

Startup Guide Part I

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HOW TO ACHIEVE
STARTUP SUCCESS,
WHAT IS THE MAIN
OBSTACLE TO
COMPANY
DEVELOPMENT,
HOW TO BUILD AN
ORGANIZATIONAL
CULTURE AND TEAM.



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Who am I?

Hi! My name is Mateusz Jarus.

I worked as an IT scientist for more than 7 years.

After taking part in the TOP 500 Innovators programme at the University of Cambridge, I decided to take up business.

In the last few years I have established 3 startups. One of them failed, the other one went through problems. But these mistakes have taught us a lot, and we use this experience in our third startup.





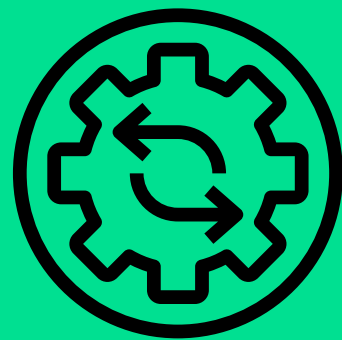
**I am also the founder
A software house called Expansio,
which focuses on developing startup
projects**

So far Expansio has collected almost PLN 4 million for the development of its own products (giving up PLN 1,000,000 of this amount – later I will explain why).

The company has participated in many prestigious accelerators, such as Google Launchpad Start, Swiss Kickstart Accelerator or MIT Enterprise Forum Poland.

It has received many awards for its activity. Startups developed by Expansio repeatedly got to the top of the best startups during conferences, e.g. TOP 10 educational startups in the World at South Summit.

Expansio works with corporations on innovative products and creates its own products



For Wielton, we built beacons to monitor the production process.



Together with Volkswagen, we built a game for employees, which for 5 weeks engaged over 1000 people to compete and cooperate with each other.



We built our own chatbot - CodeAll - teaching how to program, which also allows users to create intelligent environment using IoT sensors.



EXPANSIO TEAM CONSISTS OF EXPERIENCED PROGRAMMERS, MICROELECTRONICS ENGINEERS AND DESIGNERS. EXPANSIO HAS SIGNIFICANT EXPERIENCE IN THE IMPLEMENTATION OF PROJECTS USING GAMIFICATION, MACHINE LEARNING AND CREATING ITS OWN EQUIPMENT.

Expansio also develops its own startup – CodeAll – a chatbot teaching programming.

CodeAll is a chatbot that teaches programming. It allows you to go beyond your computer and build e.g. a home alarm, a smart fridge or a light on to clap. It is possible thanks to the wireless IoT sensors, which we design and build ourselves.



Intro

STARTUP GUIDE



My story with startups started when I was still a scientist. I was
chosen to participate in the programme

TOP 500 Innovators at the University of Cambridge

I went to England for two months to learn from business practitioners how to create startups, build a team, verify ideas, pitch and develop sales.

After returning to Poland I had the opportunity to co-create the first startup with my then employer. For over a year I was gaining experience in building a startup – from the idea to the first and subsequent sales. I programmed, managed the team, participated in competitions, pitched, talked with customers, implemented the product and developed the results of implementations.

At some point I felt I was ready to take on more responsibility and found **my own startup**. Starting my own business meant that from that moment I would have to **take care of my own salary**.

It was a difficult step and not everyone around me was convinced it was a good decision. But I knew that at that stage of my life it would be the best option for me. I would like to thank my wife for her support during this time.

What did I have? The idea, savings from my former job, experience in the development of the previous startup and technical knowledge (I finished programming studies).

Above all, however, I had faith that it was possible to build a company that would generate revenue, inspire others, give value to customers and satisfaction to employees.

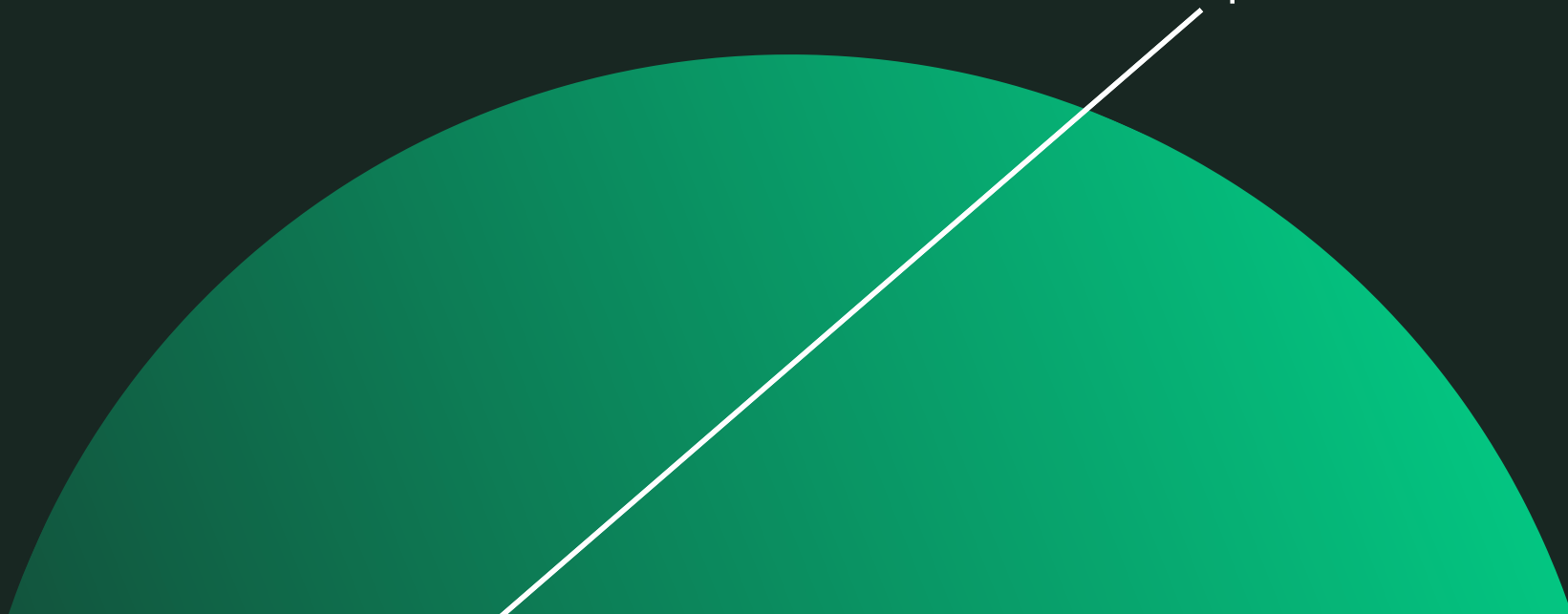
Since then, we have completed many commercial projects with various corporations. Our startups have been repeatedly appreciated in acceleration programs and in total they collected almost PLN 4 million for development.



PLN 1 000 000

of this amount was a proposal from the investor, but we decided that it is still too early at this stage to invite any.

Given the early stage of our product development we decided to use other, less certain financing opportunities, which however, would allow for further independent decision-making.



Although there is still a long way to go, I decided to write this guide to share our experience. We have completed many interesting and large commercial projects in our Software House, but CodeAll is not earning money yet.

