and smile whenever appropriate.

“
Pitch 100 times and you will become adequate. With 1,000 pitches, you can become good. Train 10,000 times to become really good.
”

Aape Pohjavirta,
founder of Funzi and
startup coach

- 7 **Was the presentation smooth – even if something unexpected happened?** One should never blame tech during a pitch. Guide the startups to be prepared to carry on even if a clicker is not working, slides are not showing properly, etc. Practice helps to control the nerves during the pitch and when something unexpected happens.
- 8 **Is the speaker prepared for questions?** Typically, a pitch is followed by questions from judges or the audience. Advise the startups to come up with every loophole in their business and a brief, maximum 20-second response to that. A good practice for a startup is to keep a list of possible and previously asked questions with answers and to learn those answers off by heart.



FURTHER READING/MATERIALS

How to pitch your startup in three minutes:
https://www.youtube.com/watch?v=XWRtG_PDRIk&feature=emb_title

3 mistakes to avoid when pitching:
https://www.youtube.com/watch?v=vT8kPwgkjyo&feature=emb_title

Pitching For Life (PFL) - <https://www.pitchingforlife.com/>

The 110 techniques of communication and public speaking by David JP Phillips
<https://www.youtube.com/watch?v=K0pxo-dS9Hc>

Steve Jobs Presentation Skills: <https://www.youtube.com/watch?v=ijq-thyDF9Q>

07.

PREPARING AND EXECUTING FUND-RAISING: INSIGHTS INTO INVESTORS' MINDSET



i

Partners:



World
of Insights

This chapter is written based on the BOOST UP Bootcamp sessions hosted by:

Zachariah George, Startupbootcamp & Cactus Advisors, South Africa: Tips on Scaling, Growing, and Fundraising for Emerging Market Startups

Will Cardwell, Courage Ventures; Helsinki, Finland & Timo Karjalainen and Eliza Hochman, World of Insights, Helsinki, Finland: Insights into Investors' Mindset

Most startups need to raise money to stay alive and grow. Startups usually need to rent offices, hire staff, and purchase equipment. In most cases, they require outside capital to do so. This chapter shares the basics of how to guide startups in fundraising.

DIFFERENT TYPES OF INVESTORS

For many startups, fundraising includes several stages with different investor types, such as:

- **The founders' own capital**
- **Family, friends, and fools (FFF)**
- **Angel investor**
- **Venture capitalist (VC)**

It is often considered to be a mandatory first step for the founders to act as the first investors in their own company. For many startups, the first (relatively small) external funds come from people they know. This group is referred to as "family, friends, and fools" (FFF).

A typical third step is to receive funding from an angel investor. Angel investors or business angels are typically wealthy individuals who invest their own money in early-stage companies, either individually or with other angel investors in clubs or networks. They typically invest "smart money", i.e. they provide mentoring, knowledge, experience, and networks along with their investment. An average angel investor would typically invest at a range between USD 10,000 and USD 500,000 in seed funding (before series A), and they differ considerably in their motivations. Some are nearly philanthropic, whereas others are purely financially motivated, but most expect high returns and an important stake in the company.

After angel investors, successful startups typically aim to receive funding from venture capitalists. Venture capitalists (VCs) are firms that comprise a group of professional investors. Instead of investing their own money, VCs raise funds and invest their limited partners' money to seek a financial return over a (defined) period of time. VCs typically have an investment strategy defined along a thematic focus, geographic area, stage of financing, investment size per invested company, and investor role (lead, co-lead). VCs invest in early-stage companies and more developed companies, depending on their focus. Typically, the size of investment is larger compared to angel investors.

COMPANY VALUATION

Valuation is important for startup entrepreneurs because it affects the amount of equity they will need to give to an investor in exchange for the funds they require. A company's valuation is defined as its calculated worth at the time of an investment decision. While valuing mature companies tends to be more accurate, valuing startups is more an art than a science. Valuation of startups means assessing the current value of future potential. In other words, startups' valuations are calculated from a projection of future revenues. Valuations are always biased; the question is in just how much and in which direction the bias lies. The value ultimately depends on what the investor is ready to pay and what the startup is ready to accept.



