



Startup 101

A guide to establish
your own business

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01 Introduction

What this ebook holds?

This ebook is compiled by startup.pk and the main objective to publish is to help young business community of ours to prepare them and enable them to start their own startup venture the ebook is very detailed and step oriented and explains in great detail on how to find a problem try to solve them in a very creative way and build a business around it.

We also provide in detail explanation of registration process and how you can legalize your entity

02 What Startups Are?

Start-ups are companies or businesses led by entrepreneurs that essentially address a market gap or introduce a product or service that may not already exist. Start-ups are rooted in innovation. They initially fund for their business through bootstrapping or seed funding. They may also pursue angel investors, crowdfunding or microfinance loans. Start-ups are advised to build a minimal viable product (MVP) to test the business plan while taking calculated risk in spending their resources. Market research is another significant aspect of planning a start-up. It paves way for your ideas authenticity and helps your understanding of the market. Because of the financial bounds, sometimes, start-ups are cofounded

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Build Your Own Startup

Launching a start-up comes with several challenges. One of the most important things to consider while deciding on an idea for a start-up is if it may be bridging any gap in any market or sector? Is your idea a potential solution to a problem your targeted audience may be facing? Are you going to be selling a product or a service? Consider if you have any competitors. It is necessary that you have a business plan. Start-ups are advised to have a 3-5 year long plan after its launch. They are also advised to lean more towards building a minimal viable product to save on their limited. Understand that marketing is crucial to how your start up might expand. Last but not the least, make sure you have secure funding when you set on this venture.

04 Process

Ideation

When you're targeting potential customers listen to their needs, wants, challenges and frustrations with your industry. It's a great idea to find a new solution to an existing problem. Everyone hates mosquito bites. A common solution for helping stop the irritation of mosquito bites is by applying ointment on the infected area. The ointment is what is called a reactive approach to solving a problem. As in, the issue is already at hand and we are reacting to it. Instead of creating another reactive approach to a problem see if you can find a proactive approach. A proactive approach seeks to solve a problem before it arises. By looking at ways in which you can be either proactive or reactive you open up more business opportunities for yourself.

You can begin by questioning if these clients have, they used similar products and services before? What did they like and dislike? Why did they come to you? What are their objections to your products or services? This will help you to find opportunities to develop more tailored products and services improve your target market and identify and overcome common objections.

04 Product Development

1. Strategize

a) Determine the long-term goal of the product and write it down.

Having a clear goal will help you chalk out a good plan for your idea. Strategy is the roadmap to any idea or concept that is in your head. To explain it better, strategies help materialize your planning in to deliverable goals.

b) Answer the question “Why are we doing this project?”

Understanding the why is very important. Answer this question from the customer’s perspective by writing down what is the value that you are providing to your customer.

You want to answer a simple question: Why are we doing this project? A coffee shop chain, for example, may have the long-term goal of reducing time-to-checkout by 30%.

c) Identify criteria for success:

This criteria will help you determine whether or not your product will be successful or not in the future. We recommend using more than one metrics for determining this i.e. number of users, revenue etc.

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2. Define the main process in the product:

This step includes identifying users, mapping out the user experience and finding out pains and gains at each step of the user journey. This will help you in building a list of features for your product at each step in your product.

3. Decide What Features To Build

After identification of features, it is time to prioritize and decide what features to include in your MVP.

This is possible by asking you the following questions:

Question 1: How important is this feature for finishing the process?

Question 2: How often will the feature are used?

Question 3: How many users will use this feature?

Question 4: How much value will the feature bring to the customer?

Question 5: How risky is this feature?

After answering these questions, you must categorize the features in three categories:

1) Ne Features

2) Nice To Have Features

3) Won't have features.

4. Define Your MVP:

Now after selection of features you must be able to define your MVP which is a skeleton of your working product with minimum features.

5. Build, Measure, Learn:

After defining MVP you must start building your product and then start improving it based on the market validation.