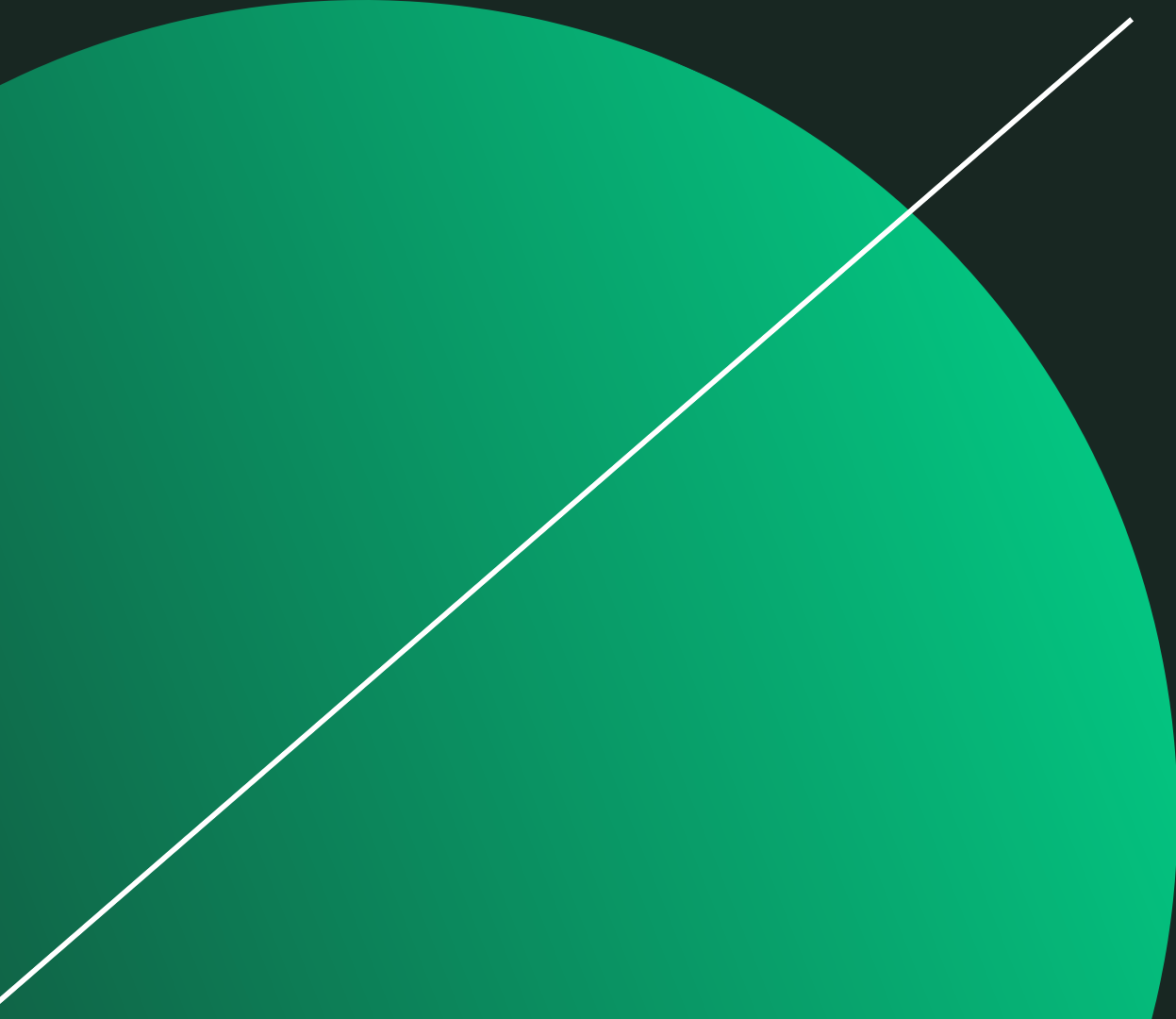
We would like our product to earn money, and the earnings to be... high :) However, I hope that the experience that I've gathered with my whole team so far, including the development of Software House and bringing the startup to the stage we are at today, will help you in building your own startup.

We have done many things that we are really proud of and I believe that sharing our experience can help you build your own business.



I would like to tell you how we raised funds for the development of our ideas, how we verified them, how we gained commercial customers for programming services and how we built trust of large companies.

What I am describing here is the history of creation and development of Expansio Software House and our startup projects. However, I treat all these projects as a whole. As you will later see, we did not do it by accident.



You won't find here the history of a company that quickly gained new funds and grew exponentially until it became a unicorn. **Why?**

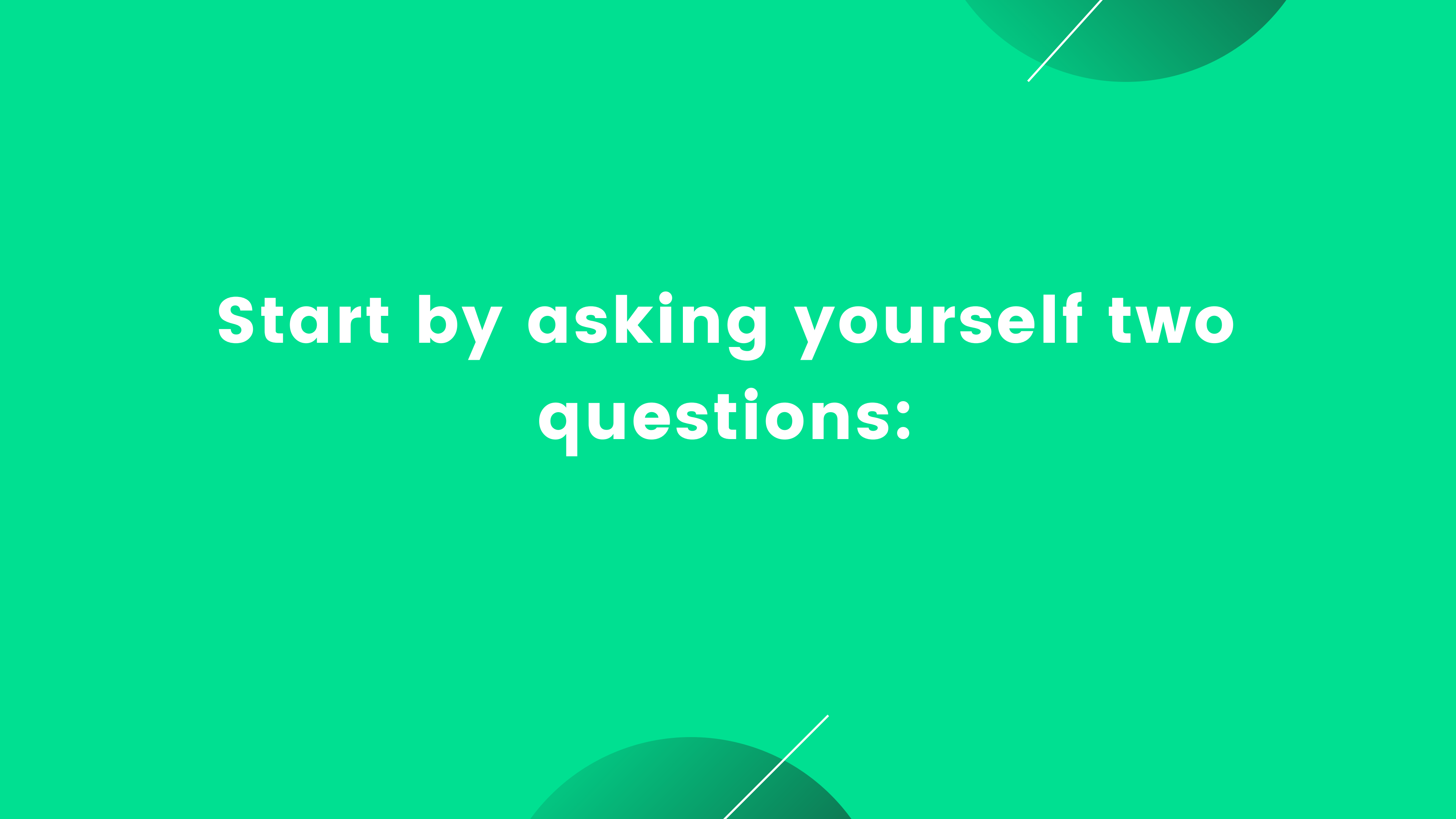


First of all, my dream was never to collect a huge amount of money from investors and to scale the company very quickly. I do believe that it will grow and I will be very pleased if it becomes a global company. But on one condition – that working on it and at it will still give us all satisfaction. I'm not a supporter of success at all costs. That's why I started a turquoise startup.

