CONSTRUCTING A STARTUP STRATEGY FRAME
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Abstract: Startup success is greatly attributed to pre-startup phase planning. Startups develop business plans to pitch their ideas to secure funding and/or partners. The task of reading and relating the frameworks in the document, could be a long and cumbersome process. Similarly, there is no one page illustration that can sketch a startup’s strategy and plan as well as one that is used universally. A one page clear, concise and attractive startup strategy model a ‘startup frame’ is proposed detailing ideation to financial returns analysis. It is constructed on learnings from considerations of the design thinking approach, the business canvas along others. The frame has evolved over a period of 14 months in which two bootcamps were held. Bootcamps were attended by 266 participants. It has also been used by 28 students of a senior entrepreneurship undergraduate course (Launching Entrepreneurial Ventures) over two semesters. It provides a logical flow and connects value drivers on economic, operational and strategic levels of the startup. The frame enables identifying courses of action like, ‘Management of customer benefits (CBEN), Management of segmentation and the customer relationships (CREL), Segmentation of markets and customers (SEGM), Communication management (COMM), Strategic Goal Setting and Management (SGM), Competitor Analysis (CA), Developing Startup Frame (SF), Designing the Business, and Design Elements (DE)’. JEL Classification Numbers: M13, L1, L26; DOI: http://dx.doi.org/10.12955/cbup.v6.1162 Keywords: Startups, Startup Business Strategy Frame, Startup Model, Business Canvas

Introduction
McLeod (2000) demonstrated a statistically significant relationship between the Startup Success Index and the level of planning for a startup. During the pre-startup phase, the startup business model is constructed, a business plan and a financial feasibility finalized. Models depict a simplified image of reality. Models are constructed to explain aspect(s) of a system. These can be used for ease of comprehension and in a visual format. A business model pronounces the rationale of how a firm will create, capture and deliver value, customer benefits and trigger revenue generation. The business plans and feasibility studies are large documents and at times could become cumbersome to read and relate to the information in a clearer manner.

Historically, entrepreneurs in the first stage develop a business plan to pitch their ideas and lure investors. However, the planning process is not easy and requires business skills. Experience with the bootcamp participants and students in the ‘launching entrepreneurial ventures’ course represented a problem of sketching the business strategy on one page. A significant portion of the startups also did not necessarily have a business background. The frame is designed in a manner to trigger the creativity and design thinking by asking questions. This then helps the entrepreneur and other stakeholders to have a strategic view of the proposed startup on one page and easily relate to other planning aspects.

Business Models
The business boom of the 1990s provided impetus to the concept of the ‘business model’ (Wirtz, 2010), which was otherwise an uncommon term despite its importance and significance (Morris et al., 2005). Table 1 is a summary of the business model definitions.

The above table identifies the variety in defining the business models. There is also a disagreement about the correct dimensions or components of a business model in this literature. However, these definitions have some commonalities, i.e. the answer on what, how, and who is sought.

There are some key terms used such as,

- Concise description.
- Strategic choices.
- Customer value proposition.
- Profit formula.
- Key resources, and key processes.
- Economic, Operational and Strategic Level.
- Income generation and cash flow.
- Business architecture.
- Value / strategic focus – how value could be created to achieve the competitive advantage.

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If there were any more definitions that became relevant after 2011’s introduction of the business canvas, they would also qualify as a part of the set of the terms identified above.

### Business Model Building

It seems that when Osterwalder and Pigneur (2010, 2011) built their model canvas, they took note of many of these definitions and proposed comprehensive business model approaches. There is a prominent and seminal contribution of developing a business model on 9 building blocks. The scholars contend that the business model is a fundamental principle. The organization creates, transfers and captures value through it. Generating value for the customer, the company or for both takes center stage. The authors develop nine dimensions as compared to 3-5 elements by their counterparts, i.e. Management of customer benefits; Management of customer relationships; Segmentation of the markets and customer; Communication management; Sales management; Management of key partners; Management of key activities; Cost management and Price management. The authors provided an overview of the content of the dimensions of the business model and attempted to explain their relationship with each other. In their ‘Business Model Canvas’, a meta-model is configured describing and linking different business models by using the respective design of the individual dimensions. They also classify the dimensions representing starting points for business model innovation and the manner in which these will function. The canvas fits one page and is composed with the relevant parts of the business plan.
According to Teece (2010), taking a customer-centric style suggests that a business model looks at how a company may create value for and transfer it to the customer through revenues and costs, which are connected to the creation and transfer of value. The author concluded that a product or process innovation alone cannot bring success without appropriate adjustment of the business model. The value proposition, market segments, cost structure, revenue streams and value capture mechanisms can be identified as possible dimensions of a business model.

