



# GUIDE ON SUSTAINABLE START-UP

FARMING SUSTAINABLE BUSINESS: HOW TO CREATE A SUSTAINABLE BUSINESS PLAN INCLUDING RENEWABLE ENERGIES: CERTIFICATIONS, REQUIREMENTS, LEGAL FRAMEWORK.

INTELLECTUAL  
OUTPUT 3  
MODULE 2

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## 1. Start-up development steps

A start-up that leverages technology, the Internet, automation, and has a special business model, innovation, and plans to expand into foreign markets later on.

In most cases, the money needed to start a start-up is not generated from their own resources, but even through a multi-round investment. It often happens that the initial idea and what they will be successful with can be different as they get to know the target market and transform the idea.

Some examples of companies that once started as start-ups Facebook, Snapchat, Prezi.com, Ustream, LogMeIn, Tresorit, Oculus Rift VR glasses

After founding such a company, you have a long way to go, which can be divided into 4-5 phases.

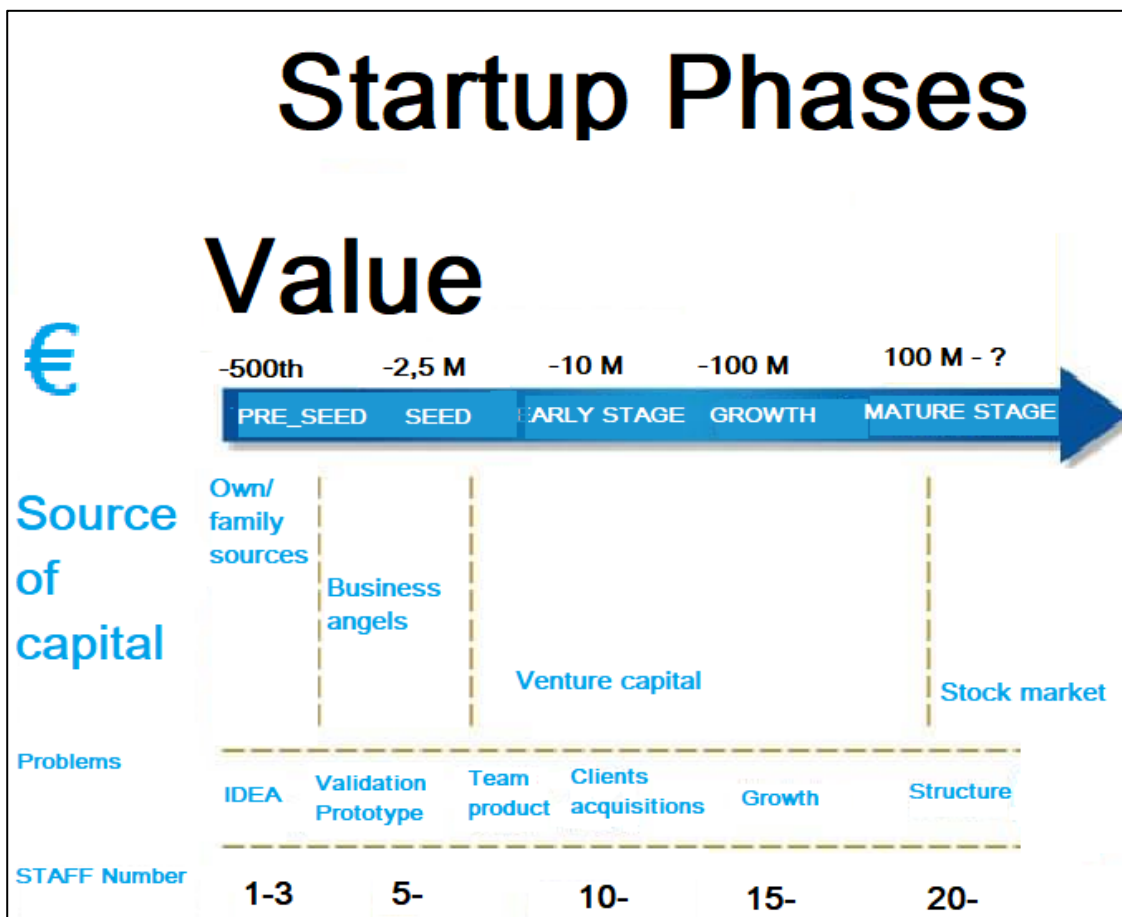


Figure A possible subdivision of start-up businesses (Own edition)

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## 1.1 Pre-seed phase: the birth of an idea

The idea is born, the owner of the idea is enthusiastic, maybe some partners can be found for dreaming. A drafting paper-work is beginning. The value of the idea is minimal and the level of risk is zero too. It takes only time to refine the original idea. The majority of start-up ideas are terminated at this stage. Capital can be integrated from the 3F source (family, friends and fools).