Secondly, building a startup is a marathon, not a sprint. Of course, there are companies that grow extremely fast in a short period of time. Statistically, however, even if a company is brought to a moment of dynamic growth, it is preceded by long, hard and consistent work. One cannot lose their strength too quickly.



1. How to achieve startup success



**Start by asking yourself two
questions:**

1. Why do I want to launch a startup?

2. Am I ready to take responsibility for everything that happens in the company?

CAN YOU SAY "IT'S MY FAULT"?

- WHEN SOMEONE IS NOT HAPPY WITH YOUR PRODUCT

(NO, IT'S NOT THE FAULT OF PROGRAMMER WHO WROTE BAD CODE.)

- WHEN THERE'S NO MONEY FOR WAGES BECAUSE YOUR CONTRACTOR IS LATE WITH PAYMENT?

(NO, IT'S NOT YOUR CLIENT'S FAULT.)

- WHEN SOMEONE ON YOUR TEAM CHEATS ON YOU?

(NO, IT'S NOT THAT EMPLOYEE'S FAULT.)

- WHEN SOME OF YOUR SUBCONTRACTORS DOESN'T DO WHAT YOU'VE AGREED TO DO?

(NO, IT'S NOT THE BOSS OF THAT COMPANY'S FAULT.)

This may sound controversial, but only if you take responsibility for EVERYTHING, do you have a chance to develop your startup.

OTHERWISE, YOU'LL BE WASTING YOUR ENERGY ON FRUSTRATION, ARGUMENTS, LOOKING FOR SOMEONE TO BLAME, WORKING IN A BAD ATMOSPHERE AND STRESS – THAT'S A DOWNWARD SPIRAL.

And why did I launch a startup? In my case, the decision might have been quite surprising to some of you. I had a great job, I was developing, writing publications, travelling around the world for conferences and as an employee I had a chance to set up another startup.



**IF YOUR DRIVE TO BUILD A COMPANY IS TO
MAKE LOTS OF MONEY FAST, IT MAY BE A
POOR MOTIVATION. DURING SEVERAL YEARS
OF RUNNING THE COMPANY I'VE MET
HUNDREDS OF STARTUPS AND ESTABLISHED
CLOSER RELATIONS WITH MANY FOUNDERS.**

**I DON'T KNOW ANY STARTUP THAT
WOULDN'T GO THROUGH A DIFFICULT
PERIODS.**



What difficulties have we encountered?

In our case, it was the moment when one of the grants we received was not paid to us for two years, although I initially assumed that further tranches of money would be transferred to our account every three months. Without going into details, it was due to the amount of formalities concerning the subsidy and lengthy response times from the Office.





In the first months of the delay, I believed it was a temporary difficulty and soon everything will return to normal. After three months, the stress was huge. Then it was only worse. I felt like I was trapped. If I had finished the project (not to increase the costs), no money would have been returned to us – even for the period when we were already working, because the condition for the payment was the completion of the project. Each subsequent month, however, generated further financial difficulties. Eventually we survived thanks to the support of my family.

WE RUN INTO DEBTS FOR MORE THAN PLN 100 000, WHICH WAS A SIGNIFICANT AMOUNT FOR US. I WOULD LIKE TO GO ON RECORD AND SAY THAT I AM VERY GRATEFUL TO THE WHOLE FAMILY FOR THEIR SUPPORT AT THAT TIME.

Why am I writing about this? Because it was the moment when:

1. **FIRST OF ALL**, I ASKED MYSELF MANY TIMES "WHY DID I LAUNCH THIS STARTUP?"

2. **SECONDLY**, I HAVE EXPERIENCED FIRSTHAND HOW IMPORTANT IS THE LIQUIDITY OF THE COMPANY AND WHAT RESPONSIBILITY IS ON THE SHOULDERS OF THE CHAIRMAN, WHO HAS A TEAM OF PEOPLE TO SUPPORT.

I will focus here on the point number 1 and later, in the section regarding finance, I will discuss point number 2.

Why did I launch a startup?

If my goal while setting up the company was to make a quick profit, I would have closed the business long ago and fired people to cut the debt loop as soon as possible. In the intro I wrote that at that time of my life such a decision simply seemed right to me. I've always been curious about the world, I liked to develop myself and set new goals for myself. I was eager to take on challenges. I thought I was ready to take on more responsibility, and whenever I was thinking about the challenge, I felt excited. But it wasn't something I had long dreamt about... I remember well that while still being a student and employee, one day I said to a friend that running a business was not for me.



**It wasn't a
spontaneous
decision.**

First, I took part in the TOP 500 Innovators programme at the University of Cambridge, where for 2 months I business practitioners taught me entrepreneurship.

Then, while still having a job, I had a chance to co-create another startup for a year. I went to conferences, fairs and met with many clients. I saw what it all looks like from the inside.

See if you are on the right path

GIVE YOURSELF TIME TO THINK THROUGH YOUR DECISION. If you have an idea for setting up a company, stay with it for a few months and see if you get over it. If you're afraid that someone might steal your idea – well... of course they might, but the idea itself is no big deal. I wouldn't be so afraid of it.

What is much more important is the strength you have to find in yourself to make this idea come true. You won't have it if you lack motivation to set up a company. Just wanting to make money is not enough. Take part in a startup conference, meetup or a meeting dedicated to some acceleration program, see how startups pitch in front of investors. If you live in a big city, you'll find a lot of these types of meetings on Facebook – just look for events in your area.

Being a leader – which of your needs will be affected?

RUNNING A STARTUP IS ALL ABOUT BEING A LEADER. You create something innovative, you take on a challenge that is very risky. Perhaps it will affect three basic needs of each person:

1. the need for security
2. the need to be understood
3. the need for recognition/appreciation

THE NEED FOR SECURITY – it is very likely that at some point the company will run out of money. I described this problem in the finance section.

Being a leader – which of your needs will be affected?

THE NEED TO BE UNDERSTOOD – you probably know what it's like when you are going through something difficult and talk to someone who's never experienced it. This person may wish you well, even comfort you, but that won't make you feel understood. At some point you may feel the need for support from a more experienced person.. You'll wonder if setting up a startup wasn't the dumbest thing you have ever done. You'll think that the ideas you've got are so far-fetched that they have no chance of being realized. And the worst part is that no one will be able to fully confirm or deny your business idea. It may even happen that you will be the one to talk about your business with other people in such a way as to convince them that it makes sense. This way you subconsciously want to get confirmation that you have chosen the right path. You can even win competitions and win prizes, but you will never fool the market. And it is the market what makes the final decision as to whether you succeed or fail.



Watch this video

My pitch begins in the third minute and the jury results start in the fifth one. As you can see everyone unanimously voted for me and I won. Apart from this award we got other distinctions, and everything I said in the pitch was true, e.g. that we had test implementations. And yet this product didn't take off on the market. Eventually, a pivot was necessary – changing the product and type of customers.

Leadership is lonely

The concept of leader's loneliness is very well known in business. Every leader needs a really strong mental construction or support from others to deal with it every day.

THE NEED FOR RECOGNITION/APPRECIATION – much depends on your self-esteem, but a long period without considerable success in a startup can lead to the moment when you run out of enthusiasm to further develop your idea. Everyone needs recognition, e.g. thanks from colleagues for a job well done (verbal recognition from colleagues at work), earning some money (financial recognition from the client) or winning a prize in a competition (public recommendation). However, your impact here is limited.



**IT IS WORTH TAKING CARE OF YOURSELF,
E.G. THANKING YOURSELF AT THE END OF THE
DAY FOR WHAT YOU HAVE DONE AND SEEING
THINGS YOU'VE DONE BETTER THAN
YESTERDAY.**

Remember:

Without a solid foundation, your company can collapse quickly.