Young companies are difficult to value mainly for four reasons:

1. **Some startup and idea businesses have little to no revenues and operating losses;**
2. **Even those young companies that are profitable have short histories;**
3. **Many of the standard techniques used to estimate cash flows, growth rates, and discount rates either do not work or yield unrealistic numbers;**
4. **The fact that most young companies do not survive has to be considered somewhere in the valuation.**

There are more than 50 methods for company valuation. Four commonly used techniques include:

1. Comparable Companies' Analysis involves the comparison of operating metrics and valuation multiples for public companies in a peer group (the comparable "universe") to those of a target company.
2. Comparable Transactions Method is based on the premise that the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances.
3. Discounted Cash Flow (DCF) Analysis – In simple terms, discounted cash flow tries to work out the company's value today, based on projections of all of the cash that it could make available to investors in the future.
4. Multiples Method (or Earnings Multiples) consists of calculating a company's value by multiplying its sales by a factor used in the industry.

PREPARING FOR FUNDRAISING

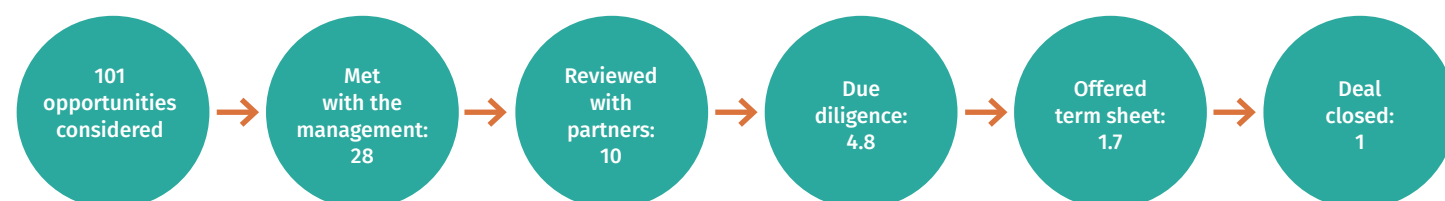
When guiding startups to prepare for fundraising, keep these 10 tips in mind:

1. Become discoverable and give the right first impression

The most common way VCs identify early-stage startups to invest in is sourcing from their professional network. Therefore, it is important for startups to become discoverable by attending events, growing their networks, and using every opportunity to pitch their business.⁸ Guide your startups in preparing a professional, clear, and to-the-point pitch.

2. Be persistent

To secure investment, a startup should be prepared to meet seriously with over 100 investors. For every closed deal, VC investors consider an average of roughly 100 potential opportunities (119 for early-stage startup deals). The investment decision is narrowed down in a process called the deal funnel (figure).⁹



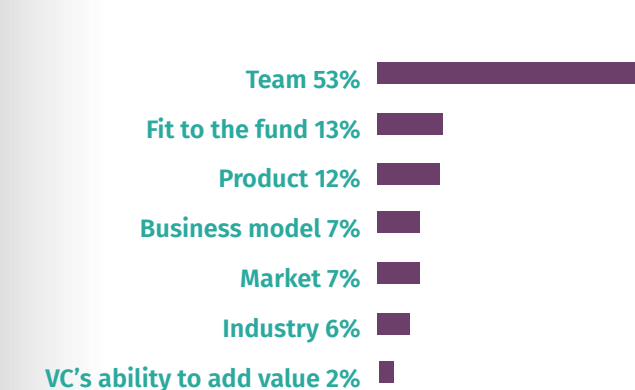
⁸ Paul A. Gompers, Will Gornall, Steven N. Kaplan, Ilya A. Strebulaev. How do venture capitalists make decisions? Journal of Financial Economics 135 (2020) 169–190

⁹ Paul A. Gompers, Will Gornall, Steven N. Kaplan, Ilya A. Strebulaev. How do venture capitalists make decisions? Journal of Financial Economics 135 (2020) 169–190