04 Market Research

Market research is basically the gathering of information about a market and the people in it. Businesses can use pre-existing industry information or they can conduct their own studies directly. Start-up companies that use their time and resources to fund quality market research projects before they introduce their first product gain valuable knowledge that can then be used to recognize need of the customer strengthen relationships and anticipate change, all things that boost their chances of becoming eventual market leaders.

However, an entrepreneur's enthusiasm and passion for their business idea, along with their personal connection to those they are asking will mean the data is far from relevant or useful. Unbiased information obtained from primary market research can allow an entrepreneur to build a product and service which will meet client's needs. Here we have listed five reasons why market research is important:

1. Looking at the Market Need:

In order to take any business idea to the next stage it is essential to prove, using reliable information, that the idea is wanted or needed by the target market. First and foremost, a product must satisfy a need. If consumers don't need it, they won't buy it. Collecting facts and figures that detail the current market setting, such as its size and trends, and other socio-political influences affecting it, helps new companies to modify themselves. The research will determine market audience's typical interests, age, and gender? Is there a specific group you haven't thought of as a profitable target?

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2. Reveal Customer Need:

There's a slight but relevant difference between market need and consumer need. While the first is general, the second is specific. For lasting success companies must know if a need exists, and then they must target the right people. Market research is vital for startups because it details who might buy a company's product, as well as when and how often and from where they will get it; that is all the essential details. This helps businesses to identify their ideal customer (including their age, gender, education and income levels) so that products and services are properly and appropriately tailored from the start.

3. Determine the Business Location:

There is no denying that a company in the right location attracts the most customers. Market research helps reveal the location most feasible for your targeted customers to approach. Very often similar businesses are found in close vicinity because they have potential customers. An unbiased and thorough research can help determine if it will be beneficial to set up a business there or will you be just another name in the already congested area, or will you need to think of reaching a slightly different audience in order to differentiate?

4. Reveal the Competition:

Market research will not only pinpoint the physical position of the competitors but also their position in the market that is their share in the market. If the market is saturated it will affect the product design, price and distribution for the new business. The research will uncover for you the supply demand gap in the market and how you may use it for your benefit and gain market hold/share

5. Marketing Practices:

Businesses invest a lot of time and money in their marketing campaigns. Market research is vital for startups because it helps them determine the type of marketing campaign that will reach and resonate with the most people in their target audience. Startups already know a thing or two about a typical marketing mix in their targeted market. Smart work would be to find out what extraordinary tactics (if any) your top online competitors used to get above the average. They can then allocate their budget in a way that supports those preferences instead of putting a burden on their already strained finances.

04 Team Building

As a founder it is his job to believe in his team and give them freedom of creativity. Sometimes a team member has an idea but he has yet to work on it. It is better to let him work on it and see what he means rather than stopping him in the middle. After all, successful startups are a result of creativity.

People working on an idea they think can change the world are overly optimistic which leads them to believe anything they do is faultless. If startups keep evaluating their success this way they will soon get a surprise they don't like; Failure. For startups to succeed there must be skepticism and the ability to manage skepticism inside the organization.

Team members never commit to an idea if they feel they aren't being listened. As a result, they consider it as just someone else's instruction. People evolve greatly when they get a sense of being involved. When they don't commit to an idea, they will only work half-heartedly which is totally against the basic rules of startup's success.

Founders delude themselves when they think they just need to make the product of their startup better. In order to take your idea to the next level you need a team that shares your vision and ready to implement it, in a way that is beneficial for both startup and society.

Unfortunately, many startups fail because of neglecting the core aspect, which is building a team which sticks together for the long run. According to Patrick Lencioni – a leading author and mentor on team building, here are a few things you need to avoid if you want your team to work at optimum levels and stick together.

04 Registration

COMPANY NAME RESERVATION

First use SECP's Company Name Search to check if your proposed name is available.

Log in to your eServices account. The only process available for you on this page is Company Name Reservation.

Start the process and fill out the details. To complete this process you will need to make a payment of Rs. 200 either online via credit card or offline in the chosen bank.

