

Putting Entrepreneurial Strategy to Work:

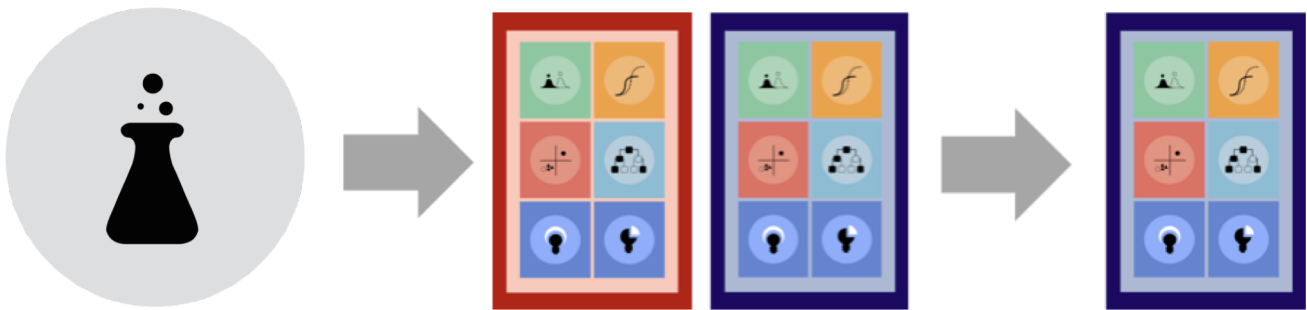
Choosing Your Strategy

Choosing Your Financing

Choosing Your Scaling and
Beyond Entrepreneurial
Strategy



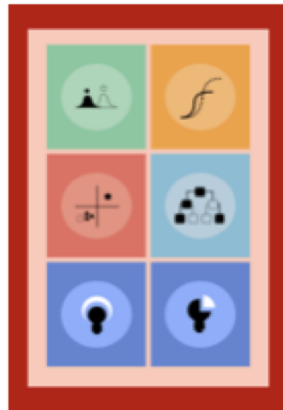
Test Two, Choose One




Using the following process, conduct a structured analysis of two alternative entrepreneurial strategies, propose a test to choose between them, and determine an appropriate path forward,

1. Outline **Entrepreneurial Strategy A** for the venture on the entrepreneurial strategy canvas. Articulate the linkages between the choices of customer, technology, resources and capabilities, and competition. Evaluate the key hypotheses and the viability of the strategy.
2. Repeat the process for **Entrepreneurial Strategy B**, an alternative but potentially viable entrepreneurial strategy with value creation and/or value capture hypotheses that differ from *Entrepreneurial Strategy A*.
3. Evaluate how these two strategies are different from each other and propose an experiment that would allow you to choose one.


Entrepreneurial Strategy A




Outline ***Entrepreneurial Strategy A*** for the venture on the entrepreneurial strategy canvas. Articulate the linkages between the choices of customer, technology, resources and capabilities, and competition. Evaluate the key hypotheses and the viability of the strategy.

 Idea


[Empty box for notes]


 Advantage


[Empty box for notes]


 Passion

[Empty box for notes]


 Venture [Empty box]

 Strategy [Empty box]


 Business Model [Empty box]

 Customer


[Empty box for notes]

 Technology

[Empty box for notes]

 Competition

[Empty box for notes]

 Organization

[Empty box for notes]

 Value Creation Hypothesis [Empty box]

 Value Capture Hypothesis [Empty box]



Coherence

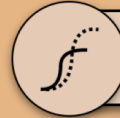
What **must be true** about customers, technology, organization, and/or competitors for the value creation and value capture hypotheses to be true? How do these choices **reinforce** each other?

- _____
- _____
- _____
- _____



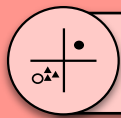
Customer

The venture's competitive position will assist in creating value for target end consumers because...



Technology

The venture's core technology facilitates value creation for the target customer because...



Competition

The team's unique resources and / or capabilities provide the basis for capturing value through partnerships and/or competition because...



Organization

To capture value from the venture's core technology, the founders and early team must acquire / build the following resource /capabilities...



Strengths & Weaknesses

Major strengths and areas of consistency with this entrepreneurial strategy include...

Potential weaknesses and areas of doubt with this entrepreneurial strategy are...



Experimentation

Given the critical assumptions underlying the strategy, brainstorm three low-commitment experiments that could facilitate learning. Then, weigh the opportunity costs associated with conducting each experiment.

Criticality: Rank the key assumptions underlying the strategy	Fidelity: Briefly describe an experiment to learn more about each assumption. Highlight how the outcome will inform decision-making.	Opportunity Costs: Identify & weigh the opportunity costs of each experiment
1.		
2.		
3.		



Implementation

What two or three concrete actions could the founders take to develop the idea or increase their hypotheses' likelihood of being true?

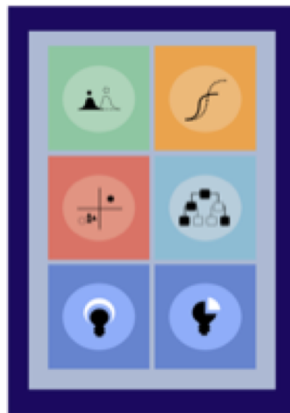


Viability


Overall, do you believe this strategy is potentially viable?

What critical assumption(s) is/are unlikely to be effectively tested through low-commitment experimentation?