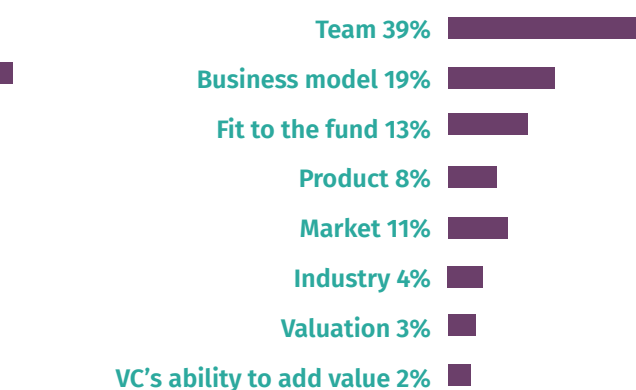
3. Get the team right

The team is important for creating credibility – and the most important single factor for the VCs to decide on whether to invest in a startup. The team is the most important decision factor both in case of early-stage and later-stage startups, but even more so for the early-stage ones. The below graph shows what a group of VCs assessed as the most important factors when making the investment decision.

EARLY-STAGE STARTUPS:



LATE-STAGE STARTUPS:

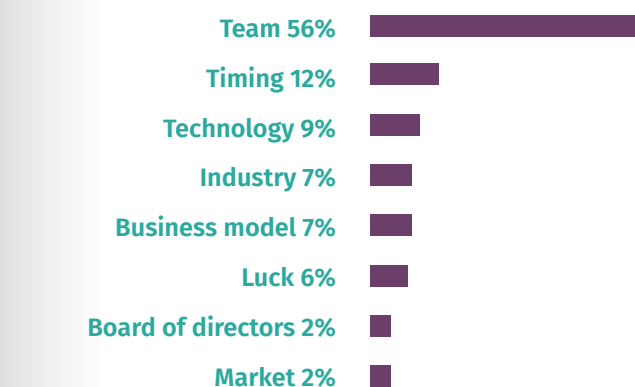


According to VCs, a good team is characterised by ability, industry experience, passion, entrepreneurial experience, and teamwork. It is therefore critical for a startup to demonstrate that the team is credible and that the founder is not working alone.

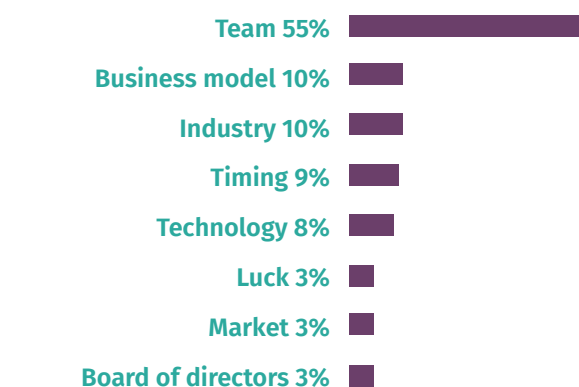
The team plays a crucial role not only for the startup to secure an investment, but it is the single most important factor in whether an investment turns out to be a success or a failure. The most important reasons for the success or failure of investment (based on VCs' belief) are the following:¹¹

“The team is the best and worst thing about a company.”
Will Cardwell

SUCCESSFUL INVESTMENTS:



FAILED INVESTMENTS:



¹⁰ Paul A. Gompers, Will Gornall, Steven N. Kaplan, Ilya A. Strebulaev. How do venture capitalists make decisions? Journal of Financial Economics 135 (2020) 169–190

¹¹ Paul A. Gompers, Will Gornall, Steven N. Kaplan, Ilya A. Strebulaev. How do venture capitalists make decisions? Journal of Financial Economics 135 (2020) 169–190

4. Know the numbers

A startup should be well prepared when talking to potential investors or pitching the business, and make it easy for investors to understand the business and the size of the market opportunity. Knowing the finances throughout is an important part of this preparation. Guide the startups to be well prepared to present how much their business will be needing in the next 3 to 12 months, and what the funds will be used for.