Zott and Amit (2010) is an important study on the ‘business model’ formulation. They advocate that a ‘business model’ consists of a ‘system of interrelated activities within a particular company and beyond its borders’. They ponder that this set of activities will become a notable enabler for the company to create value. Alike Teece (2010), the scholars did not explicitly identify business model dimensions, but instead they explained the three components of an activity system, i.e. context, the content and the governance determining responsible people and the departments for the execution of the selected activities.

The above discussions provide two conclusions, i.e. the definitions are similar in many ways as some homogeneity can be detected. However, the dimensions are quite far apart and disagreement among scholars persist. We witness that Bieger and Reinhold (2011) and Osterwalder and Pigneur (2010, 2011) all use similar approaches to carry out a description regarding the content of the dimensions, yet these descriptions are at a general level. It can also be deduced from the discussion as stated by Gassman et al. (2013) and Joseph-Maria and Segarra-Blasco (2005) that the carefully crafted business models and their implementation may be the key to success in wake of the intense competition, introduction of new technologies that lower the entry barriers and continuing globalization.

DaSilva and Trkman (2014) suggest that these factors drive the design and redesign of the business models. Consultants such as McKinsey & Company, Bain & Company, and the Boston Consulting Group who were swift to recognize the opportunity adapted and utilizing their professional, strategic and business skills offered the companies to innovate their business models and also provide help in implementing them. McKim’s work in the 1980s and 1990’s was developed further by FasteRolfe et al. (1993), when a design thinking approach was taught as a creative thinking method. Similarly, Lockwood (2010) states that the redesign, where all design is redesigned, is achieved through the changes in technology and social circumstances. The design thinking is different to analytical thinking as the former includes the ‘building up’ of ideas at the brainstorming phase to help reduce failure fears (Brown, 2008). The process is characteristic and includes alternation of ‘divergent and convergent thinking’. A diversity in thinking and discussions is required to achieve the disruptive and different thinking (Jeanne, 2011; Nigel, 2011; Idriss, 2013).

Werani et al. (2016) identify more opportunities in bringing diversity in developing and implementing the successful business models that should evolve. They state this even though they recognize that generalized statements are foundations of these models.

This foregoing discussion tells us that the new models emerge where their diversity is owed to every business’s unique identified incipient weaknesses, challenges, opportunities, strengths, core competencies, value systems and chain, financials, etc.

**Need for Constructing a Startup Strategy Business Frame**

Entrepreneurs usually think as well as work to create value and build new businesses and/or how to acquire business success. They visualize how their business would look like two, five or ten years on. For the startups, it is evident that there is lack of information on a business model development as postulated by Veselovsky et al. (2017) and Wallin and Still (2016). The startups at the first stage of their entrepreneurial activity, i.e. the pre-startup stage after ideation / opportunity recognition go through several stages before finalizing a business plan and financial feasibility. During this phase a number of information may need alterations and change in approaches as the stakeholder feedback draws in. Once the business plan is finalized it normally is a 25+ pages document. It is quite a task to relate to the information and strategy in different areas to each other.

The literature also lacks a concise description on the elements including, strategic choices a startup may make, customer value proposition, profit formula, key resources, and key processes, income generation and cash flow, and value / strategic focus of how value could be created to achieve the competitive advantage at an economic, operational and strategic level.
If the above data along with some design thinking aspects and ideation approaches is available within the limits of a business model, i.e. in a clear, concise and precise manner, the pre-startup stage of the entrepreneurs can be shortened, a value would be added, and investors would get a one page illustration of the proposed business at economic, operational and strategic levels.

Therefore, the aim of this paper is to further the Osterwalder and Pigneur (2010, 2011) business canvas and propose a “Startups Strategy Business Frame”, which according to Schallmo and Brecht (2010) is a generic industry level model that will instruct the new firms / startups on how they will be able to operate in the industry. It is achieved by critically examining Osterwalder and Pigneur approach to business model configuration, as well as adopting parts of it. It also identifies supplementary areas in business strategy development and its implementation that can and should be established and examined by a startup. This frame would provide a tailor-made approach to business modelling by encompassing all necessary areas of a startup on one page.