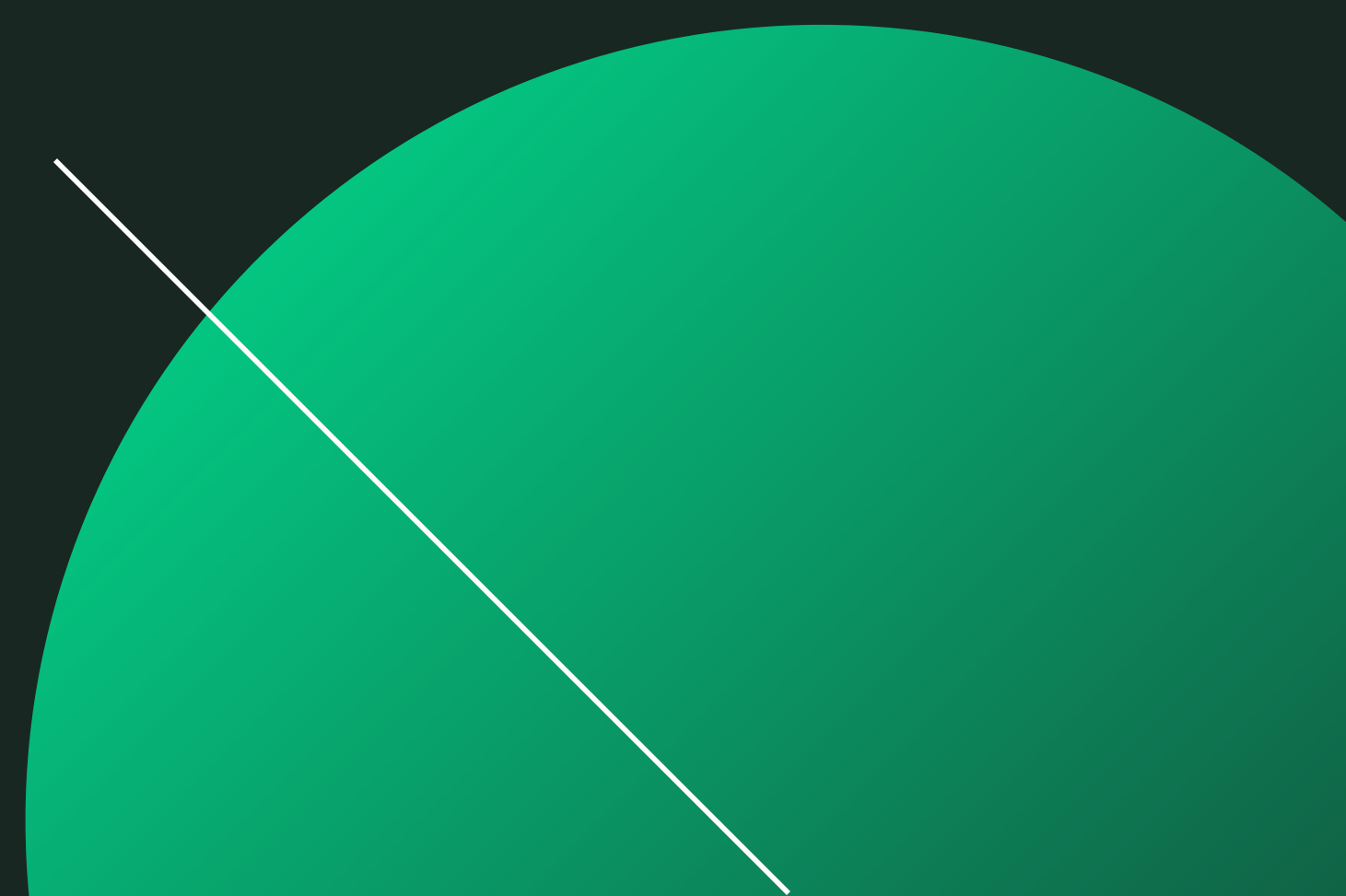


Over the last few years I've co-created several startups and with a clean heart I can say that the biggest difficulty in the development of the company is not bad ideas, poor technology or a difficult market...

**THE BIGGEST OBSTACLE IS THE
PEOPLE WHO CREATE THE
COMPANY.**

AND, IN PARTICULAR, YOU!

**What is the
main
obstacle to
company
development**



ANY DIFFICULTY – FINANCIAL, TECHNOLOGICAL AND OTHER – CAN BE OVERCOME WITH A TIGHTLY KNIT, COMPLEMENTARY TEAM WITH PASSION AND MOTIVATION TO OVERCOME THE DIFFICULTY.

When a company grows, another important element becomes the organizational culture of the company. There is a saying circulating on the Web, allegedly spoken by Peter Drucker, "culture eats strategy for breakfast". I don't know if he actually said that or not, but I fully agree with this sentence. Perhaps it's an element that is being underestimated at the beginning of the startup, because every founder focuses on the idea, finances, technology, which, of course, are essential to start any business. However, the importance of the corporate culture will grow with every subsequent employee in the company or every misstep of a startup.

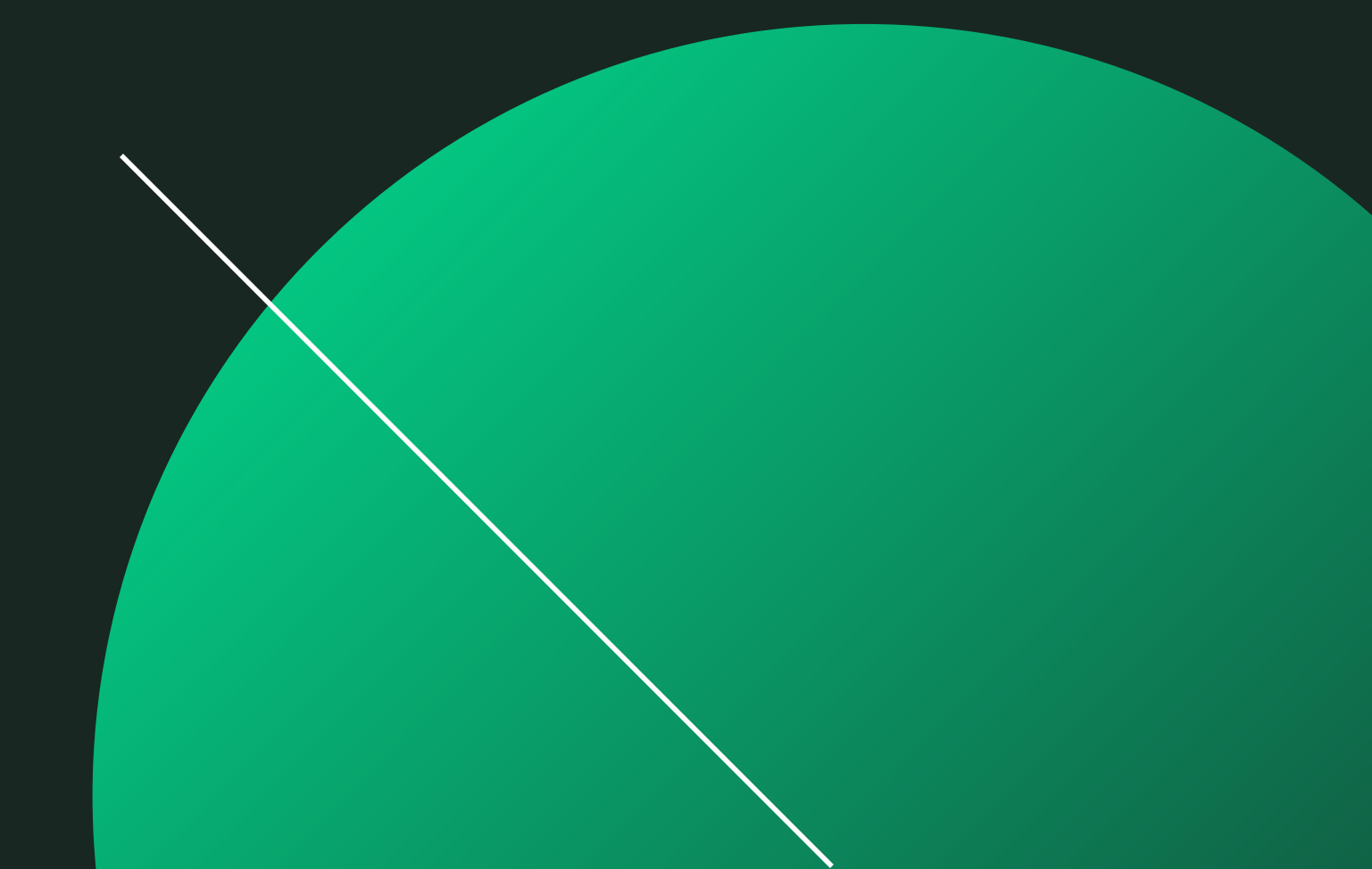
Besides, the company will never develop more than its founder.