5. Remember that investors are humans

Investors have different profiles, priorities, and personalities. Encourage startups to try to understand what their target investor is looking for, and to adapt their message or pitch accordingly.

6. Update progress

Investors are interested in progress. Guide the startups to keep their online venture profiles and social media presence up to date by sharing the latest developments, such as hiring someone new, closing a deal, or being presented in a conference or article. The more activity and visibility, the greater the likelihood that the right people will notice the startup. The trick is to get people curious enough to find out more about the startup. A startup's social media "fans" are also the "social proof" that can help a it to get noticed in its field. They can potentially act as references for the work, join an advisory team, or even consider investing themselves.

7. Seek feedback

Investors want to ensure that startups are open to critical feedback and will work hard to improve. As individuals learn about the business, they will reach out with questions. An active startup founder will respond promptly, clarify any points raised, and show an eagerness to push the company forward.

8. Engage a mentor

For difficult questions and when going through unfamiliar processes, it is useful to have a startup mentor. Applying to mentorship programmes and registering mentor requests in online portals can connect startups to a global network of business experts willing to dedicate their time and expertise free of charge.

9. Conduct Due Diligence

Not every investor is good for a startup. Guide the startups to speak with your team, the local startup community, and advisors in order to ensure that the terms make sense before committing to a deal. The founder can also ask the investor for references and talk to entrepreneurs the investor has supported in the past. How was the investor able to add value to these companies?

08.

INTELLECTUAL PROPERTY



i

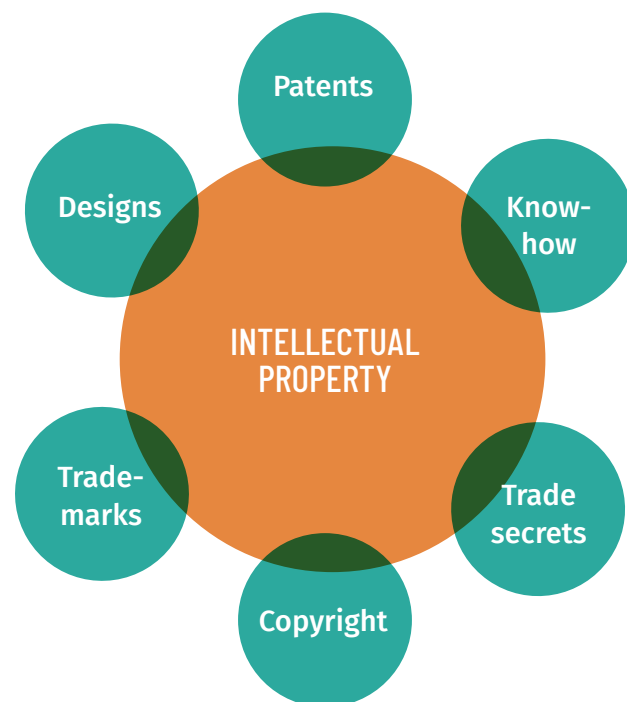
Partners:



This chapter is written based
on the Connected Hubs peer
learning session:

**Thamaray Govender, Technology
Innovation Agency (TIA), Pretoria,
South Africa:** IP and legal aspects
your startup and you as a hub should
think about. 6 November 2019

Note that Intellectual Property (IP) laws and practices differ from country to country. This chapter takes South Africa as a case example. The purpose of this section is to provide a general understanding of what aspects of IP one needs to consider, rather than giving country-specific information. For country-specific information, please seek guidance from your national institution responsible for IP.



PATENTS

Patents are an important type of IP for startups to consider. A patent is an exclusive right granted for an invention (product or process) that provides a new way of doing something, or offers a new technical solution to a problem. Patent protection means the invention cannot be commercially made, used, distributed, imported, or sold by others without the patent owner's consent. The protection is granted for a limited period, typically 20 years. It is important to note that patents are territorial rights. Generally, the exclusive rights are only applicable in the country or region in which a patent was granted, in accordance with the law of that country or region.¹²

In South Africa, the requirements for patentability include novelty, inventiveness, and utility.