Entrepreneurial Strategy B




Repeat the process for ***Entrepreneurial Strategy B***, an alternative but potentially viable entrepreneurial strategy with value creation and/or value capture hypotheses that differ from *Entrepreneurial Strategy A*.

 Idea


[Empty box for notes]


 Advantage


[Empty box for notes]

 Passion

[Empty box for notes]


 Venture [Empty box]

 Strategy [Empty box]


 Business Model [Empty box]

 Customer


[Empty box for notes]

 Technology

[Empty box for notes]

 Competition

[Empty box for notes]

 Organization

[Empty box for notes]


 Value Creation Hypothesis [Empty box]

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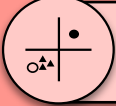
- _____
- _____
- _____
- _____

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Viability

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Compare, Test, and Choose!



Evaluate how these two strategies are different from each other and propose an experiment that would allow you to *choose one*.

TEST TWO, CHOOSE ONE SUMMARY

<p>Idea</p> <p>Advantage</p> <p>Passion</p>	<p>Strategy</p>	<p>Tradeoffs</p>	<p>Technology</p>	<p>Customer</p>	<p>Resources & Capabilities</p>	<p>Value Creation Hypothesis</p>	<p>Value Capture Hypothesis</p>	<p>Experimentation</p>
<p>Strategy</p>	<p>Strategy</p>	<p>Tradeoffs</p>	<p>Technology</p>	<p>Customer</p>	<p>Resources & Capabilities</p>	<p>Value Creation Hypothesis</p>	<p>Value Capture Hypothesis</p>	<p>Experimentation</p>



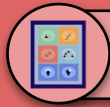
Compare

What are the key differences between these strategies? Why can't the entrepreneurs do both at the same time? What will they learn about in one strategy but not in the other (and vice versa)?



Test

What test could the founding team run to choose between these alternatives?
Does doing one or the other impose costs on pivoting?



Choose One!

Now it is time to choose.

Between the two strategies, which strategy helps the entrepreneur(s) achieve their broader reasons for becoming an entrepreneur (i.e., entrepreneurial passion) and leverages their experience (“unfair advantage”)?

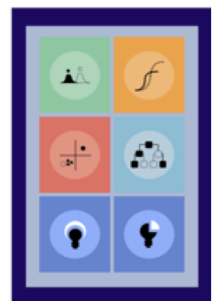
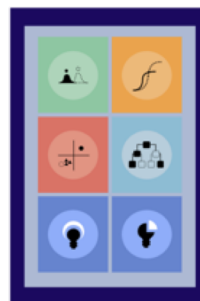
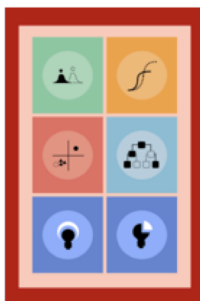
Which strategy is the most straightforward to implement and allows the entrepreneur to “just do it”?

Is it *really* time to choose? Not necessarily...

Now that you have decided between *Entrepreneurial Strategy A* and B as your preferred approach, develop a *Entrepreneurial Strategy C*.

Continue iterating new strategies and choosing between them until you have developed two approaches that are equally viable in your estimation. At this point, stop!

Choose the Strategy that satisfies your priorities and move forward!





Guide to Financing

1

EXPERIMENTATION FUNDING Identify Potential Funding Sources

List potential sources of funding for early-stage exploration that are available in your ecosystem (i.e., university programs, government grants)

-
-
-
-
-

Rank funding sources based on their ability to facilitate learning and exploration.

Program or Funding Sources	Aside from financing, what (if any) resources will this funding source provide to facilitate experimentation and learning?	Briefly describe the application process and any commitments involved.

Are any funding sources more challenging to acquire than others? Why is this the case?



Guide to Financing

2

PROPOSED STRATEGY FUNDING

Identify Potential Capital Sources

Determine the key milestones that the venture is working towards within the next 18 months. Then, identify the critical resources and capabilities necessary to achieve that milestone and approximate associated costs.

Milestone	Critical Resources and Capabilities Required	Estimated Cost

Bootstrapping / Internal Funding

How could the startup potentially bootstrap while implementing the chosen strategy?

Loans / Debt

What opportunities exist to take loans or raise debt within the proposed strategy?

Grants, Incubators, and Accelerators

List potential grants, incubators, and/or accelerator programs and identify the value they can provide the startup. Then, briefly describe the application process and evaluate commitments associated with the program.

Grant, Incubator, or Accelerator Program	Aside from financing, what resources will this program provide that will assist the startup in realizing its chosen strategy?	Briefly describe the application process and any commitments involved.



Guide to Financing

Angels and Venture Capital

List potential angels and venture capital firms and identify the value they can provide the startup. Then, evaluate how closely the startup aligns with the characteristics of the investors' past investments.

Angel or VC	Aside from financing, what resources will this investor provide that will assist the startup in realizing its chosen strategy?	What sectors, stages, and/or benchmarks does this investor prioritize?

3

CONSIDERING ALTERNATIVES

Assess Potential Capital Sources Based on Proposed Strategy

What funding alternatives give the strategy the highest likelihood of success? Briefly explain your reasoning.

What funding alternatives are most aligned with the founding team's values and goals? Briefly explain your reasoning.



Scaling & Evolution of the Firm

Given your chosen strategy, what steps will be critical for growth?
What are the likely challenges to scaling?

How might early choices shape the evolution of the venture?
What are the next steps in the evolution of the firm?

Congratulations!

To explore more strategy for startups materials, visit www.entrepreneurial-strategy.net