Organizational structure is a system used to define a hierarchy within an organization.

There will always be some kind of culture in the company – whether you create it consciously or not. Therefore, it is better to build it in a way that works best for you and your colleagues, and helps to achieve success. It may turn out that at some point corporate culture will become the greatest obstacle to the further development of your startup.

What is an organisational structure?





THE GALLUP INSTITUTE CARRIED OUT A SURVEY ON 17 MILLION EMPLOYEES AND PREPARED A SET OF 12 QUESTIONS THAT HELPS EMPLOYERS MEASURE EMPLOYEE SATISFACTION/ENGAGEMENT.

If you're curious about these questions, go to:

https://www.goalbusters.net/uploads/2/2/0/4/22040464/gallup_q12.pdf

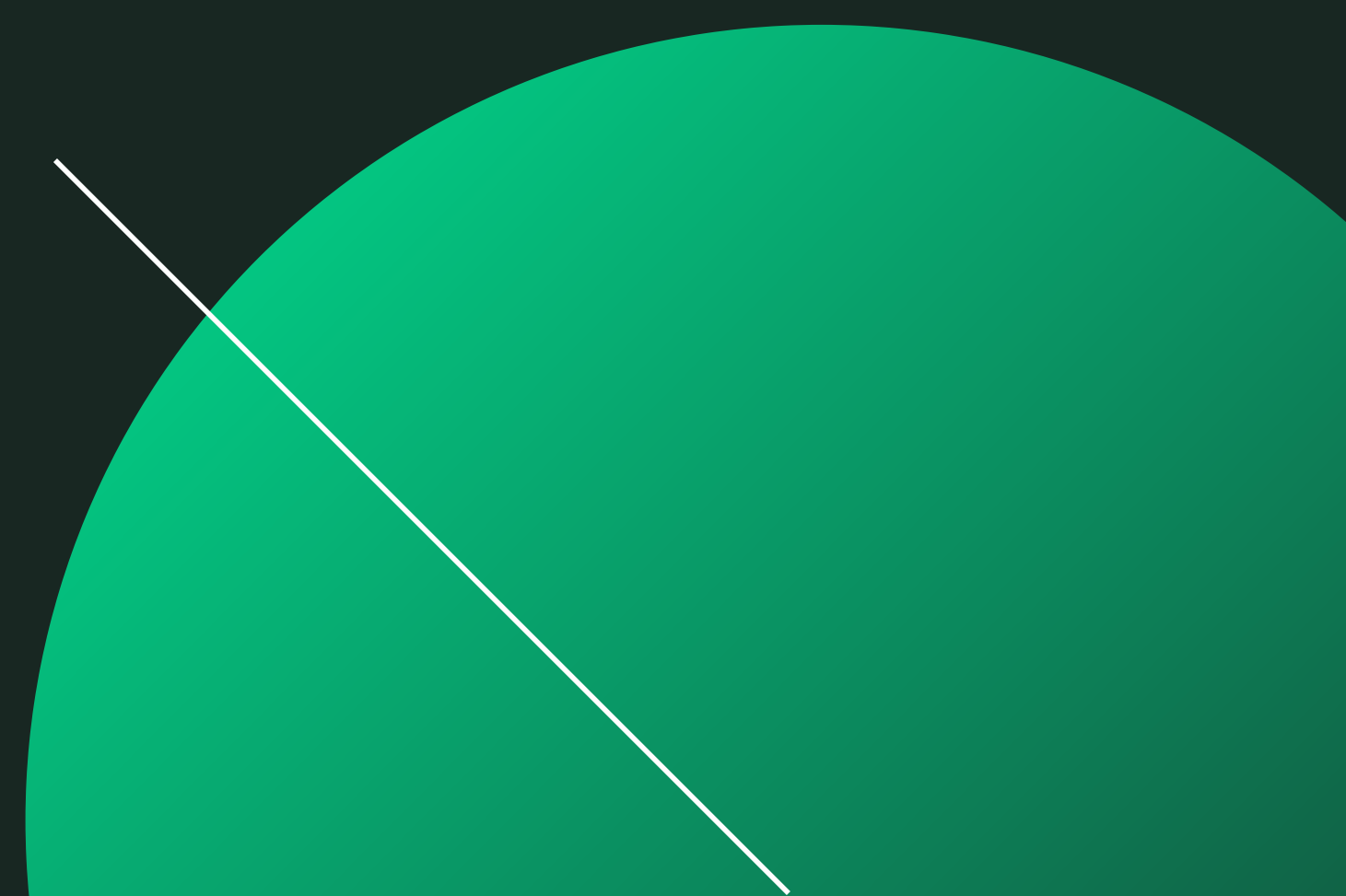
Interestingly, none of these refers to the company's technology, business idea or its competitive advantage.





So, how to select collaborators for your own startup and how to build your culture? It is difficult to build something on your own. No one has such a set of features that would let them overcome all barriers to the development of the company. Although I am the only founder of the company, many people, different from me, have helped me along the way and still do.

How to choose co-workers?