- **Novelty means the invention must not have been disclosed to the public in any way, anywhere in the world, prior to applying for the patent.**
- **Inventiveness means the invention must not be obvious (a person with knowledge and experience of the subject matter must believe that the invention was not obvious when comparing the invention with what was already known).**
- **Utility means that the invention must be applicable in trade, industry, or agriculture.**

¹² World Intellectual Property Organization: <https://www.wipo.int/patents/en/>

DIFFERENT TYPES OF INTELLECTUAL PROPERTY

The early stages of starting a business are a critical time for ensuring that steps are taken to protect intellectual property (IP). Protecting IP allows a startup to avoid IP issues such as the theft of ideas, helps to monetise ideas and work, and enables the startup to secure funding. As an innovation hub manager, you need to raise awareness and understanding of the core concepts of IP amongst your hub's startups, and guide them in developing an IP strategy aligned with their business. This chapter provides an overview of the different types of IP to consider, including patents, designs, trademarks, copyright, trade secrets, and know-how.

There are, however, certain exclusions from patentability (in South Africa, Section 25 of Patents Act). Such exclusions include:

- **a discovery;**
- **a scientific theory or a mathematical model;**
- **a literary, dramatic, musical, or artistic work;**
- **a scheme or rule or method for performing a mental act, playing a game, or doing business;**
- **a programme for a computer;**
- **the presentation of information; or**
- **a method of medical treatment.**

A patent can be applied for by a person who has the right to the invention. This person can be either the inventor or any person who has acquired the right from the inventor, such as an employer if the invention is made within the course and scope of the employee's employment.

DESIGNS

Design is a registration that protects aesthetic features instead of the underlying concept. Industrial designs are applied to a wide variety of industry products and handicraft items, from packages to household goods, and from electronic devices to textiles. They are also relevant to graphic symbols, graphical user interfaces and logos.¹³ Registering a design gives the IP owner an exclusive right to the design for a specific time.

In South Africa, there are two types of designs: aesthetic and functional. Aesthetic design refers to a pattern, shape, configuration, ornamentation, etc. that is "judged solely by the eye", whereas functional designs have features that are necessitated by their function.

In South Africa, a design's owner has the right to exclude others from making, using, disposing of, and importing the article. A design can be registered by the author of the design or another person to whom the design work has been executed or to whom ownership has passed.

TRADEMARKS

A trademark is a sign that distinguishes the goods or services of one enterprise from those of other enterprises.¹⁴ "Mark" means any sign capable of being represented graphically, including a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour shades, drawing, packaging of goods – the possibilities are almost limitless.

A trademark provides the right to prevent others from using a "confusingly similar" mark or sign. The trademark can be exclusively used by its owner or licensed to someone else for use in return for payment. Trademarks do not prevent others from making and selling the same goods or services.

The term is indefinite and subject to the payment of renewal fees every 10 years.

¹³ <https://www.wipo.int/designs/en/>

¹⁴ <https://www.wipo.int/trademarks/en/>



COPYRIGHT

Copyright is a non-registered right the creator has over their literary or artistic works. A copyrighted work is the product of skill and labour reduced to material form, such as literary, artistic, or musical works; sound recordings; cinematographic films; broadcasts; and computer programmes. Copyright protection extends only to expressions – not to ideas, procedures, methods of operation, or mathematical concepts as such.¹⁵

Copyright prevents others from reproducing or adapting a copyrighted work. The details of restrictions differ not only by country but also by the type of copyrighted work. The ownership of copyright vests in the “author”. The definition of author varies depending on the field and can refer to, for example, the person who first creates the work (literary, musical, and artistic work) or the person who exercised control over creating the work (computer programme). If the work is made in the course of employment, the employer is the owner.

The duration of copyright depends on the type of work, but it is generally at least 50 years. After expiration of the copyright, the work falls into the public domain.

