



New Business Venture Success Factors

Before You Push the Button

What are the critical success factors for any new business growth initiative? Before you push the ignition button on your new venture, there are some questions that need answering to help ensure your enterprise has the best possibility of being successful. Launching a new business venture is relatively easy. Making the new venture successful is, however, one of the most challenging undertakings that anyone can possibly do in their life. Too often entrepreneurs enter a new market or launch a new product without knowing some of the critical success factors that should have been considered before starting. As a result, the venture does not achieve its objectives and in many cases fails.

There are some well-documented patterns of success for new ventures. In this paper we outline some of the common critical success factors for making a new growth venture successful. Each success factor is preceded by the question the entrepreneur needs to answer. Asking the right questions about your new venture and considering the answers is perhaps the most important exercise an entrepreneur needs to do before launching a new venture.

What is the business/consumer problem you are fixing?

Any new growth initiative should have a clearly defined business problem that is being addressed. If the venture is not based on providing a solution to an area of pain for a business or a consumer transaction, then the chances of success will be minimal. Answering this fundamental question requires the entrepreneur to have an in-depth understanding of the problem and the underlying reasons why it is considered an issue for the business or end customer. Research is required to understand the key characteristics of the problem such as why it occurs in the first place, the cost burden, the time wastage and the impact of the problem on both the industry and markets where it occurs. Consider if there are any regulatory issues driving the problem or if it's a legacy issue dating back to the pre-digital era.

The cost of the problem needs to be quantified in terms of actual financial cost and lost opportunities. What is the impact on the customer? What solutions exist in the marketplace to address this type of problem? Are there alternative solutions being adopted by the industry? Is there a real gap in the market to address this issue? All of these questions need to be answered to ensure that your investment in time trying to find a solution to this problem is warranted. Embarking on a venture that cannot answer these questions related to the business problem will not enable your growth idea to have a solid foundation for why you should exist and why customers will want to buy your products or services.

How will your new offering have a real outlier impact?

There are two aspects to this question which need answering. The first part is to define if your new venture has been designed to provide incremental improvement to an already existing business problem or will it be substantially different from what is already offered in the marketplace. There are benefits and negatives to each option. On the one hand, an incremental change to what is already being offered provides a safe option for market acceptance. However, the negative aspect is that an incremental new offering is likely to be challenging for differentiation in the marketplace, so mass adoption can be difficult. Another consideration would be around how your new venture will be impacted by reduced margins if there is increased competition. An incremental growth initiative may contribute to crowding the marketplace and placing further pressure on price points.

An outlier growth venture is about the creation of a new offering that is substantially different from what is available in the marketplace. To achieve an outlier growth idea, you will need to rethink the business problem across multiple dimensions. When designing an outlier idea, you are creating new customer value that does not already exist. This value can be realised from product or service offering, business model, price point, distribution, or a combination of all of these elements. Outlier ideas often require substantial creativity and market research to become successful. The risks associated with outlier ideas are higher since there is no real evidence that the concept will be mass adopted. However, outlier growth ideas have the most significant potential to deliver meteoric results when they are correctly executed and adopted by customers. Not every outlier idea is likely to have the same impact so testing the concept with your target customers is essential to determine whether your new value proposition resonates in a manner that is likely to achieve the desired impact in the marketplace.

Is your new offering simple to understand and frictionless?

Essential for the success of any growth venture is to have clear and simple ideas about what you are offering. Answering this question can often be more challenging than expected. The team putting the new venture together can often be too close to the idea and fail to comprehend the complexity of their offering in the marketplace. Often teams fall into the trap of adding new features to their offering as a value-add without realising they are complicating the offering and reducing its impact in the marketplace. Regardless of whether you are offering business or consumers a new product or service, the key is to keep it really simple to understand and use. Attention spans have declined over the years, and the human brain has a natural tendency to categorise information into neat and simple associations quickly. This is a powerful insight for any entrepreneur, and so the design of the new venture should follow the axiom that

less is more. All successful outlier growth ideas have this essential characteristic. The ideas are simple to understand and marketed in a highly effective way by using the clarity of messaging.

The other key question that needs to be answered is around friction. Simplicity and low effort need to go hand-in-hand to be effective. Customers want minimal friction when dealing with your organisation and with your new product or service. Examine the customer journey and all the touchpoints. Friction restricts the natural flow of how your customers use your services and reduce the opportunities available to build positive emotional connections with customers. The more frictionless you can be with your offering, the more likely you will be able to provide a better customer experience than any competitors. Review your customer journey to ensure you have removed as much friction as possible for your customers.

