

The Seven Critical Success Factors for Launching & Driving a Successful Business

Experiences and observations from the business front lines in the
post dot-com world

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Despite the current economic winter, the entrepreneur spirit is alive and well. Emerging companies are vigorously working to launch or reinvent themselves and deploy strategies that will grow their current marketshare and revenue. For every company that has deciphered the magic code dozens still struggle with the challenge. To assist you in “kickstarting” your business, we’ve identified seven critical factors that successful businesses, both large and small, have embraced. They will not only help ensure your business’ survival but will also accelerate your competitive advantage.

Be realistic about your business objectives.

Passionate leaders command most startups. They have an aura of electricity and their enthusiasm is contagious. Unfortunately, many of these same leaders operate under the myth that the product will sell itself, and so they set unachievable goals. This is one of the most common mis-steps that end up crippling a business.

Setting goals that are overly optimistic and vague, such as, “*to be the company to grow to \$1B faster than any other business,*” lack substance and meaning. Others such as “*to become the defacto standard for web-based self-service in 12 months*” include a time horizon, but fail to indicate how, what, or with whom success will be achieved.

Every company needs a clear vision and a mission statement, but specifying ambitious goals without support will lead to agitation in the board room, frustration for the sales team, and a detrimental cash burn rate. Those companies that were the most successful shared a common trait of setting clear business goals that included credible and complete information for their staff to execute them. As the economic conditions changed, they were also quick to revise their short- and long-term business goals to match the industry. Finally, each company went to great lengths to enlist the involvement of their employees to ensure not only the development and articulation of the business objectives and measures, but their adoption throughout the organization.

Success Factor #1: Identify stretch goals with reasonable milestones and timelines that can be matched with current investment and spending plans.

Understand your unique value proposition.

Successful companies know that it takes more than technical leadership to create a sustainable business – there must be value for the customer that exceeds the value currently being offered by other solutions.

A value proposition starts with careful focus on a single target. The temptation to try to be all things to all people leads to the overextension of resources and the inability to execute. Next, a value proposition needs to clarify the specific problem you are solving and quickly explain the compelling reason why your solution is best.

Value propositions are not created in a vacuum or the boardroom. We discovered that several startups frequently solicited input from prospective customers early in the product development phase, collecting feedback regarding the problem, the product, the sales process, and the anticipated market reaction. This information helped them hone their business plan and accelerated a return on their marketing and sales investment.

Success Factor #2: Based on customer and/or prospect feedback, frame a value proposition that identifies the target customer and what you do for them better than anybody else.

Take a hard look at your competition

It is surprising to find that many startups and emerging companies are convinced they have no competition. Some entrepreneurs are focused so intently on their product that they fail to recognize evolving market trends or anticipate competitive advancements in markets that may overshadow their own value proposition. With product lifecycles shortening, it is critical that companies accurately judge the competitive landscape in order to take full advantage of their market window.

Many of the startups we've worked with considered two dimensions of competition: First, **How are users addressing this need today without your product or service?** In most cases, users have adopted some solution or service to address the problem you solve. These startups spent time understanding alternatives being used today before they launched their product. Second, **What similar products or technologies are being employed today?** One startup we worked with researched 30 competitors and distilled them into three categories. From this grid they were able to clarify their points of differentiation.

Success Factor #3: *Research the competitive landscape and categorize your competitors, noting their strengths and weaknesses. Then compare your company against this landscape. This exercise helps identify points of differentiation that can be communicated in sales and marketing programs.*

A marketing foundation is absolutely necessary for your success.

It is common for entrepreneurs to incorrectly believe that marketing is not important at the early stage of a company's development. Many view marketing as something to be done later when they are ready to build a brand. However, the successful companies we studied spent time and resources to carefully craft their unique value proposition and build a foundation of sales tools before the product launched. This did not require a full-fledged marketing organization from day one. However, each of these companies was able to insert marketing requirements into the DNA of their initial business plan and investor presentations.

There remains a lot of confusion around branding. Branding does not mean extravagant launches at the Ritz, full color ads in the *Wall Street Journal*, or extensive direct marketing campaigns. These are tactics that will undoubtedly support the brand, but they may or may not be necessary.

Branding is all about mission, message, and living it. Successful companies create a clear message, then repeat it, reinforce it, and drive it home consistently in everything they do. Having a successful marketing foundation will help ensure that every employee can and will communicate and sell the product's value proposition, from the CEO to engineering to human resources, to finance.

Success Factor #4: *Invest early in marketing to clarify and articulate your value proposition, key messages, and defensible points of differentiation. Integrate this market strategy into your product development plans, and later, your sales organization.*

For best results, marketing and sales should work hand-in-glove.