To do list:

- Write down the idea and check it by the team from many angles. Refine, analyse it if possible
- Get information about the competitors. Are there any similar businesses existing? If yes, you must find the way to get a market niche. If not, maybe the whole idea is nonsense
- Communicate with as many potential stakeholders as possible to get feedbacks for the future stages
- Build-up a team to share responsibilities, get technical and business experts too
- Define the core function of your business and focus on it in the realization
- Participate in start-up competitions, you may get direct feedback and can learn from competitors freely
- Get information about possible venture capital investments

Not to do list:

- Do not hide your ideas, being too introvert, relevant information will be lost and the implementation will be more difficult
- A detailed business planning in this stage is unnecessary
- The technological development costs a lot of money, but keep an eye on the business side too

Some of the available agricultural start-up competitions can be browsed here:

<https://www.sival-angers.com/en/innovation/agreen-startup-competition/>

<https://facagro.com/compete/>

<https://ec.europa.eu/eip/agriculture/en/news/competition-european-startups-agtech-and-foodtech>

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## 1.2 The seed phase

After the so-called brainstorming phase the implementation must begin. The real difference is that in this phase enormous amount of money must be spent for the elaboration of at least one prototype (or Minimum Viable Product). If your initial ideas were tested in the former phase it worth to get the risk. At this phase connections to possible investors must be created. These so-called accelerators can be useful to have a jump start, but it may be risky that their ideas don't match your original one. Here you mainly need to imagine investors (business angels) who are already likely to have successful businesses and want to create new ones from their investment capital, but not now based on their idea. Their expected return will also be lower than that of a venture capital firm. You can best find them by increasing your contact capital. Business accelerators are looking for existing start-ups, and even some accelerators specialize in certain areas, making it harder for you to choose. Their advantage is that it provides more knowledge than any of the above, and even provide more in relationships. In this stage there are many things you can bungle in the business or legal side of the start-up. You must make relevant decisions e.g. about being a full-time entrepreneur.

To do list:

- At the business side you must focus on the creation of a pitch
- The market conditions should be mapped in order to be able to make simple calculations of competitive returns
- Create a marketing and sales plan, based on real data
- The Minimum Viable Product should be tested by some real clients
- Build your staff hiring some experts on the areas of your deficiencies (business, marketing, sales, fund-rising, legal issues etc.)
- Find a possible co-working office to decrease initial expenses
- Join as many start-up meetups as possible

Not to do list:

- Remain opened and get feedbacks from the clients and information about your possible stakeholders
- Be persistent as this stage of net minus profit can last for years in many start-up companies
- A really detailed business plan is redundant at this phase
- Try to avoid the following typical mistakes: hiding, too much confidence, unthought of concurrency, weak branding, deficient partners/staff, product-focusing, weak pitching

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## **A possible structure of an effective pitch:**

### **1. The idea in brief / the business in brief**

State your idea in 1-4 sentences, as your business will also deal with it.

### **2. Problem / Opportunity**

This is where you give a solution or what an opportunity your start-up gives you.

### **3. Solution**

What makes you achieve this, what is the service, the product...?

### **4. Market Size / Benefit**

Competitive analysis, market analysis, even using statistics and surveys from different websites.

### **5. Business Model**

This is where the business model you use comes in, that is

- Where will your income come from?
- What is the product, service, how many products?
- What marketing channels do you use?
- How, because you convince customers to buy.

### **6. Competitive Advantage**

State what you can offer more than the competition, or do it differently.

### **7. Team / Hires**

Think about who needs to be on the team who even participates in the start-up as a company founder.

It's hard to pull up a big start-up alone, you need companions.

### **8. Market entry strategy (Traction)**

Here, expand on the marketing strategy already mentioned in the business model. What is the first thing you start with?

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### 1.3 Early stage

As the original idea is now implemented, your start-up is born. You must succeed in a business environment full of more experienced corporations. The expenses are growing constantly (the legal formation of the company, employees, lawyer, accountant, marketing expenses, communication, office etc.), but the incomes are spare and irregular. The lack of investors is a usual challenge in this stage. If you were able in the former phases there are some venture capitalists around your business being able to give support. Additionally you may get finance though mass financial mechanisms. In essence, your prospective customers give money to your start-up as a subsidy, but most of the time, the subsidy is actually a down payment. They pay in advance for the unfinished product. Two great sites can be used for this best, Indiegogo and Kickstarter.

The philosophy behind the Indigogo concept can be found in this video:

[https://youtu.be/2Tz\\_C14M6z0](https://youtu.be/2Tz_C14M6z0)

Here you can browse ideas Kickstarter has already supported:

<https://www.kickstarter.com/>

Alternatively you may apply for additional EU or state subsidies, but it may be risky as your original start-up idea can change, thus you may fail to fulfil the objectives of the application.

You need different competences to survive this stage: sales, marketing, staff management.

To do list:

- Get as much clients as possible in order to produce income
- Use the best available staff, fire the incompetent employee
- Try to avoid the managerial diseases and burn-out
- Supporting the adequate cash-flow for your start-up is indispensable
- Maybe the marketing activities can be outsourced to a professional agency in order to secure growth possibilities
- As the founder or Chief Executive Officer of your company you must learn every day

Not to do list:

- Use up-to-date time management techniques, don't waste time for unnecessary activities
- Don't give-up seeking investors to secure cash-flow
- Don't waste your resources for luxurious expenses



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## 1.4 Growth phase

The transition to this phase from the early stage is hard to observe. The growth of clients and new investors can generate a process of expansion and business success. Now personally it is almost impossible to get out of the process as the future of a growing team is in the CEO's hand.

As in this phase you are beyond the classic start-up business, so managing growth will be the main function among different interests and groups of experts and stakeholders.

To do list:

- Try to involve the best experts of the business into your company in order to boost your profit
- Be prepared for a potential exit from the start-up company, get connected to actors willing to buy your shares in the future
- Learn to delegate the rights of decision to the lower levels of the company, as at this stage the daily routine tasks should be divided

Not to do list:

- Don't try to monopolize the influence to the functioning of the company
- Don't expel the experts of your company if they have a different opinion

Mature stage or exit phase

Some of the investors – you got to know earlier – buys your share, so may think about a new dream and business plan.