

One to Ten

Finding Your Way from Startup to Scaleup

by **Rags Gupta**



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THE SUMMARY IN BRIEF

Most startup tech founders create something out of nothing, raise their first institutional rounds, convince some early adopters to pay for their product. They grow the kernel of what could become a real business. Then they hit a wall. They struggle to progress past customer pilots. To transcend founder-led sales. To go from a scrappy group pitching in to build out an executive team and a well-functioning organization. To find the right role for each founder. To execute their first reorganization. And, especially, to get to \$10 million in revenue. The going gets messy during the One-to-Ten phase, that awkward adolescence when a startup scales beyond its first customers, its early team, its first million in revenue.

In this summary of Rags Gupta's *One to Ten: Finding Your Way from Startup to Scaleup*, you'll learn how to go from initial innovation to a sustainable, growing, and successful business that exceeds customer expectations and more.

IN THIS SUMMARY, YOU WILL LEARN:

- Tools, frameworks, and processes to overcome inevitable growing pains.
- What it means to move from innovation (zero to one) to sustainable growth (one to ten) and beyond.
- A clear picture of how others startups have succeeded at overcoming the 'sophomore slump' after initial hype.
- How to plan for disaster and keep your plans simple enough to be executed consistently.

Part 1: Product Readiness

Your product underpins your company's foundation. Build on a shaky foundation, or on the wrong site for the wrong customer, and you'll spend so much energy on patching and repairing that you'll lose the opportunity to go on offense. Even worse, you'll burn valuable capital scaling prematurely while fighting fires along the way.

Product Readiness doesn't just mean the technology, however. The Product Readiness "formula" comprises three components:

Product Readiness = Customer Value × Value Capture × Scalability

Customer Value involves defining what you're selling, identifying to whom you're selling, understanding why they buy, and quantifying how much value they realize. The quest for Product Readiness requires horizontal technology startups to choose beachhead markets and deep tech startups to escape pilot purgatory.

Validate Your Value Proposition

It's not enough for customers to be interested or even willing to pay to evaluate your product. They must be able to achieve business value and continue to do so over time. It's easy for early stage startups to get caught up in the excitement of winning blue-chip logo pilot customers only to realize they actually didn't deliver value. You should be able to crisply articulate and quantify the value your customers derive from your product. How do you go about this? Develop a comprehensive understanding of the who, what, why, and how of your customers' journey. Start with the basics to lay the right foundation for growth.

Escape Pilot Purgatory

Pilots are implementations of your product to validate business value. Pilot purgatory is that dreaded place where you are neither here nor there. You show enough promise for the customer to stay engaged but don't prove enough value for the customer to proceed to production.

The best way to escape pilot purgatory is to avoid it in the first place. Since you are proving your value proposition during a pilot, do not do pilots without defined, quantitative success criteria that you have confidence in hitting. Seek pilot customers with the right motivation, resources, and engagement. The less mature and harder tech your product, the higher the stakes in picking the right pilot customers.

Commit To A Business Model

Product readiness includes your business model, which describes how you capture value from your product. Fundamentally, your business model answers two questions: how far up the stack do you go and how do you capture fair value at what unit economics?

You can adopt a commodity, volume-based model or go way up the stack to provide an end-to-end solution and various permutations in between. There's no right answer to how far up the stack you go. However, you do need a clear answer to move forward. While you may have experimented during the Zero-to-One stage, you will be well served to align on one consistent model to get to Ten. Selling a commodity in one vertical and a solution in another won't be a good look to your Series A VC.

Invest In Scalability

When he said, "If you are not embarrassed by the first version of your product, you've launched too late," Reid Hoffman was referring to the Zero-to-One phase, which is all about doing things that don't scale. From personally onboarding each customer to handcrafting units, these unscalable activities are important to understand your value proposition as you discover product-market fit. This calculus changes as you go from One to Ten. You can't scrap your way to scalability.

While scalability starts with technology, it encompasses a number of functions beyond the core product itself. There are a number of "jobs to be done" that may or may not need a fulltime person to do them. Regardless, you'll want to explicitly designate ownership of these or else they'll fall through the cracks and impact product readiness.

Ship Your Product

Deciding when your product is "good enough" to ship is one of the most important calls you'll make during the One-to-Ten stage. Ship something half-baked and you'll have your engineering team fighting fires, your customers unhappy, your go-to-market staff demoralized. Wait too long and you risk overengineering the product, lengthening the time to get customer feedback, ultimately shortening your runway. Do not delegate this decision to your team. You will own it either way.

Part 2: Build A Repeatable Sales Machine

From honing your sales motion to reliably generating demand to improving sales execution, building a repeatable sales machine entails putting processes into place to optimize for predictability.

Hone Your Sales Motion

Your sales motion defines how you sell and to whom, taking into account your product, its pricing, and the type and frequency of touchpoints required to close a sale. You may have experimented with multiple motions during the Zero-to-One phase. You'll want to commit to one during the One-to-Ten phase. It's tough to do more than one motion in parallel when you're subscale. I'll start with a basic framework for understanding sales motions, followed by some principles on streamlining them.

Reliably Generate Demand

Up until now most of your leads may have come via your network, your university, accelerators, or the like. Repeatable sales require programmatically creating and converting demand. You will need to reliably fill the top of your sales funnel with leads or else be scrambling quarter to quarter as your pipeline thins out. The rule of thumb is to have three times the pipeline to hit your number in a given timeframe. So, you'll need to create at least three dollars of pipeline for every incremental dollar of growth in your plan.