Methodology

The methodology below narrates the manner in which the process of development of the ‘startup strategy frame’ was realized. It went through an ideation phase that provided impetus to the notion and then it was implemented.

The construction of the frame has taken its shape from the three bootcamps and two undergraduate classes held during ‘Spring’ and ‘Fall semesters of 2017’ that attended the course on ‘Launching Entrepreneurial Ventures’. Bootcamps held at the university benefit from a number of entrepreneurs and professional coaches and mentors, who take the contestants of the camps through the startup process. After the first event the participants, coaches and mentors were observed and given a feedback questionnaire to identify shortfalls in ‘the drafted frame’ to incorporate changes in the final version.

The bootcamp participants were selected on the basis of a purposive sample, which is a non-representative subset of a larger population. It is developed to serve a very specific need or purpose. Specifying the population is impossible or would not be known, and access would be difficult (Marshall, 1996). The call for participation was sent via social media and email of the university and researchers’ network. The intended recipients were other educational institutions of the city and all the people who would like to participate. The only criterion was that the intending participants should have a business idea. However, the undergraduate students were assigned by the university.

For each bootcamp a number of challenges were developed and the participants divided randomly in teams of two.

In the first bootcamp the business canvas, value proposition elements and other models such as pricing, etc. were utilized to help the startups develop their business plans and pitch their businesses. However, it was witnessed that the participants required a number of pages and time to relate to each of the models and finalize their brief plans. This provided an opportunity to view literature and browse the internet to find a model that could serve the startups. After the event, need for a one page description of models and strategy was identified to provide information on the value addition, utilize design thinking methods and lay a more comprehensive look of the proposed startup.

Therefore, building on the existing extensively used aforementioned models and approaches retrieved through the secondary sources of information, a ‘startup frame’ was drafted. This provided a one page summary of the 9 dimensions Osterwalder and Pigneur (2010, 2011) proposed with more emphasis on Management of segmentation and the customer relationships as well as some design thinking elements such as creativity and revenue triggers. The frame was aimed to provide a proposed business narrative in a short time with an ease of understanding. A number of additions to this canvas were made.

In the next bootcamp with 137 participants organized in April 2017 and the spring semester course, this frame was introduced. A number of lacunae were identified by the coaches, mentors, participants and students. The main shortfalls identified were related to the value triggers, long term strategy and goals, a more robust imaginative picture of the future and revenue drivers.

Images of a number of initial ‘Startup Strategy Business Frames’ are put below that show the participating teams work and identifies the needs for further improvement.
It can be seen that the number of courses of action is more than the business canvas, but less than the final version placed in figure 2 below.

The developed illustration on the ‘frame’ identifies the structural differences between the Osterwalder and Pigneur (2010, 2011) business canvas and proposed frame by recognizing the business areas where a startup can add value with the help of Porter’s value chain developed through the 1980s. It further recognizes the relationships among seminal areas of the startups development and puts forth the business model dimensions and courses of action to be taken comparing and contrasting with the business canvas. Brown (2008) suggests that “thinking like a designer can transform the way you develop products, services, processes – and even strategy” (p. 85). The variance in traditional and design thinking, says Brown, is either taking a tactical or a strategic approach.

This frame would provide the shift from tactical to strategic design approach where the design thinking approach would be triggered implicitly. The Osterwalder and Pigneur (2010, 2011) canvas requires three value drivers, i.e. customer benefits, price and costs of value creation (Werani, 2016). The proposed frame takes into account the susceptibility of a startup, attempts to add more value drivers such as financial returns, and strategic direction through goal identification. It then further simplifies and divides the business canvas drivers into subcategories for the use of the startups. The frame holistically provides an alignment of the value drivers to startup strategy. Hence, it would prove to be detailed, robust, adaptable and efficient for startups.

The following matrix identifies the frame mix.