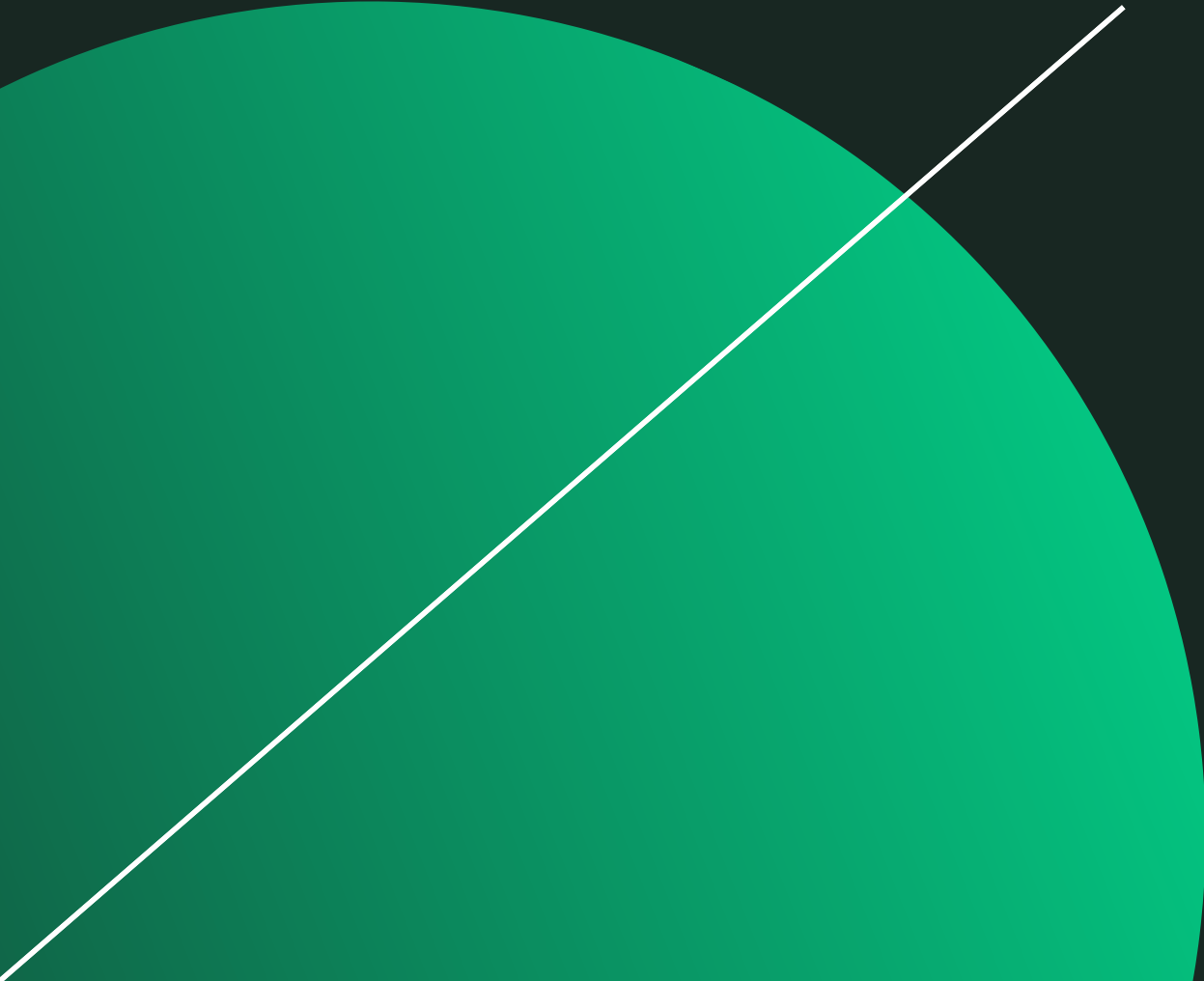


**IN A TEAM IT IS DIFFICULT TO BUILD SOMETHING
WITH PEOPLE WHO ARE VERY SIMILAR TO EACH
OTHER.**

**YOUR GOAL SHOULD BE TO FIND SOMEONE WHO IS
DIFFERENT FROM YOU.**

I'm thinking here of team's skills and talents. For example, if you are a great programmer, but you can't cope with business issues (business model, sales, etc.), then find an associate who feels with it like a fish in the water. If you are creative and have thousands of ideas per minute, then find someone who will bring you down to earth and transfer all these ideas to Excel. If you find it difficult to keep your finances in check and you like to invest, then maybe find someone who will think five times about each expense.

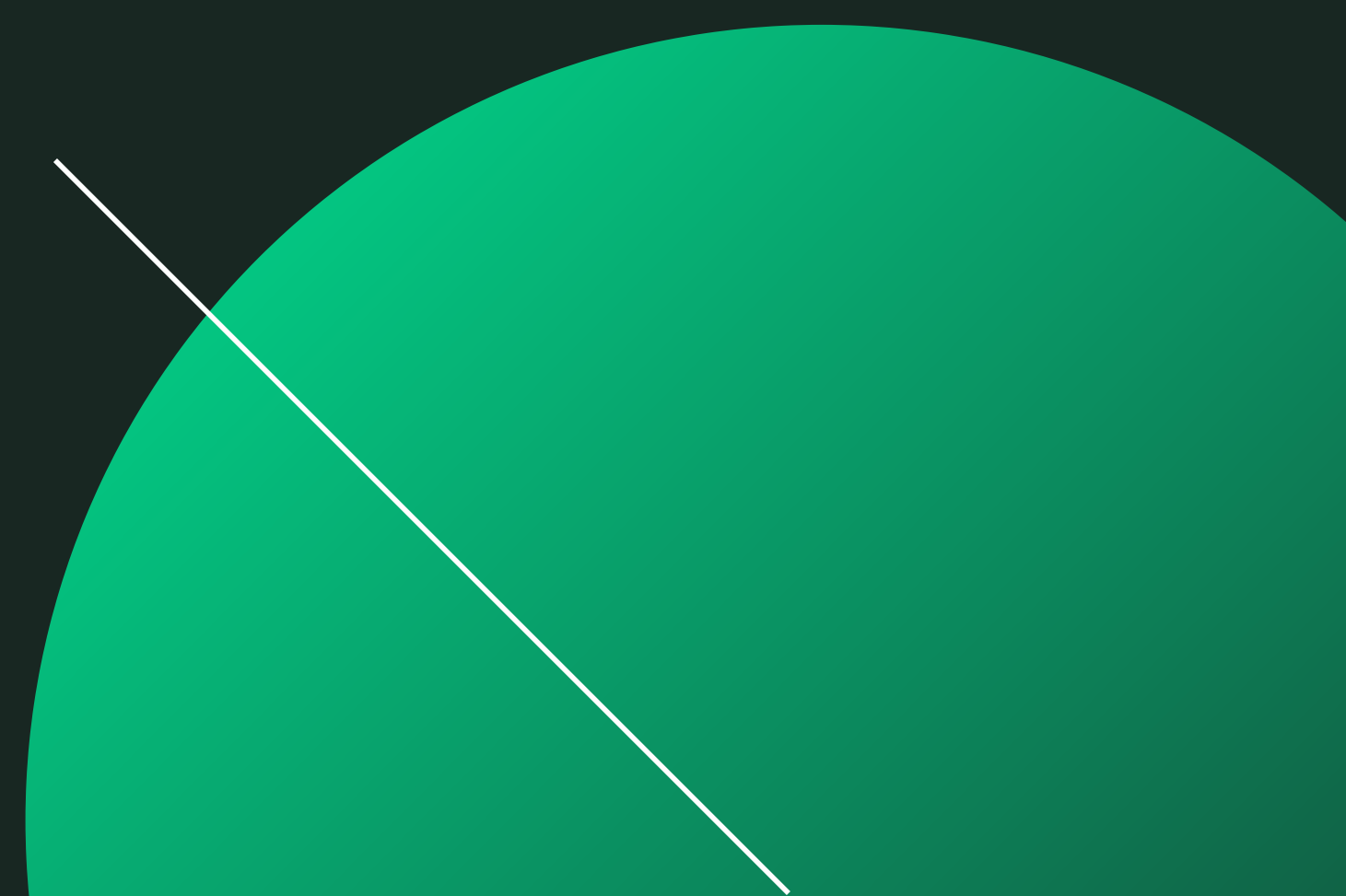
A very good tool for testing the personality type of team members is the so-called Extended Disc test.



THIS TEST IS BASED ON FOUR TYPES OF PERSONALITY. OF COURSE EACH OF US IS A MIXTURE OF THESE TYPES, BUT AT THE SAME TIME EACH OF US IS DOMINATED BY ONE OR TWO OF THESE TYPES. IT'S WORTH CHOOSING A TEAM TO FILL ALL FOUR TYPES.



There is, however, something that should be THE SAME for ALL team members. And these are your values. This is how corporate culture is created. What does "values" mean? For example, it's important for us that everyone in the team has a desire to develop, self-improve, do ambitious things. But at the same time it's crucial that everyone has humility – awareness that we are not the best in everything and certain subjects should be approached with respect. It's important for us to show respect to each other, but at the same time we don't beat around the bush when we don't like something and we openly talk about problems.



What should be common to all team members?



Perhaps it will be particularly important for you to take up challenges and to experiment. Perhaps it will exceed the expectations of your customers and colleagues – you'll always want to give a little more than others expect. Maybe it will be building special ties with your colleagues – ties that go beyond joint business projects.

WITHOUT SHARED VALUES, A SERIOUS CONFLICT BETWEEN YOU AND YOUR COLLEAGUES MAY ARISE DURING THE FIRST DIFFICULT PERIOD.