KNOW-HOW

Businesses gain diverse know-how, which can be licenced or kept as trade secrets. It is important to identify valuable know-how in order to consider licencing (e.g. patent protection) or protecting the know-how as a trade secret. Trade secrets may have commercial value, which is why they should be protected by informing relevant persons on the secrecy, and by concluding confidentiality agreements with relevant employees and business partners.

IP STRATEGY FOR STARTUPS

It is crucial for startups to take the IP issues potentially affecting their business into consideration from early on. Sometimes, startups miss the opportunity to protect their IP by not implementing an IP strategy or not understanding the deadlines for IP registration. For example, many countries do not permit patent protection unless the application is filed prior to public disclosure of the invention, such as demonstrating the product publicly. It is therefore important for innovation hub managers to be knowledgeable of the national IP regulations and guide startups to prepare their own IP strategy. This includes three steps:

1

IP IDENTIFICATION

Guide the startups to identify the forms of IP they have – should they patent their product or service or would it be better to keep it as a trade secret? When determining patentability, the startup should consider whether the field they are operating in is moving so quickly that patents are irrelevant. In addition, the startups should always do their research to ensure that their operation doesn't infringe upon another party's rights.

¹⁵ <https://www.wipo.int/copyright/en/>

2

IP STRATEGY

Guide the startups to consider the following:

- **What is the level of innovation, i.e. the potential market value, of the solution? Is a patent investment worth the potential returns?**
- **What is the stage of development?**
 - o How long and how much money will it take to develop the technology into a commercial product?
 - o Is the technology so early-stage that a patent application would be useless now?
 - o Does it need to be protected now as opposed to later?
 - o Can the technology be demonstrated to investors or licensees?
 - o What are the deadlines and timelines of IP registration?

3

SECURING IP OWNERSHIP

After defining their IP strategy, the startup's next step is to secure the IP ownership. It does not necessarily mean filing a patent, but it could also relate to registering a trademark or taking the necessary steps to protect a trade secret.

09.

MAKE THE MOST OUT OF NETWORKING OPPORTUNITIES



i

Partners:



This chapter is written based on:
The Connected Hubs peer learning sessions:

Tebogo “Tebby” Modisagape, Nest Hubs, Gaborone, Botswana: The Power of Networking & Collaboration

BOOST UP Online Incubation Programme:

Tumelo Mapila, Focus Surveys, and Mwila Kangwa, AgriPredict: Networking at Slush

Networking allows one to exchange knowledge with others and develop professional and social contacts that may help one achieve professional and business goals. For startup founders, networking is crucial for seeking partners, investors, and clients. As a hub manager or startup coach, you should help startups get the most out of networking situations.

This chapter includes practical tips for efficient networking before, during, and after a networking event.



BEFORE THE NETWORKING EVENT

When attending a large event, the work must start at least two or three weeks before the event starts. Early preparation will help startups to get the most out of the networking opportunities.

- 1 **Take a moment to think about what you aim to achieve. Do you seek knowledge on a specific topic? Do you aspire to talk with someone in particular? Are you looking for a partner with specific skills? Being intentional will help you achieve what you are looking for.**
- 2 **If the event has a matchmaking platform, invest time in making the most of it. Make a profile and use the matchmaking tool to invite relevant persons and organisations to meet. The busy people will fill their calendars well before the event, so early preparation is vital. Always do enough research about the people or organisations you want to meet, especially looking at items such as their more recent or notable achievements. Please make sure you keep in mind how well your goals align with theirs.**
- 3 **Memorise the key points of your elevator pitch to briefly tell people about your startup. This will be helpful in potentially intimidating networking situations, and will spark interest and make the conversation partner want to hear more and ask questions. Don't forget that you are your startup's “face”. People invest in people, so don't be just another monotone-sounding startup entrepreneur.**
- 4 **Ensure that your online presence is up to date and relevant, and builds on your startup's credibility. Interested people will check your startup and your profile online after connecting during an event. Is your website up to date? Do your LinkedIn and other social media profiles give the right impression? Do you and your team members have credible company email addresses? Ensure your content is relevant and consistent to your startup's strategy.**
- 5 **Make sure you have enough business cards available for the event. A credible founder should carry a sufficient amount of business cards and ensure that they are of good quality, attractive, and clean (not dirty, bent, old, faded, or damaged). Make sure your business cards are ready before an important networking event.**