If you look within any large business, you will likely find a polite but adversarial relationship between marketing and sales. Turf battles and political agendas waste time and energy and ultimately lead to poor results. In contrast, we found that several successful startups short-circuited this by building an integrated sales and marketing team from the ground up, linked by common objectives.

As an example, consider a military campaign where one team defines the strategy and another team executes it. To function at peak performance, sales and marketing must work in a similar fashion where marketing sets the strategy, and sales determines the field tactics and best approach. Marketing develops the weapons (e.g. the messages, sales tools, competitive intelligence). Sales learns to use them effectively in each unique customer environment to win the battle.

Another common trait of successful companies is in their ability to establish joint sales and marketing measures and metrics early, allocating appropriate resources to let the teams function as one. A common goal expressed by one VP of marketing is that at the end of each day, marketing and sales must be able to conclude that their combined efforts accelerated sales in some way. The most successful businesses we've worked with embraced this philosophy. It led to one startup growing its revenue stream from \$100K to \$3.2M in 9 months.

Success Factor #5: Regardless of organizational structure, build a sales and marketing team with common objectives, milestones, and measures.

Plan for the future.

In planning for the future, we were interested to find that successful companies tended to juggle these three management dimensions: managing their cash burn rate, looking for “learning” in every corner of the organization, and embracing creative hiring practices.

Managing the cash burn rate: It's easy to not spend money and manage a business from an income statement perspective. Unfortunately, no company ever saved its way to profitability. Successful companies, we found, were able and willing to make strategic investments when appropriate, both in terms of filling out the organization as well as executing sales and marketing programs.

While the days of Hollywood-style events and lavish press conferences are over, important infrastructure investments are critical for any company's ability to grow. Sales force automation tools, customer resource management tools, sales training, a professional looking website, and engagement with a press relations firm were all key investments that allowed them to build a solid image and operate their business smoothly.

Be careful with that axe: All executives would agree that terminating weak links that don't bring continuous learning into the organization is a necessary tactic. However, successful companies are cautious before pulling the trigger. As an example, it is easy to terminate a sales person for not making their

numbers. But, if that sales person is bringing the organization critical information regarding competition, sales process, market acceptance, product utilization and customer reaction, perhaps the weak link is somewhere else. In this example, the weak link could be the market message, product capabilities, positioning or services.

Embracing creative hiring practices: We also found a trend with the more successful startups exercising greater creativity in their approach to hiring and firing. They “beg” retired executives to volunteer their time as part of their advisory staff. They “borrow” expertise through consultants who become a temporary or interim extension of their staff to add unique expertise to projects and meet specific objectives. And, some seek to “steal” from the best by hiring away good employees into needed positions.

Success Factor #6: Be fiscally prudent, but willing to consider targeted investments to build a solid business infrastructure quickly.

It’s all in the execution and learning.

In the 1980s, planning was often viewed as strictly an academic exercise performed by folks in the “ivory tower.” Nowadays, its very common to find organizations that are measured solely on its ability to execute programs on a daily basis where there is no time to plan. Unfortunately, aggressive but untargated execution is ineffective and wastes valuable resources. A challenge for all businesses is in their ability to balance these two extremes. A common practice we discovered within a few companies was the development of an architectural level plan with a three-to-five year time horizon. They also prepared detailed objectives covering a 24-month window. Another company established a list of the quarterly top eight business objectives (dubbed the “Uber 8”) and reviewed their progress against this list monthly with its employees. It was common to see this list on every employee’s wall.

With a plan in place, effective execution of marketing and sales programs can more easily be achieved. However, not every program will be successful, despite the best-laid plans. The challenge is to learn from the success and failure of these programs and fine-tune them quickly while they are still in progress.

With as solid strategic foundation, some of these startups took steps to encourage new thinking and were not afraid to make mistakes. They seemed able to harness the creativity of each individual, encouraging them to be part of the “extended leadership team.”

Success Factor #7: *Speed and ruthless execution is everything. To maximize your ROI, identify and widely communicate business plans and objectives throughout the organization, and encourage widespread adoption and involvement at every level.*

About the authors

This paper reflects the recent collective experiences of the KickStart Alliance team: Mary Gospe, Mike Gospe, Janet Gregory, Amy Matthews, and Mary Sullivan.

The KickStart Alliance is a team of senior marketing and sales leaders who assist startups and emerging companies develop and execute a variety of marketing and sales goals and objectives. We augment business teams by managing short-term projects, implementing extended programs, and engaging in interim executive assignments. We serve a variety of hi-tech companies with proven experience in defining value propositions, sales & market planning, messaging, e-marketing, market analysis, program management, sales operations, direct sales, and sales support.

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