Refer to this Company Name Reservation Guide by SECP for more information

Be very sure about choosing the company kind.

Private Limited Company needs at least two directors.

Single Member Company needs at least one director and a secretary.

You will receive an email at your registered email address in about two to three days if your name reservation is successful. If there is any objection then you may need to repeat the first step.

Your company name will be reserved for a period of 90 days. You can either pick up the Company Name Reservation Certificate from the concerned Company Registration Office (CRO) on the next working day or it will be delivered to your address in 2 – 4 days.

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DOCUMENTS OF INCORPORATION

You will need to file the following documents during the process of incorporation.

Start drafting your Memorandum and Articles of Association at the same time as you send off your name availability application.

Memorandum of Association

Memorandum of Association contains the fundamental conditions upon which the company is allowed to operate. It is the document that governs the relationship between the company and the outside. It is one of the most important documents and must be drafted with care.

Sample Memorandum according to nature of business are available at [this link](#). If you do not find the sample for your business then you may need to hire a professional lawyer to draft those for your particular business. The contact of my recommended lawyer who has experience with startups is listed at the end.

Articles of Association

Articles of Association along with the Memorandum of Association forms the company's constitution, defines the responsibilities of the directors, the kinds of business to be undertaken and the means by which the shareholders exert control over the board of directors.

Marketing

Know your Business

You needed to do this exact same thing when working on your business plan, so this first step shouldn't be too difficult. After all, nobody knows your business quite like you do as it is your brain child; your vision.

Think of this section as your opportunity to provide a general overview of your current business operations, as well as your internal and external environment. Within this section, you may also choose to do a SWOT analysis which details your strengths and weaknesses as an organization, as well as any opportunities for growth, and threats that could hinder that progress. It's a great way to get an overview of your current situation in a way that's helpful and completely manageable.

Start by running a SWOT analysis to identify your business' strengths, weaknesses, opportunities, and threats. It can be converted in to a fun team exercise, and to avoid bias and cover different perspectives, get as many fellow colleagues to contribute as possible. It is best to get the honest picture then a biased one that can damage your progress.

Determine Target Market

“Target market” is likely the most used phrase and correctly so because of its importance. It’s a key element for coming up with effective and successful marketing strategies. In this stage of your marketing plan, you should list anything and everything you know about your ideal customer. This includes basic demographic information, such as gender and age. But you should also dig deeper into their behaviors and decisions.

Why do they buy from you? What challenge or pain point are you solving for them? What outlets do they turn to get information? Gather any information you can find, and include it here. Knowing your customer inside and out will be helpful when identifying marketing tactics and strategies.

Figure out the Value Proposition

Determining your value proposition is probably the step you should invest most time and resources into, as it is one of the most important conversion factors and what could make the difference between closing a sale and losing it.

A great marketing strategy stems from a company’s value proposition, which sums up its main strengths (identified in the SWOT analysis) and differentiators against competitors, as opposed to being created from scratch. Get started by identifying the main customer benefits and what value your products/services bring to the customer, followed by outlining how your product/services is better and improved. The best value propositions are clear, to the point, and they focus on solving customers’ problems. Like often said, a successful business looks to give back to the society and solve its customer’s problem.

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Define your Buyer Personas

Buyer characters are fictional, generalized representations of your ideal customers. They help marketers better understand and get closer to customers, as real humans. The process of creating buyer personas involves gathering insight from different platforms such as website analytics, social media channels, customer reviews as well as actual conversations with prospects and customers. It helps determine at an early stage which marketing areas you will focus your attention on and how much time and budget you'll be spending on advertising, PR, content marketing, SEO, community management, events, etc. depending on the nature of your business and what would appeal most to your future customers. Researching will help you determine what the most appropriate way to communicate with them is, what channels they prefer, style and tone of voice, etc.