DURING THE NETWORKING EVENT

- 1 **Come early.** It allows you to get to know some of the people before the event starts. Also, you will be able to familiarise yourself with the environment.
- 2 **Contribute to the discussion.** It will make people remember you and spark their interest to come and talk to you during breaks. When you contribute, don't be long-winded or too wordy.
- 3 **Try to strike up one-on-one conversations.** Doing this helps you to express yourself more freely and to get to know people better, both on a business and personal level. Sometimes, people would much rather get to know you as an individual rather than as a business representative. Note that there are differences depending on the culture.
- 4 **Don't sell yourself short.** If you wear five hats, say them all out. You never know which one of your hats triggers interest.
- 5 **Ask questions.** Remember that people tend to love to talk about themselves. Be genuinely interested, listen actively, and don't interrupt when they are talking. Focus on things you have in common or are both interested in.
- 6 **Connect and introduce people to each other.** Remember that not everyone will care to talk or engage with you. Just remember to remain enthusiastic and have fun.
- 7 **Be yourself and let people remember you for your unique character.** Don't be afraid to joke, laugh, and smile! A smile draws people to you and it's an ice breaker for a conversation. Try asking for a photo – a photo shoot might lead to good laughter and bring some fun to the networking situation.

AFTER THE NETWORKING EVENT

Appreciate professional and social relationships and connections both in personal and work environments. Don't just collect business cards and forget them in your drawer. Making interesting connections in an event is only the first step – the essential part of networking is to follow up and start discussions for potential future collaboration.

- 1 Send an email as soon as possible after the event, and explain what type of connection you are looking for.
- 2 Make a follow-up call soon after your email if there is no response to check whether it has been received.
- 3 Once in a while, touch base with people you have connected to, and use the contacts you have collected to facilitate relevant connections in your network.
- 4 Use social media to communicate about your business, professional news, and happenings.



ACKNOWLEDGE- MENTS

The Southern Africa Innovation Support Programme (SAIS 2) acknowledges the work done by all the Connected Hubs of 2019, who contributed to this booklet and for all their work in entrepreneurship support:



BongoHive



Botswana Innovation Hub,



Buni Hub



Dololo Operations (Pty) Ltd



Namibia Business Innovation Institute



National Commission on Science Research and Technology in Namibia



Nest Hubs



mHub



mLab Southern Africa



OneBio



SA Innovation Summit



Southern Africa Startup Awards



Technology Innovation Agency (TIA) in South Africa



Tanzania Commission on Science and Technology



National Technology Business Centre in Zambia



WEAC

A special thanks goes to:



Ministry for Foreign Affairs of Finland



the Government of Botswana



the Government of Namibia



the Government of Tanzania



the Government of Zambia



the Government of South Africa



the Secretariat of the Southern African Development Community (SADC)

for making SAIS 2 possible.

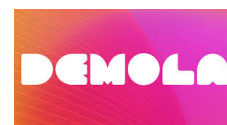
SAIS 2 would like to acknowledge the following organisations and persons for the invaluable training and advice they have provided to the Connected Hubs members:



Aalto University



Courage Ventures



Demola



Funzi



Futurice



Helsinki Think Company



Leidenschaft



MEST Africa

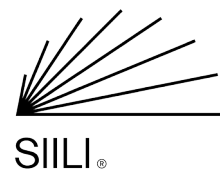


Ministry for Foreign Affairs of Finland

the Ministry for Foreign Affairs of Finland (MFA)



Pitching for Life



Siili Solutions



Sitra



The Shortcut



Troy Woodson



Forum Virium Helsinki



Urban Lab/Smart Kalasatama



Vertical



World of Insights



Zachariah George



Samuel Masholoko

Finally, SAIS 2 would also like to acknowledge the creative work done by Clara Mupopiwa-Schnack in designing this manual.

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