Build Your Go-to-Market Team

First things first, determine the optimal makeup of your go-to-market team. You'll need the following functions covered: Sales, Customer Success, Sales Engineering or Field Application Engineering, Delivery or Professional Services, and Sales Operations.

Run Quality Sales Processes

You should be constantly qualifying the fit with the customer. And if the fit is there but the customer chooses another option, you either missed something in qualification or didn't properly position your solution or couldn't negotiate the right deal. In other words, you got outsold.

Many people think sales is all about giving a killer pitch and seeing who bites. Not so. That's called throwing shit at the wall and seeing what sticks. Instead, you need to get good at sales execution. Sales execution is synonymous with qualifying. You are qualifying every step of the way from the first time you speak to a prospect until you get the signature. During this time, you are determining the business value that can be uncovered for the customer. You're positioning

your offering against the competition. You're figuring out if this customer will be worth your precious time.

Negotiate Win-Win Deals

For now, let's assume you've run the process, qualified the fit, and shaped a solution that will solve a business problem for the customer. They've asked you for a proposal and you're getting into negotiations. How do you get from here to a signature? First, determine how best to structure the deal.

Before you can present a win-win deal, you must understand it. Sketch out the fundamental value exchange for each party. The customer is hiring you to solve certain problems and achieve value. That is the foundation of your working together. Like any foundation, it needs to be strong and will be tested over time. Sometimes, when you're seemingly down a dead end, reverting to the first principles will illuminate another way forward.

Part 3: Scale Your Human Capital

Scaling human capital starts with ensuring alignment so people know how their work fits into the bigger picture. That means having a strategic plan and then implementing an operating cadence to ensure you're executing the plan. We'll then delve into organizational design and how to recruit and get the best out of your people. We'll finish with the scariest and loneliest part of all: scaling yourself.

Align Your Vectors

There are many ways to do a strategic plan. Choose a framework that resonates for you and stick with it. You can also use a consultant to facilitate your planning, who will likely have their own framework. Regardless of which framework you use, the output should clearly lay out your mission, an objective, and a cohesive set of strategies toward achieving this in a given time period. Create a not-to-do list explicitly articulating what you won't do.

Achieve Operational Excellence

Looking for operational excellence? Follow these simple management principles.

Focus on the most critical path forward.

Operate a minimum viable parallel, or the few things you really need to nail to get to the next level.

Don't innovate unnecessarily.

Don't overengineer platforms.

Institute a culture of documentation and retrospection.

Audit your decision-making inbox to diagnose your business operations.

Celebrate heroes while rooting out the need for ‘heroism’.

Strive for ‘loosely coupled’ tight alignment when managing people.

Focus on the inputs and processes. The outcomes will follow.

Leverage Your Human Capital

Culture is what you do, not what you say. Ben Horowitz puts it best in the title of his book *What You Do Is Who You Are*. It’s that simple. You can communicate the type of culture you wish to foster but it will be for naught if you don’t actually walk the walk.

Considering your startup a family is tempting, especially when going from Zero to One, when you’re working closely with your co-founders and early employees. But startups are not families. Family implies that someone can never leave, that people have the same titles and roles. Instead, the mental model should be that of a team, a band, a community, or even a platoon. This will make it easier to shuffle responsibilities or to part ways with people.

Scale Your Organization

Scaling your organization means putting the right people in the right places. It also means leveling up. You and your management team will need to operate at a different level, whether it’s taking on a wider span of control, more direct reports, or more responsibility. As you grow, you will likely need to do at least one reorganization. We’ve seen many reorganizations. The ones that went well involved great

stakeholder management, crisp communications, and a swift execution. Those that didn’t were emotionally fraught and full of drama, where decisions would linger and people would spin, leading to instability, infighting, and attrition. It comes down to clarity of decisions, roles, and responsibilities, and tying the changes to the overall mission.

Scale Yourself

Any path to scaling yourself starts by understanding how you’re viewed by those around you. Push for candid and constructive feedback of your strengths and weaknesses. Your head of people or a board member can help get anonymized 360-degree feedback if you don’t think you’ll get the right level of candor through direct conversations. The more honest you are about your superpowers and how you can best add value, the better you’ll be able to support the company’s growth and continue to be excited about your personal impact.

Conclusion

Innovation isn’t easy, but it is simple— come up with something no one has before, something that has the potential to change people’s lives or businesses for the better. What comes next is much more complicated. Multiple products. International expansion. Teams of teams. Growth financing. The list goes on. You need to push yourself out of your comfort zone again. Do things that don’t scale for new products and initiatives. Then do it again. Your work isn’t done, but you’re well on your way. Onward and upward.



A serial entrepreneur and operator, **Raghav “Rags” Gupta** has worked with a number of startups and scaleups and achieved multiple exits, including being part of the founding management team at Brightcove (IPO), Chief Commercial Officer at Videoplaza (acquisition), GM EMEA at Ooyala, and COO at Humatics. He is currently President of Butlr, the breakthrough proptech startup, as well as Venture Partner at Hyperplane Venture Capital. Rags is an active angel investor, mentor, board member, and advisor working with the likes of MIT Sandbox, Harvard Launch Lab X, Dvinci, Elucidata, and Asylon, among others. Rags studied operations research at Princeton University and lives with his wife and two children outside of Boston.

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