<table>
<thead>
<tr>
<th>Levels</th>
<th>Frame Elements</th>
<th>Courses of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Indicators</td>
<td>Startup Cost, Pricing, Return on investment</td>
</tr>
<tr>
<td>Operational</td>
<td>Building Value</td>
<td>Key Resources, Customer Segments, Communications Plan, Channels and Suppliers,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product / Service Design, Product / Service Test, Competitors, Partners</td>
</tr>
<tr>
<td>Strategic</td>
<td>Design Elements and</td>
<td>Problem, Solution / Key Activities, Market Insight, Value Proposition, SWOT</td>
</tr>
<tr>
<td></td>
<td>Strategic Thrust</td>
<td>Analysis, Goal, Pricing Strategy, Competitive Advantage, Customer Relationships</td>
</tr>
</tbody>
</table>

Source: Author
Then from April 2017 to September 2017, the identified elements were studied and incorporated in the ‘startup frame’. The frame with additions of SWOT analysis with strategy boxes to convert weaknesses and threats into opportunities and opportunities to strengths was included. It also included customer feedback on the ideation, long term goals, strategy to achieve competitive advantage and possible returns on investment were also incorporated. During the fall semester, students started to use the ‘frame’ and the third bootcamp participants adopted it in November 2017.

The results of observation and feedback from the participants from September to December 2017 was encouraging and with little more amendments in the ideation and customer feedback questions the final ‘startup frame’ is presented.

Table 3 below provides details on the five events that helped shape the ‘startup frame’.

**Figure 2: The proposed Startup Strategy Business Frame**

Source: Author

**Table 3: Events where the ‘startup frame’ evolution took place**

<table>
<thead>
<tr>
<th>Description</th>
<th>Bootcamp 1 November 2016 (Informal meeting)</th>
<th>Bootcamp 2 September 2016</th>
<th>Bootcamp 3 September 2016</th>
<th>Spring 2017 Senior Undergraduate Course</th>
<th>Fall 2017 Senior Undergraduate Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of participants</td>
<td>16</td>
<td>137</td>
<td>113</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Number of coaches and mentors</td>
<td>3</td>
<td>23</td>
<td>17</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Number of Challenges posed</td>
<td>2</td>
<td>8</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author
Credibility and Dependability
A degree of credibility was achieved by recording some responses and carrying out discussions on the feedback from the participants. The recordings available were then analyzed and responses imbedded in the frame where majority of the participants provided similar responses.

Recordings from discussions and feedback questionnaires are not attached but available. The discussions were carried out mostly in Arabic and parts in English. In order to increase the dependability, the responses were discussed with a number of mentors and coaches and they provided the validation. In an effort to keep the credibility the researcher himself spoke to 27 participants over the period of research to seek verbal feedback. They were provided with a summary of the feedback from the bootcamps and the students and then asked for their validation. This feedback was then recorded separately so that at the time of each stage of the changes made to the frame, these expert comments could be used.

Table 4: Courses of action

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Business Canvas</th>
<th>Proposed “Startup Business Frame”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of customer benefits (CBEN)</td>
<td>• Proactive identification of customers’ benefit expectations on products and services.</td>
<td>In addition to the business canvas courses of action, the ‘startup frame will deliver the importance of customer feedback on concept design and product/service building through market analysis. Startup carries out the potential customer feedback survey and briefs the results on the frame.</td>
</tr>
<tr>
<td></td>
<td>• Initiation of product based on ideas.</td>
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<td></td>
<td>• Monitoring of supplied customer benefits and ideas.</td>
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<tr>
<td></td>
<td>• After sales service optimization.</td>
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</tr>
<tr>
<td></td>
<td>• Proactive shaping of relationships with customer (e.g. key account management, team selling, co-creation).</td>
<td></td>
</tr>
<tr>
<td>Management of segmentation and customer relationships (CREL)</td>
<td>• Market and customer Segmentation.</td>
<td>In addition to the business canvas courses of action, the ‘startup frame’ will determine income and educational level with marital status. This will deliver profundity to management of customer relations.</td>
</tr>
<tr>
<td></td>
<td>• Benefit expectation on products and services.</td>
<td></td>
</tr>
<tr>
<td>Segmentation of markets and customers(SEGM)</td>
<td>• Integrated multi-level communication (content related, formal, and temporal synchronization of all communication)</td>
<td>As in business canvas</td>
</tr>
<tr>
<td></td>
<td>• Communication tailored to the various members of the customers buying centers.</td>
<td></td>
</tr>
<tr>
<td>Communication management (COMM)</td>
<td>• Communications with customers</td>
<td>As in business canvas</td>
</tr>
<tr>
<td></td>
<td>• Company-internal communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Communication at the products/service and company level</td>
<td></td>
</tr>
<tr>
<td>Strategic Goal Setting and Management (SGM)</td>
<td>• Provides effective goal setting and management of top goals.</td>
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<tr>
<td></td>
<td>• Helps provide a plan outline for communications (reaching out to customer and achieving competitive advantage).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Helps developing pricing strategies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Provides assistance to identify key resources.</td>
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<tr>
<td>Competitor Analysis (CA)</td>
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<tr>
<td></td>
<td>The frame will make available the competitor analysis by identifying and generating competitor benchmarking. This is one of the core elements for a startup to understand their competitor.</td>
<td></td>
</tr>
</tbody>
</table>
Developing Startup Frame (SF), Designing the Business