Imagine that some of your contractors didn't deliver what you agreed to. Some of your team may react with rebellion and a desire for revenge. Others will shrug their shoulders and not even want to call him to quickly forget the case. Others will try to think about why this has happened and draw conclusions for the future, perhaps even inviting this contractor to talk this through. And the rest may pretend to listen to everything, and on the same time they will slowly start to get out of your business because they have already lost faith in it.



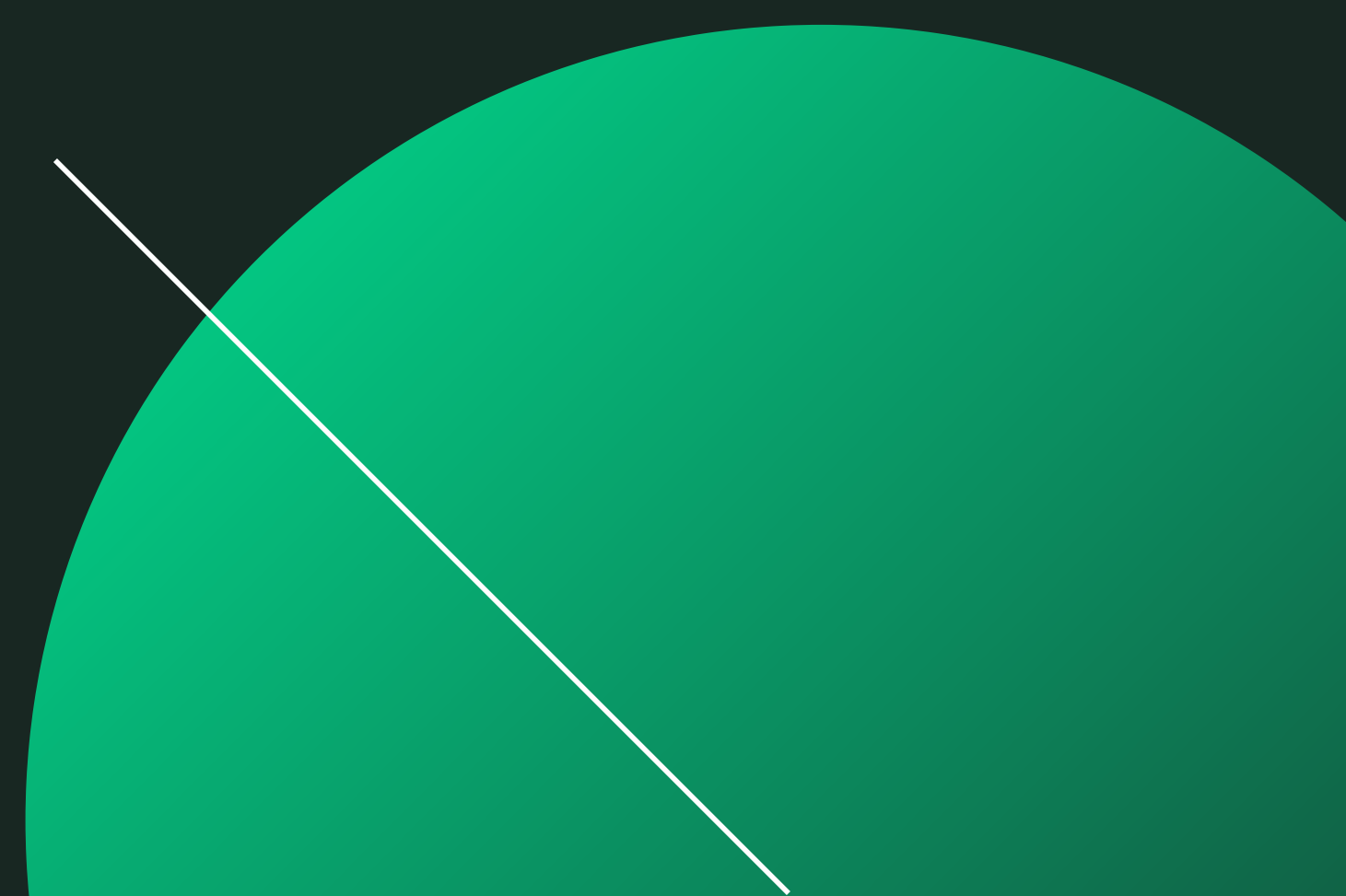
Yes, you're the biggest obstacle to the development of your company.

The way you work, your attitude towards the company, your intentions and motivations for further development of the company, your approach towards other people, your organisational skills, creating visions, choosing co-workers – all this creates your company.

Whether you want it or not, your company is a reflection of your personality.

So you should demand from yourself first, and only then from others.

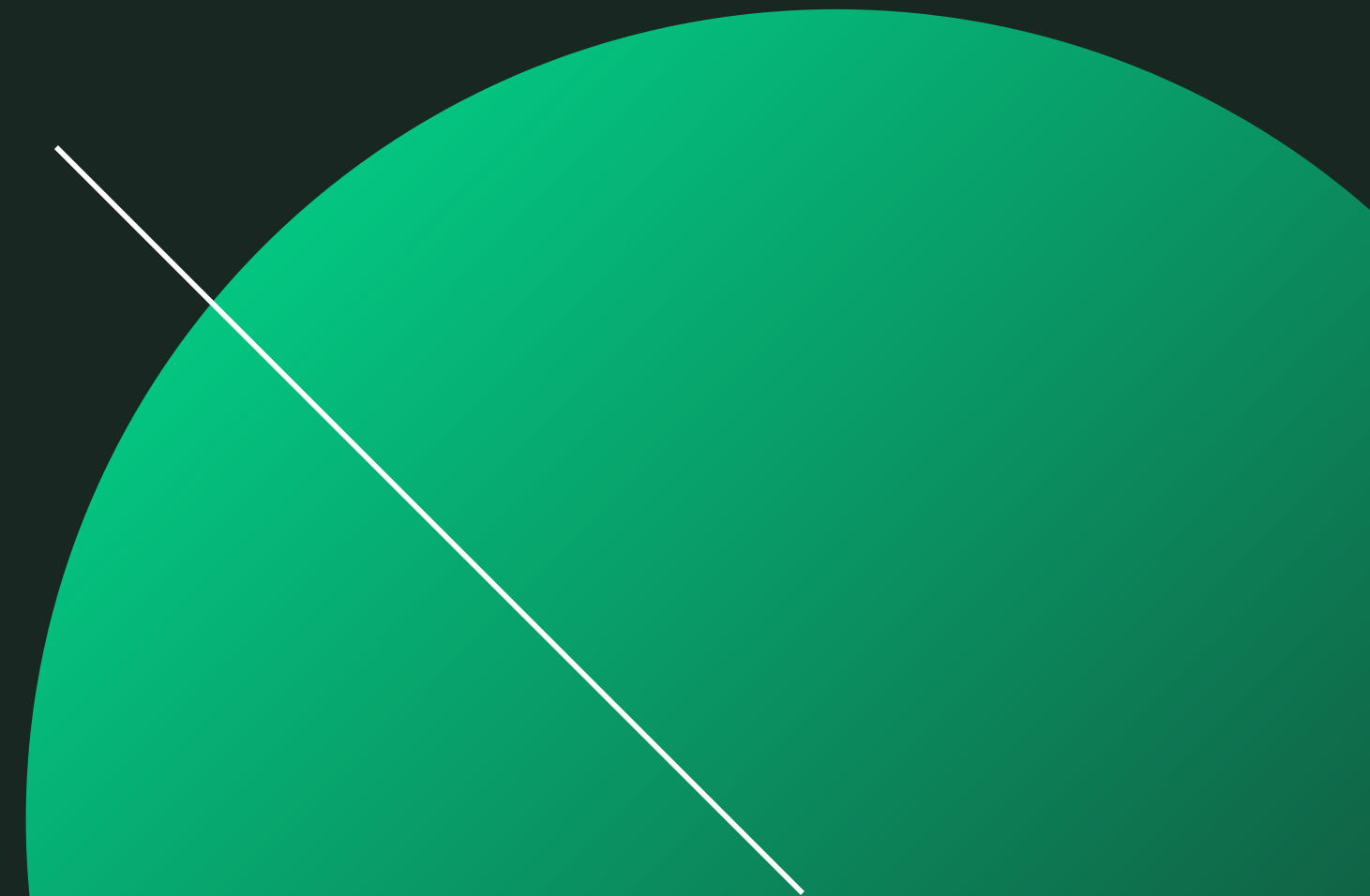
But the biggest obstacle is you!