Plan to Use New Techniques

Thinking outside the box is a good way to start something. Make sure that you always have an urge to incorporate new technologies into your business system. Keep up to date with the world and especially with your customer. The newest technology which is a must for businesses these days is Marketing Automation.

Why Marketing Automation? To answer why Marketing Automation, the following 3 points can be considered:

Marketing Automation helps in better Customer Relationship Management by segmenting customers based on Regency, Frequency & Monetary parameters.

It helps to send automated e-mails that save a lot of time and effort.

Marketing Automation tools like Hub Spot help to create marketing campaigns based on the ongoing market scenario.

Set a Budget

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umbers are the most dreaded part, especially in our growing eco-system. Just the word budget is enough to make people sweat. But, as you already know, it's a necessary evil when it comes to running your business. As Samar Hassan of Epiphany believes we must make wiser choices to manage our finances. In your full-blown business plan, you detailed the entire financial side of your business. But in your marketing plan, stay focused strictly on marketing-related activities. How much do you plan to spend on marketing and promotion throughout the next year, and how much will the action items you listed above cost you? Most importantly, where will this money come from? Strategize to keep in this budget and not over spend putting yourself in a difficult position later. You'd rather discover you need to tweak or tailor something to make it affordable, rather than six months from now when you've already over spent your credit card! Do not choke yourself or your business by failing to set budgets.

Employees- Of course, they were there while you were in the planning process. But, the executed version of anything is always different from the planned version. Therefore, you need to ask your employees whether the executed strategy meets their expectations or not. Your team will help you improve the next time and the time after that.

Competitors- Maintain a healthy relationship with at least a few of your rivals so that they can help you in knowing the pros and cons of your marketing strategy. Moreover, this will give you some very good direction to help you improve your strategy.

Customers- Customers are everything. If you make your customers a part of your business strategy, it will make them feel important and acknowledged. This will help in building a personalized relationship with them so that you build a better customer base by enhancing the trust of your customers.

Upscale

☑ Need for Experienced Individuals

Your leadership and their attitude are evidently different when you reach a scale up to when you began as a start-up. As the functionality of your company increases, with increase in the number of roles, the job of handling the team becomes hectic. When you feel the need that more experienced individuals are required to manage the team that is the point where you can successfully call yourself a scale up.

☑ Financial Returns

You know roughly how much your financial returns are. Simply put, when you reach the economic stability in your businesses and you know roughly how much amount is coming back to you based on the product demand in market or the product-market fit, then that stage is a clear indication for you to begin scaling up the start-up business.

Manage Accounts and Financials through professional help

☑ Investor Hunt

You are certain that your company guarantees better and stronger prospects to the investors. Having a substantial amount of financial backing with a steady return income, an efficient team and a product that has market demand features, is enough proof to start the scaling up process.

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☑ Delete the Team

You no longer need to be all over the place. When any business is starting, the funding has to be used sensibly, which is why you end up with a team that is competent enough to handle any challenge that arises. You cannot afford to hire specific people for specific roles. However, when you reach the stage where 'deletion' is necessary to cut down on the team and allotting specific roles to members are essentially required, then that is the time for you to scale up the business.

☑ Risk- Benefit Analysis

You have to think twice before you take any risks. When you are a start-up, in its initial stages, you do not care about how many or what kinds of risks that you take. You are experimenting and there is no loss in it. However, when you feel like your company has reached a level where taking risks is going to affect not only the company but also its members, the customers, the product sales or investors, etc. then your company is on the scale up stage. You need to be careful in experimenting with new ideas.

Sins that startups commit that YOU should avoid

☑ Systematic Approach

You begin to develop a systematic and professional approach. Generally, when you are experimenting different ways in order to see what works best for your company or product campaign then there is very limited systematic approach. There is more variation in handling certain things every time they are dealt with. But, when you reach a level where everything has been organized in to a standard linear form, and has a set pattern to addressing them, then that is the point where you can call yourself as a scale up



Head on to the website www.startup.pk to get access to free resources and get in touch with industry experts and startup specialists to help you establish a successful business