- Guiding questions help identify problem and solutions to it.
- Startup proposes a solution to the problem, identifies the product/service to be launched and solution may include adding or deleting a particular features in existing product/service. or It could also be a totally new product/service.
- The design thinking process is implicitly operationalized by asking specific questions on product and service design and/or prototype details. It also ensures that when required the product/service is tested before launch. Some Pugh analysis elements are also inserted.
- Startups usually secure funding, in order to understand financial landscape of the startup, a summary of startup costs and returns is ensured.

<table>
<thead>
<tr>
<th>Design Elements (DE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The startup frame provides and adds the business design concepts including the design thinking process. It enhances the ideation phase and seeks answers to specific questions to initiate creativity and foment innovative means to bridge a market gap. It seeks answers to future strategy by asking questions on SWOT, suppliers, competitive advantage, pricing, product/service design, testing, prototyping and communications plan to reach the customer.</td>
</tr>
</tbody>
</table>

Source: Author

**Startup Frame and Business Canvas - Courses of Actions**

Table 4 identifies, compares and contrasts courses of actions prompted through the revised Business Model Canvas and proposed startup frame. This frame asks questions, so building the future business would become easier as the strategies would target the future strategically. The frame will help infer and draw future strategies in a number of dimensions.

**The interplay of the Frame, The handbook and the Mobile Application**

The author has developed a mobile application “Startup Studio” available on android devices. The download statistics and app details downloaded from the website are shown as figure 3. It has 10-50000 downloads as can be seen from the screen shots below. The author has also proposed a handbook to be written to implement the strategy frame. The mobile app, strategy frame and the handbook would work in this manner as shown in figure 4.

**Figure 3: The Related Mobile App data**

Source: Author

The app is being updated to incorporate the ‘strategy frame’ and its features.

**Figure 4: The relationship between the ‘strategy frame, mobile app and a proposed handbook’**

Source: Author
Conclusions and Recommendations

The startups utilizing the ideation and planning tools would be better able to model their startup. The business canvas is a hugely important and visible business modelling tool that is widely utilized. However, the startup frame is different than the canvas in many ways and builds on the learning from it. The startup frame was tested in three bootcamps by use of more than 265 participants. The areas of development were identified with the help of participants and then errors and omissions rectified.

The entrepreneurs going through the process of the startups would be greatly benefitted. They will be able to model their business operational and long-term strategy on one page. It will provide them an opportunity to plan each subsequent plan in the frame on the basis of previous conclusions and responses. Since the frame poses questions it would trigger the creativity and innovation in devising the business strategy.

Financial investment decisions by the investors is crucial and holds key to the success of a financial outlay program. The startup frame can be utilized by the individual startups, banks, accelerators and incubators to help their startups to model and present their plans to investors and other stakeholders.

The importance of time effectiveness at the pre-startup stage is of essence for the entrepreneurs and is facilitated by the frame through its step by step approach to planning a startup from ideation to identifying the return on investment ROI.

It will become an effective analysis tool for the investors to make their finance investment decisions, hence adding value to such a choice. The pitching process for the startups would become elaborate, precise and ease the tasks of the judges.

The educational institutions teaching startup related courses and tools would be able to take advantage from the diversity of the information released on the frame.

The frame could be utilized by startups in any field.

The frame would be put on a blog to download in excel sheet or word format. It is recommended that it is used on the computer to input the data and then printed. A4, A3, Arabic and English versions are being put up.

Limitations

Like any other model or a framework, the proposed strategy frame also has certain limitations, such as:

- Some information requires more space and extra blank sheets might have to be used by the user.
- For some startups the whole frame may not be filled and courses of actions may not be implemented.
- Some startups may not have access to A3 papers for printing the frame.

References


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