Do you have a unique strategy to scale-up your business?

Marketing a new venture can be an equally challenging and costly exercise. Following traditional methods for marketing your new venture may not yield the results you are after. Heavily crowded advertising platforms such as Facebook or LinkedIn may not be the optimal way to get your message out. Creative approaches for reaching your audience and generating positive calls to action are an essential element to achieve sustainable and scalable growth. Your growth engine should be designed to be highly automated and with minimal human interaction to onboard new customers. Automation is a crucial component for scaling-up the business, and you should aim to automate as many aspects of the marketing and sales process as possible.

Before deciding on how to automate your marketing and sales functions, you will need to think about how you can reach your target audience in a creative and innovative way. Consider ways you can become an authority on a topic related to your offering and work out a way you can become the platform for prospective customers to refer to when seeking out content on your topic. Content is a key driver for attracting new customers so think about how you can use content in a creative new way to attract customers to your new venture and then a simple and easy way to onboard them.

Your growth model for your new venture should be difficult to imitate by your competitors so the more proprietary you can make it the better. It's not only about standing out from the crowd but also being effective. Getting the design of the growth engine right the first time is an unrealistic expectation. The goal should be to undertake research to support your design thinking, then to continually test and retest the growth model and then use analytics to make necessary changes to refine your growth engine for optimal results.

Do you have data and analytics for decision-making?

The use of data and analytics is both a question about capability and future strategic decision-making. Before you launch your new venture think of how you will be able to make decisions about how it's going, what's working and what to change. Data and analytics are essential aspects of effective decision-making. Take the engineering approach to your new venture to help remove the emotional and opinion-driven decision-making that often leads to flawed decisions. Fact-based decision-making based on data helps remove the emotional attachment to the new venture.

It's difficult for an entrepreneur to admit that they were wrong, but ego-driven decisions can be very damaging for a new venture. Taking the decision up-front to use data and analytics for decision-making gives your enterprise a better chance of success. Once you've decided to take this approach the next question that needs answering is what are you going to be measuring and what are the sources where you will get his information. Consider the customer metrics and operational metrics that make sense for your business venture then determine the technology platforms you require to get this information. Apply the discipline of using data and analytics in your decision-making early to avoid making mistakes when implementing your new venture. Ensure you frequently learn from the data and apply changes from your insights as soon as you can verify the results. Data is necessary, but don't ignore your entrepreneurial instincts. You will not be able to have data on every aspect of your business, and in some cases, you will need to rely on your gut instinct to make a call on what to do. Using your intuition effectively can often be the differentiator between average outcomes and spectacular results.

Do you have the right team members to execute?

Having the right team members to execute the growth initiative is as important as coming up with a creative new market offering. Consider the different competencies required to execute the strategy and the people on your team. Do they have the skill-sets? Do your team members have the capability and capacity to execute? Answering these questions will help you identify the gaps that need to be filled in your team to get your venture executed. Start-ups require a particular skill-set that is often not found with team members who have always operated established businesses or have worked with mostly large corporations. Identify this early and develop a plan for how you can overcome any challenges you have with your existing team members. There are different options available which may include hiring consultants or contractors or even hiring new resources altogether. The calibre of your team will be instrumental to your success so getting the right team members on board early is important. Aim to

surround yourself with team members who are smarter than you are and complement your existing team members.

Do you have the right financial resources to execute?

A common mistake made when launching a new venture is to underestimate the amount of capital required to execute a new growth initiative properly. Many start-ups fail because they simply run out of cash while they are executing. Don't launch a new venture without adequately understanding the capital required to execute and knowing where you are going to get this capital from. Determining the financial resources for your enterprise is not an easy task as there are multiple variables that need to be considered. If, for example, your new venture is an outlier idea, then the amount of marketing allocated will need to be higher than if it was an incremental idea because you would be introducing a new value proposition not previously offered and you would need to educate the marketplace. This is one of many different variables that will dictate how much capital you require and by when.

Managing your cash burn is also an important consideration. How will you manage your cash burn when executing your new venture? When will you start your capital raising and how many of them will you undertake? If you are not raising capital from external investors do you have a sufficient budget allocated for your new venture? What are your sources for additional capital? Answering these questions about financial resources before starting will help better prepare you for launching.

Practical and Achievable Growth Strategies

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