If you hire employees, remember that the employee will almost never be as involved in the development of the company as you are. There are exceptions, but most often they won't. And there is nothing reprehensible about that. If it wasn't this way, your employees would have probably already set up their own companies.

I don't want to say that employees should be interested in rattling through their 8-hour shift and going home. On the contrary, you can create a workplace where they will be emotionally committed to their work. And I will tell you how to do it. But you can't expect them to think about their tasks day and night, answer the phone at any time and take on more and more tasks.

How to build a team?



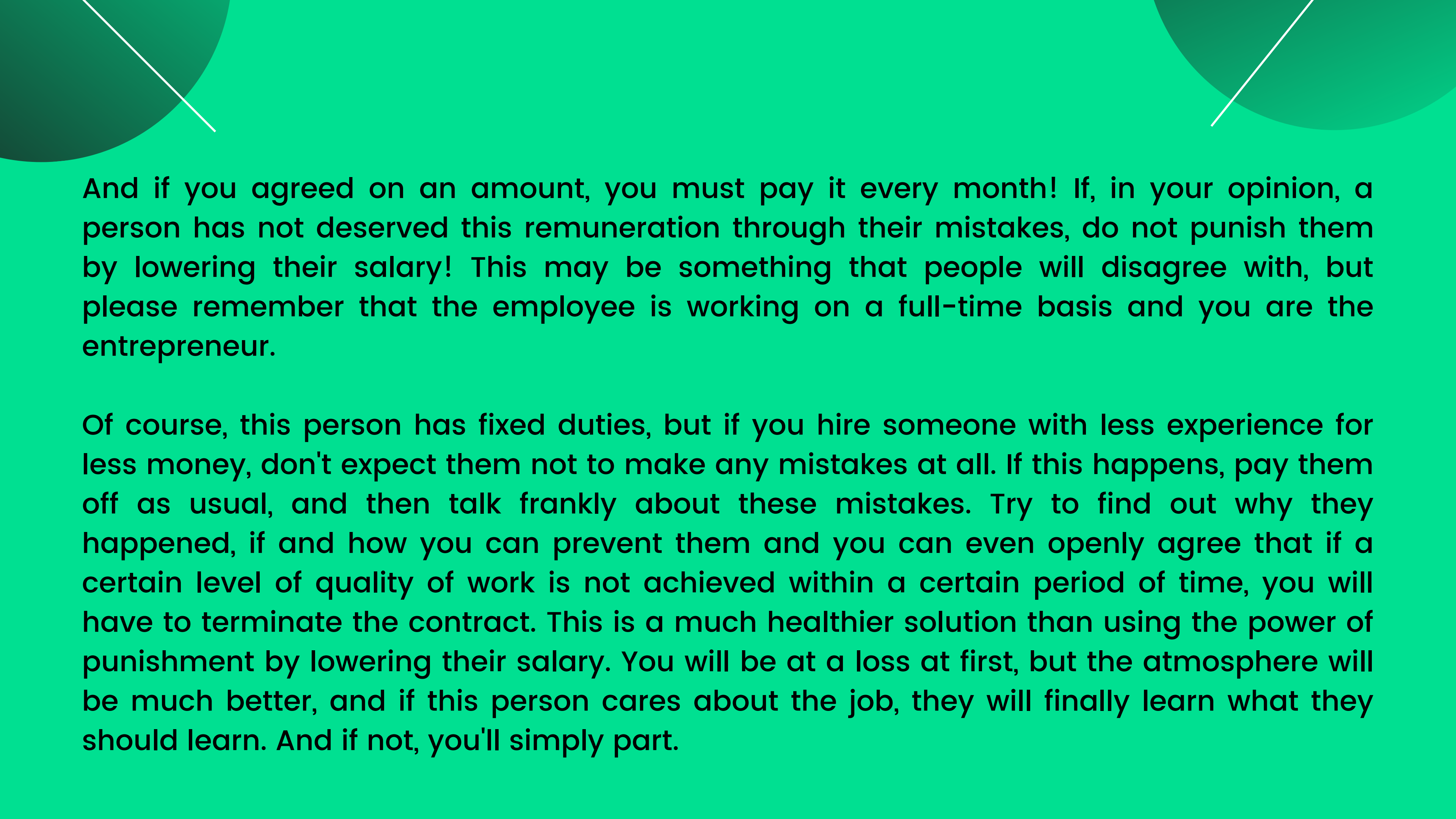
Remember that people go to work to satisfy some of their needs. The obvious need is to earn money. But, despite appearances, that's not the most important thing. It is crucial that they feel they are constantly developing, that they feel appreciated, that they do what they are best at and that they have the opportunity to work in a good atmosphere.

**How to build a
healthy
company
environment
that motivates
your
employees?**

Finance is another big topic for a separate chapter, but try to pay your employees decently. Ideally, a little more than your competitors. At the beginning of the development of a company and without an investor it can be difficult, so you will probably employ less experienced people. But that's what a startup is all about – you don't have a lot of material resources, but a lot of enthusiasm for work and development.

THAT'S WHAT A STARTUP IS ALL ABOUT – YOU DON'T HAVE A LOT OF MATERIAL RESOURCES, BUT A LOT OF ENTHUSIASM FOR WORK AND DEVELOPMENT.

It is particularly important to take care of non-financial issues, i.e. regular feedback, sincere appreciation in the case of success (just thanking), but also maintaining discipline and paying attention to errors (despite appearances, it's also an element of job satisfaction), giving every employee tasks at which they feel best and thanks to that they feel important.



And if you agreed on an amount, you must pay it every month! If, in your opinion, a person has not deserved this remuneration through their mistakes, do not punish them by lowering their salary! This may be something that people will disagree with, but please remember that the employee is working on a full-time basis and you are the entrepreneur.

Of course, this person has fixed duties, but if you hire someone with less experience for less money, don't expect them not to make any mistakes at all. If this happens, pay them off as usual, and then talk frankly about these mistakes. Try to find out why they happened, if and how you can prevent them and you can even openly agree that if a certain level of quality of work is not achieved within a certain period of time, you will have to terminate the contract. This is a much healthier solution than using the power of punishment by lowering their salary. You will be at a loss at first, but the atmosphere will be much better, and if this person cares about the job, they will finally learn what they should learn. And if not, you'll simply part.



REMEMBER -
IT'S YOU WHO BEARS FULL
RESPONSIBILITY FOR THE QUALITY OF
WORK IN YOUR COMPANY
AND FOR FINDING MONEY FOR WAGES.

Turquoise rules

I introduce turquoise rules in my company.

What does it mean?

For example, we have full disclosure of information, everyone knows how much their colleagues earn. Why would you lead to backstage conversations and rumours about earnings? Let everyone be aware of how much the others earn and why. Beside that, communication in the team is crucial for us. We don't want to work with someone who complains, never smiles, talks back when there is some kind of conflict, doesn't help or even distracts others at work. Even if they are the best at what they do, we do not want someone like that in our team. This means that there are more important things for us than the substantive issues. You can learn everything if you have the right approach towards work and potential. Changing the way you are and communicate is also possible, but much more difficult.

Thanks!

Let me know if you have any thoughts or comments on this text.

Second part of our guide will be available soon. It will be about verifying the startup idea, financing startup and sales.

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