Start-ups – Founders Cardinal Rules

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I have had the opportunity to interact with Founders of Start-ups in various stages of evolution and it surprises me that most Founders do not have a clear set of rules for their business. Many Founders seem to be living a dream far removed from the reality of running a start-up business.

Here are some cardinal rules for Founders:

**Rule 1 - Founders will hire experts when required, rather than a DIY approach:** Founders may be experts in their domain, but you cannot be an expert in every domain required to build a successful business. They must hire leaders for roles where they do not have the expertise for example the role of CFO, CMO, and HR. It is important for Founders to have right leadership in the organization to ensure success of the start-up.

**Rule 2 - Customers will always pay for services and so will Founders:** There are no free lunches for Founders or their customers, both are at risk by offering or receiving free services. Many established business encourage start-ups to provide free services by enticing them with good recommendations for their services, which may never happen. Many fall into this trap. Founders rule must be Customers will always pay for our services and so will Founders.

**Rule 3 - Founders will work on increasing the transaction value and customer base:** Founders will strive to build transaction value and customer base, volume of business growth is important for a success of a start-up, if Founders do not focus on accelerating their business growth they will never reach their destination and another Founders vision will end in a shattered closure.

**Rule 4 - Founders are in Business for Profits and not for Charity (free services):** Founders must realize the start-up is in business, and business is about profits, sustainability, and growth. Start-ups are not in the business of charity by providing free services to established business for referrals and experience, neither the start-up of the customer benefits by these charitable services. Founders stay away from Companies that do not value your services.

**Rule 5 - Founders will use their network to grow their business:** Networking is the key to business growth and it is important for a start-up, the more people you meet as the Founder the better for your business. You are able to validate your ideas, present it in various forums and even acquire customers by networking. As a Founder remember, Networking is an important ingredient for a start-ups success.

**Rule 6 - Founders will have a clear strategy supported by realistic financial goals and exit valuation:** We have many Founders who refuse to sell when there are many suitors; the founder is waiting for someone to give the correct price for the business. Founders need to realize that they should leave some money on the table for the buyers of their business. Founders must have clear financial goals when they begin the journey as start-up, yes, you will make the world a better world but they should also remember money makes the world go around.

**Rule 7 - Founders invest in good mentors to guide them in their business:** Good mentors are a valuable asset for Founders; make sure you find Mentors who can stand with you through thick and thin as you take your start-up through good times and bad times. Mentors are like an anchor and help Founders sail through turbulence so that they reach the shore safely.

**Rule 8 - Founders cannot change the world, though they can make it a better place:** Founders need to remember that they cannot change the world, you are not Atlas, even if you believe you are Atlas all you can do is shrug. However, as a Founder you can definitely make the world a better place by creating wealth and sharing it with people who make your start-up a reality. Founders must contribute to make the world a better place, but their primary focus will be to build a successful start-up.

**Rule 9 - Founders will operate with all leadership roles in the team (full time/part time):** Founders will need to share the leadership responsibility; they need to hire resources for the roles where they do not have the experience. Founders must budget the cost of hiring good resources in your financial plan, attracting good talent for a start-up could be a challenge but it is important to hire leaders who share the Founders vision.

**Rule 10 - Founders whose business is not profitable will sell out or close out:** Founder’s must be focused on their financials, many a Founder is on a perpetual high after cutting the apron strings with the old employer. Remember Capital is a scarce commodity and unfortunately runs out faster than you can collect Revenue; hence prudent founders must ensure
the business is profitable will be the winners. Founders who cannot make profits must consider the options of selling, closing or venturing into another line of business, which may have better potential for profits.

**About the author:** Dr. L.S. Subramanian is a Technology Adviser, CXO and thought leader with expertise in Networks, Infrastructure, IT Security, Compliance, Cloud Computing and Emerging Technologies. He has 30 years’ experience in framing the technology agenda for organizations therein advising them on the changing Information Technology ecosystem and its usage within organizations. His Business Domain interests include: Banking & Insurance, Retail, Exchanges, Government, Manufacturing, Financial Services, IT & IS Services. He is a specialist in CXO Advisory, Emerging Technologies, Cloud Computing, IT Strategy & Architecture, Networks and Infrastructure, Data Centers, IT Systems and Vendor Selection, Project Management, Information Security. He has worked in various geographies such as India, United Arab Emirates, Australia, United Kingdom, South Africa, Singapore.

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**Work Practices To Make The Best Of Your Time**

The following is the “To-Do” list for the new folks at CDAC Mumbai.

*prepared by*

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**Commitment to work**

- Writing Java/.Net code is not the only sacred thing in life; every component in SDLC is equally important. Increasingly, coding is the least sacred thing!
- Getting to associate with a project through its life-cycle is a rare privilege! Never say “no”.
- Own the project you are in – go beyond the assigned space.

**Involvement in Centre’s activities – small and large.**

- Get involved in some teaching activities. Start with lab, and then move to lectures. Teaching is a great learning and personality development aid.
- Hindi promotion
- Swacch Bharat Abhiyaan

**Respect work ethics and rules and regulations.**

- Respect everyone and their time, irrespective of their level or profile.
- Everything is a learning opportunity, for those who are prepared. Everything and everyone around you have something to teach you; listen carefully, not to miss it.
- If you are underutilised, inform FLA, and further. No point in throwing up hands, at the review time.
- Note that we have recruited you and are paying your salary, for us to get our work done. Not to build your CV!
- We usually have very little person-level monitoring; that is not ‘don’t care’. It is ‘we trust you to be responsible’. Violations can be costly.
- Not much of dress code. But dress without embarrassing others!
- Use APAR as a self-assessment device; it helps to be objective, and make the exercise productive.

**Excel in something**

- Technologies change rapidly with time. Be flexible to adapt. Don’t hand over your life to Java or .Net or whatever.
- Build expertise (deep knowledge) in some subject – try to be the “best” in the field. It may define your life for you.
- We have a good library. Do visit sometimes. Lot of good resources; explore.
- Read at least one non-fiction book every year, cover to cover.