

# Entrepreneurial Guidance: Nurturing Startups with Incremental Value Creation

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FOR MAXIMAL IMPACT, venture capital (VC) methodologies should blend in a degree of entrepreneurial mentorship. A perceptive VC discerns the individual traits, capabilities, and limitations of budding entrepreneurs, skillfully guiding them through the intricate and often tumultuous landscape of enterprise creation.

The conventional route of starting a fresh enterprise as an individual corporation may not always be the most beneficial path. Representing a budding business as a corporation can misrepresent the venture's maturity and stability, potentially confusing stakeholders, notably prospective customers. Labeling a small team of individuals as a corporation can create a deceptive impression, given the absence of typical corporate metrics like revenue, profit, backlog, and administrative know-how.

Vcs should instead direct nascent businesses through a series of tangible milestones that enhance the authority and credibility of the startup team. The onus is on the entrepreneurial team to prove their agility in engaging early adopters, competency in team-building and management, and ability to garner respect within their user communities. Demonstrating the novelty of their solutions to overlooked challenges, particularly from end-users, remains paramount.

Achieving organizational independence based on performance rather than anticipation is a critical milestone for a startup team. A guided approach facilitates a smoother transition from a business unit to an independent corporation.

Enlightened VCs need to advocate the adoption of Incremental Value Creation (IVC) in startups' development process. At the heart of IVC is the concept of a Minimum Viable Product (MVP), characterized by the most valued attributes for customers. The MVP is then deployed for feedback and data collection in the target market. Consequently, the product is incrementally enriched, expanded, and refined, guided by user insights and feedback.

Several advantages are inherent to this methodology. It paves the way for faster market entry, risk mitigation, enhanced efficiency, and improved customer satisfaction. By releasing the product in incremental stages, the development team can adapt swiftly to evolving requirements and respond to customer feedback, ensuring continuous product improvement and alignment with customer expectations.

IVC represents a resilient, iterative, and user-centric approach to product development, reducing risk, hastening development, and improving customer satisfaction. By focusing on delivering incremental but tangible customer value, startups can continuously refine their products and maintain a competitive edge in rapidly evolving markets.

Within the Corporate VC (CVC) sphere, entrepreneurs often initiate as business unit employees tasked with building a venture that aligns strategically with early adopters. When the entrepreneurial team realizes this through contracts, partnerships, or industry accolades, the CVC may position the startup as a wholly-owned subsidiary or an affiliate.

IVC is an approach that emphasizes delivering a steady stream of small yet achievable increments of value to customers, intending to enhance the product consistently in line with user feedback and evolving requirements.